

18A:36C-1

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2011 **CHAPTER:** 176

NJSA: 18A:36C-1 ("Urban Hope Act"; provides a process to permit authorized entities to build, operate, and manage "renaissance school projects" as public schools in no more than three identified failing districts)

BILL NO: S3173 (Substituted for A4426)

SPONSOR(S) Norcross and others

DATE INTRODUCED: December 15, 2011

COMMITTEE: **ASSEMBLY:** ---

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** January 9, 2012

SENATE: January 9, 2012

DATE OF APPROVAL: January 12, 2012

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First reprint enacted)

S3173

SPONSOR'S STATEMENT: (Begins on page 10 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

A4426

SPONSOR'S STATEMENT: (Begins on page 10 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"After Last-Minute Changes, Lawmakers Poised to Vote on Urban Hope Act," NJSpotlight, 1-6-12

"Panel OKs private school-builders," The Star-Ledger, 1-6-12.

"Christie signs Urban Hope Act allowing nonprofit-run schools in Camden, Newark and Trenton," NewJerseyNewsroom.com, 1-13-12

"Law clears the way for new urban schools," The Press, 1-13-12

"Christie signs measure for 'renaissance' schools," The Philadelphia Inquirer, 1-13-12

"Christie Signs Bipartisan Education Reform Bill," New Jersey 101.5, 1-13-12

"Nonprofits get right to build city schools," The Star-Ledger, 1-13-12

"Nonprofits given the right to build and run city schools," The Times, 1-13-12

"Gov signs bill that OKs new schools," Asbury Park Press, 1-13-12

"Christie inks Urban Hope Act law," Home News Tribune, 1-13-12

"Governor signs public-private school law," CourierNews, 1-13-12

"Christie signs bill for urban schools," Courier-Post, 1-13-12

"Christie signs urban private schools bill," Burlington County Times, 1-13-12

"Camden Sees Hope in Promise of New Schools Built by Nonprofits," NJSpotlight, 1-13-12

LAW/RWH

Title 18A.
Subtitle 6.
Part 2.
Chapter 36C.
(New)
Urban Hope Act
§§1-13 -
C.18A:36C-1 to
18A:36C-13

P.L.2011, CHAPTER 176, *approved January 12, 2012*
Senate, No. 3173 (*First Reprint*)

1 AN ACT concerning the development of renaissance school projects
2 in failing school districts and supplementing Title 18A of the
3 New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. This act shall be known and may be cited as the “Urban
9 Hope Act.”

10
11 2. The Legislature finds and declares that:

12 a. Maintaining a thorough and efficient public school system is
13 among the Legislature’s most important responsibilities;

14 b. Although New Jersey’s per pupil public school expenditures
15 are among the highest in the nation, many of the State’s students are
16 failing to achieve the core curriculum content standards;

17 c. Many of those students are confined to a number of
18 persistently failing school districts and schools that, year after year,
19 have been unable to convert increased State aid and other resources
20 into improved student achievement, higher graduation rates, or
21 greater student readiness for postsecondary education and gainful
22 employment;

23 d. For those school districts and schools, it is necessary to
24 provide local boards of education, parents, students, and teachers
25 with more and better options for addressing their failing schools;
26 and

27 e. One such option is to ¹**[create, on a limited pilot program**
28 **basis, “renaissance schools” which will be constructed, staffed and**
29 **operated by nonprofit entities, including existing charter schools,**
30 **in] allow a small number of¹ school districts with high**
31 **concentrations of at-risk students ¹to, on a limited pilot program**
32 **basis, partner with one or more nonprofit entities to create**

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹**Senate SBA committee amendments adopted January 5, 2012.**

1 “renaissance schools.” While creation of these schools is voluntary,
2 it is the hope of the Legislature that the districts will find suitable
3 nonprofit partners and establish one or more renaissance schools
4 dedicated to providing New Jersey’s students with the educators,
5 facilities, and resources to prepare them for college and career¹.

6
7 3. As used in this act:

8 “Commissioner” means the Commissioner of Education.

9 “Failing district” means: ¹in accordance with data from the
10 Statewide assessment reports issued by the Department of
11 Education¹ (1) in the case of a school district located in a city of the
12 first class, a school district in which at least ¹~~【30%】~~ 40%¹ of the
13 students scored in the partially proficient range in the language arts
14 and mathematics sections of each State assessment administered in
15 the 2009-2010 school year; and (2) in the case of a school district
16 located in a city of the second class, a school district in which at
17 least ¹~~【55%】~~ 45%¹ of the students scored in the partially proficient
18 range in the language arts and mathematics sections of each State
19 assessment administered in the 2009-2010 school year.

20 “Per pupil expenditure” means the sum of the budget year
21 equalization aid per pupil, budget year adjustment aid per pupil, and
22 the prebudget year general fund tax levy per pupil inflated by the
23 CPI rate most recent to the calculation.

24 “School facility” means and includes any structure, building, or
25 facility used wholly or in part for educational purposes by the
26 students of a school district.

27 ¹~~【“School facilities project” means the planning, acquisition,~~
28 ~~demolition, new construction, improvement, or capital maintenance~~
29 ~~of all or any part of one or more school facilities constituting a~~
30 ~~renaissance school project.】~~¹

31 “Renaissance school district” is a failing district in which
32 renaissance school projects shall be established.

33 “Renaissance school project” means a ¹newly-constructed¹
34 school, or group of schools in a common campus setting, that
35 provides an educational program for students enrolled in grades K
36 through 12 or in a grade range less than K through 12, that is agreed
37 to by the school district, and is operated and managed by a
38 nonprofit entity ¹~~【, including an approved charter school,】~~¹ in a
39 renaissance school district.

40
41 4. a. A nonprofit entity, in partnership with the renaissance
42 school district, may submit to the commissioner an application to
43 create a renaissance school project ¹no later than three years
44 following the effective date of this act¹. A nonprofit entity seeking
45 to create a renaissance school project shall have experience in
46 operating a school in a high-risk, low-income urban district. ¹In
47 addition, an entity retained by the nonprofit entity for the purpose

1 of financing or constructing the renaissance school project shall
2 also have appropriate experience.¹

3 b. The application shall be in a form prescribed by the
4 commissioner, but at a minimum it shall contain the following:

5 (1) 'except as otherwise provided in this paragraph,' a resolution
6 adopted in a public meeting by the board of education of the
7 renaissance school district in which the renaissance school project
8 will be located certifying the support of the board for the
9 application ¹. In the case of a district under full or partial State
10 intervention with an advisory board of education, the application
11 shall contain evidence that that State district superintendent or
12 superintendent, as applicable, convened at least three public
13 meetings to discuss the merits of the renaissance school project.
14 The evidence shall include, at a minimum, any written public
15 comments received during those meetings. In the case of these
16 districts, the application shall contain a resolution from the advisory
17 board of education reflecting the board's approval or disapproval of
18 the renaissance school project. While a successful application does
19 not require approval from the advisory board of education, the
20 commissioner, in considering the application, shall give due
21 consideration to any disapproval from the advisory board¹;

22 (2) ¹[a resolution adopted by the board of education of the
23 renaissance school district amending the district's long-range
24 facilities plan to include the proposed renaissance school project,
25 and the] a copy of the¹ amendment ¹to the renaissance school
26 district's long-range facilities plan¹ which has been submitted to the
27 commissioner pursuant to section 4 of P.L.2000, c.72 (C.18A:7G-4)
28 ¹that includes the proposed renaissance school project¹;

29 (3) the educational goals of the renaissance school project, the
30 curriculum to be offered, and the methods of assessing whether
31 students are meeting the proffered educational goals;

32 (4) any testing and academic performance standards to be
33 mandated by the renaissance school project beyond those required
34 by State law and regulation;

35 (5) the admission policy and criteria for evaluating the
36 admission of students to the renaissance school project, which shall
37 comply with the provisions of section 8 of this act;

38 (6) the age or grade range of students to be enrolled in the
39 renaissance school project;

40 (7) the total number of students to be enrolled in each grade
41 level of the renaissance school project;

42 (8) the renaissance school project calendar and school day
43 schedule;

44 (9) the financial plan for the renaissance school project and the
45 provisions that will be made for auditing pursuant to N.J.S.18A:23-
46 1;

- 1 (10) a description of, and address for, the school facility or
2 facilities in which the renaissance school project will be located;
- 3 (11) documentation that the proposed renaissance school
4 project meets the facilities efficiency standards developed by the
5 commissioner pursuant to subsection h. of section 4 of P.L.2000,
6 c.72 (C.18A:7G-4), and any school facility regulations promulgated
7 by the State Board of Education or the Department of Community
8 Affairs;
- 9 (12) documentation of the funds available to construct the
10 renaissance school project, including the terms of any financing
11 secured for such purpose;
- 12 (13) if the renaissance school project includes the acquisition of
13 land, the application shall include, at a minimum: (a) a description
14 of the land to be acquired; (b) the costs of acquisition; (c) the
15 timetable for acquisition; and (d) the plan for financing the
16 acquisition;
- 17 (14) identification of the attendance area of the renaissance
18 school project, if the renaissance school project will not be built on
19 land owned by the New Jersey Schools Development Authority or
20 the renaissance school district; **'[and]'**
- 21 (15) 'a description of the process employed by the renaissance
22 school district to find and partner with the chosen nonprofit entity
23 to create a renaissance school project. The description shall be
24 sufficient to show that the process employed by the renaissance
25 school district was open, fair, and subject to public input and
26 comment. The description shall, at a minimum, include any
27 requests for proposals issued by the renaissance school district, the
28 number of responses received, and the process and criteria
29 employed by the renaissance school district to select the chosen
30 nonprofit entity among the respondents; and
- 31 (16)¹ such other information as the commissioner may require.
32
- 33 5. The commissioner may not approve more than four
34 renaissance school projects in any one renaissance school district.
35 Nothing in this act shall prohibit a renaissance school project that
36 provides an educational program for a grade range less than K
37 through 12 from expanding grade levels after the approval by the
38 commissioner of the initial application.
- 39 In reviewing and judging applications for renaissance school
40 projects, the factors considered by the commissioner may include,
41 but not be limited to:
- 42 a. The likelihood that the renaissance school project will
43 improve academic achievement in the renaissance school district;
- 44 b. The strength of the support for the renaissance school project
45 from the school district, board of education, and parents;
- 46 c. The facilities plan for the renaissance school project;

- 1 d. ~~'[Geographic diversity and diversity]~~ Diversity¹ of school
2 type, elementary school, middle school, and high school, among the
3 proposed renaissance school projects; and
- 4 e. Any other factors deemed significant by the commissioner.
5
- 6 6. 'a.'¹ The nonprofit entity and the ~~'[board of education of~~
7 ~~the]'~~¹ renaissance school district in which the renaissance school
8 project will be located shall enter into a contract setting forth the
9 terms and conditions for the renaissance school project including,
10 but not limited to, the operation, management, and funding of the
11 renaissance school project. The contract shall be submitted to the
12 commissioner for approval.
- 13 'b. The nonprofit entity shall file with the commissioner an
14 organizational document for the renaissance school project setting
15 forth: the name of the renaissance school project, the grade levels of
16 the school, the location of the school, and the total enrollment of the
17 school; the mission statement for the renaissance school project; the
18 curriculum for the renaissance school project; the length of the
19 renaissance school project school day and school year; and such
20 other information as the commissioner may require.'¹
21
- 22 7. a. Notwithstanding that a renaissance school project shall be
23 constructed, controlled, operated, and managed by a nonprofit
24 entity, and not the local board of education, it shall be a public
25 school. However nothing contained herein shall restrict a for-profit
26 entity from constructing a renaissance school project, or a
27 renaissance school project from being located on land owned by a
28 for-profit entity. Further, the renaissance school project shall be
29 authorized to retain any business entity, however formed, whose
30 primary purpose is the staffing, operation, and management of
31 elementary schools, middle schools, or high schools in the United
32 States, except as it relates to instructional services.
- 33 b. The costs of a renaissance school project including, but not
34 limited to, the costs of land acquisition, site remediation, site
35 development, design, construction, and any other costs required to
36 place into service the school facility or facilities constituting the
37 renaissance school project shall be at the sole expense of the
38 nonprofit entity. The nonprofit entity may use State funds to pay
39 for a lease, debt service, or mortgage for any facility constructed or
40 otherwise acquired.
- 41 c. Notwithstanding the provisions of the "Educational
42 Facilities Construction and Financing Act," P.L.2000, c.72
43 (C.18A:7G-1 et al.), or any other law or regulation to the contrary,
44 there shall be no State share for the costs of a renaissance school
45 project.
- 46 d. Notwithstanding the provisions of the "Public School
47 Contracts Law," P.L.1977, c.114 (C.18A:18A-1 et seq.), or any

1 other law or regulation to the contrary, the nonprofit entity or any
2 entity acting in cooperation with a renaissance school project shall
3 not be subject to public bidding for goods and services, and any
4 contracts entered into by the nonprofit entity shall not be deemed
5 public contracts or public works; except that any contract entered
6 into by the nonprofit entity or any entity acting in cooperation with
7 a renaissance school project shall be deemed a public work for the
8 purposes of the "New Jersey Prevailing Wage Act," P.L.1963, c.150
9 (C.34:11-56.25 et seq.), and subject to the applicable provisions of
10 that act.

11 e. The renaissance school district in which a renaissance school
12 project is located shall pay to the nonprofit entity in 12 equal
13 monthly installments an amount per pupil equal to 95% of the
14 district's per pupil expenditure. In addition the 12 monthly
15 installments shall include the security categorical aid attributable to
16 the student, a percentage of the district's special education
17 categorical aid equal to the percentage of the district's special
18 education students enrolled in the renaissance school project, and if
19 applicable 100% of preschool education aid. The district shall also
20 pay directly to the renaissance school project any federal funds
21 attributable to the student.

22 f. Renaissance school projects shall be required to meet the
23 same testing and academic performance standards established by
24 law and regulation for public school students, and shall meet any
25 additional testing and academic performance standards established
26 by the nonprofit entity and approved by the commissioner.

27 g. The nonprofit entity shall have complete discretion in
28 naming the renaissance school project. The nonprofit entity may
29 not realize a net profit from its operation of a renaissance school
30 project. A private or parochial school shall not be eligible for
31 renaissance school project status.

32 h. A nonprofit entity shall operate a renaissance school project
33 in accordance with the contract entered into pursuant to section 6 of
34 this act, the provisions of this act, and the laws and regulations that
35 govern other public schools which are not inconsistent with this act.

36

37 8. a. In the case of a renaissance school project built on land
38 owned by the New Jersey Schools Development Authority or the
39 renaissance school district, students residing in the attendance area
40 established by the renaissance school district for that property shall
41 be automatically enrolled in the renaissance school project. The
42 parent or guardian of the student may determine not to enroll the
43 student in the renaissance school project, and in that case the
44 student shall be eligible for enrollment in another school in the
45 renaissance school district. If spaces remain available in the
46 renaissance school project, students shall be selected for the
47 remaining spaces through a lottery system. The first lottery shall
48 include students who attend a public school in the renaissance

1 school district but reside outside the attendance area of the
2 renaissance school. If space remains available, a second lottery
3 shall be conducted that may include students who reside outside of
4 the renaissance school district.

5 b. In the case of a renaissance school project which is not built
6 on land owned by the New Jersey Schools Development Authority
7 or the renaissance school district, preference for enrollment in the
8 renaissance school project shall be given to students who reside in
9 the attendance area identified in the application submitted by the
10 nonprofit entity and approved by the commissioner for the
11 renaissance school project. In no case may an attendance area
12 include an area outside of the renaissance school district. If spaces
13 remain available in the renaissance school project, then the
14 renaissance school project may select students for the remaining
15 spaces through a lottery system.

16 In developing and executing its selection process, the nonprofit
17 entity shall not discriminate on the basis of intellectual or athletic
18 ability, measures of achievement or aptitude, status as a
19 handicapped person, proficiency in the English language, or any
20 other basis that would be illegal if used by a school district. A
21 nonprofit entity may, however, limit admission to a particular grade
22 level or levels consistent with its organizational document.

23

24 9. a. The employees of a renaissance school project shall not
25 be deemed to be members of the bargaining unit of the renaissance
26 school district.

27 b. In hiring its employees for a renaissance school project, a
28 nonprofit entity shall be subject to the provisions of the "New
29 Jersey Employer-Employee Relations Act," P.L.1941, c.100
30 (C.34:13A-1 et seq.). A nonprofit entity shall not set a teacher
31 salary lower than the minimum teacher salary specified pursuant to
32 section 7 of P.L.1985, c.321 (C.18A:29-5.6).

33 c. All principals, administrators, classroom teachers, and
34 professional support staff hired by a nonprofit entity to work in a
35 renaissance school project shall hold appropriate New Jersey
36 certifications and shall possess all the tenure rights as employees of
37 a board of education of a school district as provided in Title 18A
38 and other laws and regulations.

39

40 10. a. The renaissance school project shall be authorized for 10
41 years from the date of opening, subject to periodic reviews by the
42 commissioner. The renaissance school project shall be
43 automatically renewed for additional five year periods provided
44 there is not a breach of the agreement that outlines the terms and
45 conditions of the renaissance school project.

46 Every ten years, ¹[prior to granting a renewal,]¹ the
47 commissioner shall conduct a comprehensive review of the
48 renaissance school project ¹prior to granting a renewal¹. Renewal

1 'at these 10-year intervals' shall be presumed **'[where] provided**
2 there is not a breach of the agreement that outlines the terms and
3 conditions of the renaissance school project and' the renaissance
4 school project's average percent of students proficient on the New
5 Jersey Assessment of Skills and Knowledge, if the school includes
6 any grades from three to eight, or on the New Jersey High School
7 Proficiency Assessment, if the school includes grades 11 and 12,
8 exceed the average percent of students proficient for the renaissance
9 school district in which it is located in like grades by 15 percent or
10 more in language arts literacy, mathematics, or both after five years,
11 and 25 percent or more in language arts literacy, mathematics, or
12 both after ten years, or achieves the State-level proficiency
13 standards during that period.

14 b. The commissioner shall periodically assess whether each
15 renaissance school project is meeting its goals and improving
16 student achievement. In order to facilitate the commissioner's
17 review, each renaissance school project shall submit an annual
18 report to the commissioner in the form prescribed by the
19 commissioner. The report shall be received annually by August 1
20 and shall be made publicly available immediately thereafter,
21 including on the Department of Education's website.

22 c. The commissioner shall have on-going access to the records
23 and facilities of the renaissance school project and the nonprofit
24 entity to ensure that the renaissance school project is in compliance
25 with its organizational document and with State laws and
26 regulations.

27 d. Five years following the date of the opening of the **'[first]**
28 third' renaissance school project, 'or ten years after the opening of
29 the first renaissance school project, whichever occurs first,' a
30 review of the efficacy of the program shall be conducted by an
31 independent education researcher or research organization selected
32 by the commissioner **'[, with the approval of the State Board of**
33 **Education]'**. The independent review shall be funded by the
34 Department of Education. The review shall include interviews with
35 staff, parents, and resident district representatives, and a fiscal and
36 educational assessment. The commissioner shall report the results
37 of the review to the Governor, the State Board of Education, and to
38 the Legislature as provided pursuant to section 2 of P.L.1991, c.164
39 (C.52:14-19.1), and, in addition, the Governor shall report on the
40 efficacy of the renaissance school projects in educating students and
41 whether additional renaissance school districts should be authorized
42 and, if so, how many. The commissioner shall also recommend any
43 changes to this act deemed appropriate based on experience with the
44 renaissance school projects and the independent review.

45
46 11. a. Notwithstanding the provisions of the "Educational
47 Facilities Construction and Financing Act," P.L.2000, c.72

1 (C.18A:7G-1 et al.), or any other law or regulation to the contrary,
2 when an entity seeks to build a renaissance school project on land
3 owned by the New Jersey Schools Development Authority, the
4 authority may convey the land by ground lease or fee simple title to
5 either the renaissance school district or the entity if the authority
6 determines conveyance to be in the best interests of the State,
7 provided that such conveyance, whether by ground lease or fee
8 simple title shall (1) contain a restriction that the land be used
9 solely for a school or it shall revert to the authority; and (2) be for
10 such consideration and on such terms as the authority determines to
11 be in the best interests of the State.

12 b. Notwithstanding any other law to the contrary, in the event
13 of a conveyance by the authority to a renaissance school district
14 pursuant to this section, the renaissance school district is authorized
15 to enter into a sub-lease of the property to the entity as required to
16 effectuate the renaissance school project. The sub-lease shall be
17 submitted to the commissioner for his review and approval. The
18 sub-lease shall contain a restriction that the land be used solely for
19 the renaissance school project or it shall revert to the school district.
20

21 12. Whenever any board of education shall by resolution
22 determine that any tract of land is no longer desirable or necessary
23 for school purposes it may authorize the conveyance thereof, for a
24 nominal consideration, to a renaissance school project established
25 pursuant to P.L. , c. (C.) (pending before the Legislature as this
26 bill). The president and secretary of the board shall be authorized
27 to execute and deliver a conveyance for the same in the name and
28 under the seal of the board, which conveyance shall be subject to a
29 condition providing that the land shall be used by the renaissance
30 school project for school purposes, and in the event that the
31 property shall cease to be used for those purposes, the property shall
32 thereupon revert to and the title thereof shall vest in the board of
33 education making the conveyance thereof hereunder.
34

35 ¹[13. a. Notwithstanding the provisions of N.J.S.18A:24-10 or
36 any other section of law to the contrary, under the pilot program the
37 board of education of a Type II school district without a board of
38 school estimate may issue bonds without the approval of the voters
39 of the district in order to finance the construction of a renaissance
40 school project. In the case of a Type I district or a Type II district
41 with a board of school estimate, notwithstanding the provisions of
42 N.J.S.18A:24-11, N.J.S.18A:24-12, or any other section of law to
43 the contrary, such bonds may be issued by the municipality without
44 the approval of the board of school estimate or the adoption of a
45 municipal ordinance as applicable. In the case of a school district
46 under full State intervention or partial State intervention in which
47 the governance component of school district effectiveness has not
48 been returned to the district, notwithstanding the provisions of

1 P.L.1991, c.139 (C.18A:7A-46.1 et seq.) or any other section of law
2 to the contrary, such bonds may be issued without the approval of
3 the capital projects review board.

4 The issuance of the bonds shall be approved by the board of
5 education of the renaissance school district, or the State district
6 superintendent in the case of a school district under full State
7 intervention or partial State intervention in which the governance
8 component has not been returned to the district. The approval shall
9 be evidenced by the adoption of a resolution by the board of
10 education in a public meeting upon an affirmative vote of two-
11 thirds of its full membership certifying the support of the board for
12 the issuance of the bonds, or if the school district is under full or
13 partial State intervention and the governance component has not
14 been returned to the district, a certification, affidavit, or other sworn
15 statement signed by the State district superintendent supporting the
16 issuance.

17 b. Notwithstanding the provisions of any other law to the
18 contrary, a county or county improvement authority may issue
19 bonds in order to finance the construction of a renaissance school
20 project.

21 c. Notwithstanding the provisions of N.J.S.18A:22-20,
22 N.J.S.18A:22-30, or any other section of law to the contrary, the
23 principal and interest payments on the bonds issued pursuant to this
24 section shall be paid by the board of trustees of the renaissance
25 school. The board of education, the State district superintendent,
26 the municipality, the county, or the county improvement authority,
27 as applicable, shall enter into an agreement with the board of
28 trustees of the renaissance school for the payment of the principal
29 and interest. The agreement shall include the total amount of
30 bonded indebtedness to be repaid, the schedule of required debt
31 service payments, and the amount of each individual payment. The
32 commissioner shall approve any agreement entered into pursuant to
33 this section prior to the issuance of the bonds.

34 d. Bonds issued by a school district, municipality, or county to
35 finance a renaissance school project pursuant to this section, shall
36 be entitled to the benefits of the "New Jersey School Bond Reserve
37 Act," P.L.1980, c.72 (C.18A:56-17 et seq.).

38 e. The provisions of P.L.1969, c.130 (C.18A:24-61.1 et seq.)
39 shall be applicable to bonds issued pursuant to this section.

40 f. In the event the authorization to operate a renaissance school
41 project is terminated or expires for any reason, title to the
42 renaissance school project shall revert to the board of education of
43 the renaissance school district and any bonds issued to finance the
44 project shall be eligible for State debt service aid.]¹

45

46 ¹[14.] 13.¹ The Commissioner of Education, pursuant to the
47 "Administrative Procedures Act," P.L.1968, c.410 (C.52:14B-1 et
48 seq.) shall adopt regulations to effectuate the purposes of this act;

1 except that, notwithstanding any provision of P.L.1968, c.410
2 (C.52:14B-1 et seq.), to the contrary, the commissioner may adopt,
3 immediately upon filing with the Office of Administrative Law,
4 such regulations as the commissioner deems necessary to
5 implement the provisions of this act, which regulations shall be
6 effective for a period not to exceed 12 months and may, thereafter,
7 be amended, adopted, or readopted by the commissioner in
8 accordance with the requirements of P.L.1968, c.410 (C.52:14B-1
9 et seq.).

10

11 ' [15.] 14. ' This act shall take effect immediately.

12

13

14

15

16 "Urban Hope Act"; provides a process to permit authorized
17 entities to build, operate, and manage "renaissance school projects"
18 as public schools in no more than three indentified failing districts.

SENATE, No. 3173

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED DECEMBER 15, 2011

Sponsored by:

Senator DONALD NORCROSS

District 5 (Camden and Gloucester)

SYNOPSIS

“Urban Hope Act”; provides a process to permit authorized entities to build, operate, and manage “renaissance school projects” as public schools in no more than three indented failing districts.

CURRENT VERSION OF TEXT

As introduced.



S3173 NORCROSS

2

1 AN ACT concerning the development of renaissance school projects
2 in failing school districts and supplementing Title 18A of the
3 New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. This act shall be known and may be cited as the “Urban
9 Hope Act.”

10
11 2. The Legislature finds and declares that:

12 a. Maintaining a thorough and efficient public school system is
13 among the Legislature’s most important responsibilities;

14 b. Although New Jersey’s per pupil public school expenditures
15 are among the highest in the nation, many of the State’s students are
16 failing to achieve the core curriculum content standards;

17 c. Many of those students are confined to a number of
18 persistently failing school districts and schools that, year after year,
19 have been unable to convert increased State aid and other resources
20 into improved student achievement, higher graduation rates, or
21 greater student readiness for postsecondary education and gainful
22 employment;

23 d. For those school districts and schools, it is necessary to
24 provide local boards of education, parents, students, and teachers
25 with more and better options for addressing their failing schools;
26 and

27 e. One such option is to create, on a limited pilot program
28 basis, “renaissance schools” which will be constructed, staffed and
29 operated by nonprofit entities, including existing charter schools, in
30 school districts with high concentrations of at-risk students.

31
32 3. As used in this act:

33 “Commissioner” means the Commissioner of Education.

34 “Failing district” means: (1) in the case of a school district
35 located in a city of the first class, a school district in which at least
36 30% of the students scored in the partially proficient range in the
37 language arts and mathematics sections of each State assessment
38 administered in the 2009-2010 school year; and (2) in the case of a
39 school district located in a city of the second class, a school district
40 in which at least 55% of the students scored in the partially
41 proficient range in the language arts and mathematics sections of
42 each State assessment administered in the 2009-2010 school year.

43 “Per pupil expenditure” means the sum of the budget year
44 equalization aid per pupil, budget year adjustment aid per pupil, and
45 the prebudget year general fund tax levy per pupil inflated by the
46 CPI rate most recent to the calculation.

S3173 NORCROSS

1 “School facility” means and includes any structure, building, or
2 facility used wholly or in part for educational purposes by the
3 students of a school district.

4 “School facilities project” means the planning, acquisition,
5 demolition, new construction, improvement, or capital maintenance
6 of all or any part of one or more school facilities constituting a
7 renaissance school project.

8 “Renaissance school district” is a failing district in which
9 renaissance school projects shall be established.

10 “Renaissance school project” means a school, or group of
11 schools in a common campus setting, that provides an educational
12 program for students enrolled in grades K through 12 or in a grade
13 range less than K through 12, that is agreed to by the school district,
14 and is operated and managed by a nonprofit entity, including an
15 approved charter school, in a renaissance school district.

16

17 4. a. A nonprofit entity, in partnership with the renaissance
18 school district, may submit to the commissioner an application to
19 create a renaissance school project. A nonprofit entity seeking to
20 create a renaissance school project shall have experience in
21 operating a school in a high-risk, low-income urban district.

22 b. The application shall be in a form prescribed by the
23 commissioner, but at a minimum it shall contain the following:

24 (1) a resolution adopted in a public meeting by the board of
25 education of the renaissance school district in which the renaissance
26 school project will be located certifying the support of the board for
27 the application;

28 (2) a resolution adopted by the board of education of the
29 renaissance school district amending the district’s long-range
30 facilities plan to include the proposed renaissance school project,
31 and the amendment which has been submitted to the commissioner
32 pursuant to section 4 of P.L.2000, c.72 (C.18A:7G-4);

33 (3) the educational goals of the renaissance school project, the
34 curriculum to be offered, and the methods of assessing whether
35 students are meeting the proffered educational goals;

36 (4) any testing and academic performance standards to be
37 mandated by the renaissance school project beyond those required
38 by State law and regulation;

39 (5) the admission policy and criteria for evaluating the
40 admission of students to the renaissance school project, which shall
41 comply with the provisions of section 8 of this act;

42 (6) the age or grade range of students to be enrolled in the
43 renaissance school project;

44 (7) the total number of students to be enrolled in each grade
45 level of the renaissance school project;

46 (8) the renaissance school project calendar and school day
47 schedule;

S3173 NORCROSS

1 (9) the financial plan for the renaissance school project and the
2 provisions that will be made for auditing pursuant to N.J.S.18A:23-
3 1;

4 (10) a description of, and address for, the school facility or
5 facilities in which the renaissance school project will be located;

6 (11) documentation that the proposed renaissance school project
7 meets the facilities efficiency standards developed by the
8 commissioner pursuant to subsection h. of section 4 of P.L.2000,
9 c.72 (C.18A:7G-4), and any school facility regulations promulgated
10 by the State Board of Education or the Department of Community
11 Affairs;

12 (12) documentation of the funds available to construct the
13 renaissance school project, including the terms of any financing
14 secured for such purpose;

15 (13) if the renaissance school project includes the acquisition of
16 land, the application shall include, at a minimum: (a) a description
17 of the land to be acquired; (b) the costs of acquisition; (c) the
18 timetable for acquisition; and (d) the plan for financing the
19 acquisition;

20 (14) identification of the attendance area of the renaissance
21 school project, if the renaissance school project will not be built on
22 land owned by the New Jersey Schools Development Authority or
23 the renaissance school district; and

24 (15) such other information as the commissioner may require.
25

26 5. The commissioner may not approve more than four
27 renaissance school projects in any one renaissance school district.
28 Nothing in this act shall prohibit a renaissance school project that
29 provides an educational program for a grade range less than K
30 through 12 from expanding grade levels after the approval by the
31 commissioner of the initial application.

32 In reviewing and judging applications for renaissance school
33 projects, the factors considered by the commissioner may include,
34 but not be limited to:

35 a. The likelihood that the renaissance school project will
36 improve academic achievement in the renaissance school district;

37 b. The strength of the support for the renaissance school project
38 from the school district, board of education, and parents;

39 c. The facilities plan for the renaissance school project;

40 d. Geographic diversity and diversity of school type,
41 elementary school, middle school, and high school, among the
42 proposed renaissance school projects; and

43 e. Any other factors deemed significant by the commissioner.
44

45 6. The nonprofit entity and the board of education of the
46 renaissance school district in which the renaissance school project
47 will be located shall enter into a contract setting forth the terms and
48 conditions for the renaissance school project including, but not

S3173 NORCROSS

1 limited to, the operation, management, and funding of the
2 renaissance school project. The contract shall be submitted to the
3 commissioner for approval.

4
5 7. a. Notwithstanding that a renaissance school project shall be
6 constructed, controlled, operated, and managed by a nonprofit
7 entity, and not the local board of education, it shall be a public
8 school. However nothing contained herein shall restrict a for-profit
9 entity from constructing a renaissance school project, or a
10 renaissance school project from being located on land owned by a
11 for-profit entity. Further, the renaissance school project shall be
12 authorized to retain any business entity, however formed, whose
13 primary purpose is the staffing, operation, and management of
14 elementary schools, middle schools, or high schools in the United
15 States, except as it relates to instructional services.

16 b. The costs of a renaissance school project including, but not
17 limited to, the costs of land acquisition, site remediation, site
18 development, design, construction, and any other costs required to
19 place into service the school facility or facilities constituting the
20 renaissance school project shall be at the sole expense of the
21 nonprofit entity. The nonprofit entity may use State funds to pay
22 for a lease, debt service, or mortgage for any facility constructed or
23 otherwise acquired.

24 c. Notwithstanding the provisions of the "Educational
25 Facilities Construction and Financing Act," P.L.2000, c.72
26 (C.18A:7G-1 et al.), or any other law or regulation to the contrary,
27 there shall be no State share for the costs of a renaissance school
28 project.

29 d. Notwithstanding the provisions of the "Public School
30 Contracts Law," P.L.1977, c.114 (C.18A:18A-1 et seq.), or any
31 other law or regulation to the contrary, the nonprofit entity or any
32 entity acting in cooperation with a renaissance school project shall
33 not be subject to public bidding for goods and services, and any
34 contracts entered into by the nonprofit entity shall not be deemed
35 public contracts or public works; except that any contract entered
36 into by the nonprofit entity or any entity acting in cooperation with
37 a renaissance school project shall be deemed a public work for the
38 purposes of the "New Jersey Prevailing Wage Act," P.L.1963, c.150
39 (C.34:11-56.25 et seq.), and subject to the applicable provisions of
40 that act.

41 e. The renaissance school district in which a renaissance school
42 project is located shall pay to the nonprofit entity in 12 equal
43 monthly installments an amount per pupil equal to 95% of the
44 district's per pupil expenditure. In addition the 12 monthly
45 installments shall include the security categorical aid attributable to
46 the student, a percentage of the district's special education
47 categorical aid equal to the percentage of the district's special
48 education students enrolled in the renaissance school project, and if

S3173 NORCROSS

1 applicable 100% of preschool education aid. The district shall also
2 pay directly to the renaissance school project any federal funds
3 attributable to the student.

4 f. Renaissance school projects shall be required to meet the
5 same testing and academic performance standards established by
6 law and regulation for public school students, and shall meet any
7 additional testing and academic performance standards established
8 by the nonprofit entity and approved by the commissioner.

9 g. The nonprofit entity shall have complete discretion in
10 naming the renaissance school project. The nonprofit entity may
11 not realize a net profit from its operation of a renaissance school
12 project. A private or parochial school shall not be eligible for
13 renaissance school project status.

14 h. A nonprofit entity shall operate a renaissance school project
15 in accordance with the contract entered into pursuant to section 6 of
16 this act, the provisions of this act, and the laws and regulations that
17 govern other public schools which are not inconsistent with this act.

18

19 8. a. In the case of a renaissance school project built on land
20 owned by the New Jersey Schools Development Authority or the
21 renaissance school district, students residing in the attendance area
22 established by the renaissance school district for that property shall
23 be automatically enrolled in the renaissance school project. The
24 parent or guardian of the student may determine not to enroll the
25 student in the renaissance school project, and in that case the
26 student shall be eligible for enrollment in another school in the
27 renaissance school district. If spaces remain available in the
28 renaissance school project, students shall be selected for the
29 remaining spaces through a lottery system. The first lottery shall
30 include students who attend a public school in the renaissance
31 school district but reside outside the attendance area of the
32 renaissance school. If space remains available, a second lottery
33 shall be conducted that may include students who reside outside of
34 the renaissance school district.

35 b. In the case of a renaissance school project which is not built
36 on land owned by the New Jersey Schools Development Authority
37 or the renaissance school district, preference for enrollment in the
38 renaissance school project shall be given to students who reside in
39 the attendance area identified in the application submitted by the
40 nonprofit entity and approved by the commissioner for the
41 renaissance school project. In no case may an attendance area
42 include an area outside of the renaissance school district. If spaces
43 remain available in the renaissance school project, then the
44 renaissance school project may select students for the remaining
45 spaces through a lottery system.

46 In developing and executing its selection process, the nonprofit
47 entity shall not discriminate on the basis of intellectual or athletic
48 ability, measures of achievement or aptitude, status as a

S3173 NORCROSS

1 handicapped person, proficiency in the English language, or any
2 other basis that would be illegal if used by a school district. A
3 nonprofit entity may, however, limit admission to a particular grade
4 level or levels consistent with its organizational document.

5
6 9. a. The employees of a renaissance school project shall not
7 be deemed to be members of the bargaining unit of the renaissance
8 school district.

9 b. In hiring its employees for a renaissance school project, a
10 nonprofit entity shall be subject to the provisions of the “New
11 Jersey Employer-Employee Relations Act,” P.L.1941, c.100
12 (C.34:13A-1 et seq.). A nonprofit entity shall not set a teacher
13 salary lower than the minimum teacher salary specified pursuant to
14 section 7 of P.L.1985, c.321 (C.18A:29-5.6).

15 c. All principals, administrators, classroom teachers, and
16 professional support staff hired by a nonprofit entity to work in a
17 renaissance school project shall hold appropriate New Jersey
18 certifications and shall possess all the tenure rights as employees of
19 a board of education of a school district as provided in Title 18A
20 and other laws and regulations.

21
22 10. a. The renaissance school project shall be authorized for 10
23 years from the date of opening, subject to periodic reviews by the
24 commissioner. The renaissance school project shall be
25 automatically renewed for additional five year periods provided
26 there is not a breach of the agreement that outlines the terms and
27 conditions of the renaissance school project.

28 Every ten years, prior to granting a renewal, the commissioner
29 shall conduct a comprehensive review of the renaissance school
30 project. Renewal shall be presumed where the renaissance school
31 project’s average percent of students proficient on the New Jersey
32 Assessment of Skills and Knowledge, if the school includes any
33 grades from three to eight, or on the New Jersey High School
34 Proficiency Assessment, if the school includes grades 11 and 12,
35 exceed the average percent of students proficient for the renaissance
36 school district in which it is located in like grades by 15 percent or
37 more in language arts literacy, mathematics, or both after five years,
38 and 25 percent or more in language arts literacy, mathematics, or
39 both after ten years, or achieves the State-level proficiency
40 standards during that period.

41 b. The commissioner shall periodically assess whether each
42 renaissance school project is meeting its goals and improving
43 student achievement. In order to facilitate the commissioner’s
44 review, each renaissance school project shall submit an annual
45 report to the commissioner in the form prescribed by the
46 commissioner. The report shall be received annually by August 1
47 and shall be made publicly available immediately thereafter,
48 including on the Department of Education’s website.

1 c. The commissioner shall have on-going access to the records
2 and facilities of the renaissance school project and the nonprofit
3 entity to ensure that the renaissance school project is in compliance
4 with its organizational document and with State laws and
5 regulations.

6 d. Five years following the date of the opening of the first
7 renaissance school project, a review of the efficacy of the program
8 shall be conducted by an independent education researcher or
9 research organization selected by the commissioner, with the
10 approval of the State Board of Education. The independent review
11 shall be funded by the Department of Education. The review shall
12 include interviews with staff, parents, and resident district
13 representatives, and a fiscal and educational assessment. The
14 commissioner shall report the results of the review to the Governor,
15 the State Board of Education, and to the Legislature as provided
16 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and, in
17 addition, the Governor shall report on the efficacy of the
18 renaissance school projects in educating students and whether
19 additional renaissance school districts should be authorized and, if
20 so, how many. The commissioner shall also recommend any
21 changes to this act deemed appropriate based on experience with the
22 renaissance school projects and the independent review.

23

24 11. a. Notwithstanding the provisions of the "Educational
25 Facilities Construction and Financing Act," P.L.2000, c.72
26 (C.18A:7G-1 et al.), or any other law or regulation to the contrary,
27 when an entity seeks to build a renaissance school project on land
28 owned by the New Jersey Schools Development Authority, the
29 authority may convey the land by ground lease or fee simple title to
30 either the renaissance school district or the entity if the authority
31 determines conveyance to be in the best interests of the State,
32 provided that such conveyance, whether by ground lease or fee
33 simple title shall (1) contain a restriction that the land be used
34 solely for a school or it shall revert to the authority; and (2) be for
35 such consideration and on such terms as the authority determines to
36 be in the best interests of the State.

37 b. Notwithstanding any other law to the contrary, in the event
38 of a conveyance by the authority to a renaissance school district
39 pursuant to this section, the renaissance school district is authorized
40 to enter into a sub-lease of the property to the entity as required to
41 effectuate the renaissance school project. The sub-lease shall be
42 submitted to the commissioner for his review and approval. The
43 sub-lease shall contain a restriction that the land be used solely for
44 the renaissance school project or it shall revert to the school district.

45

46 12. Whenever any board of education shall by resolution
47 determine that any tract of land is no longer desirable or necessary
48 for school purposes it may authorize the conveyance thereof, for a

1 nominal consideration, to a renaissance school project established
2 pursuant to P.L. , c. (C.) (pending before the Legislature as this
3 bill). The president and secretary of the board shall be authorized
4 to execute and deliver a conveyance for the same in the name and
5 under the seal of the board, which conveyance shall be subject to a
6 condition providing that the land shall be used by the renaissance
7 school project for school purposes, and in the event that the
8 property shall cease to be used for those purposes, the property shall
9 thereupon revert to and the title thereof shall vest in the board of
10 education making the conveyance thereof hereunder.

11

12 13. a. Notwithstanding the provisions of N.J.S.18A:24-10 or
13 any other section of law to the contrary, under the pilot program the
14 board of education of a Type II school district without a board of
15 school estimate may issue bonds without the approval of the voters
16 of the district in order to finance the construction of a renaissance
17 school project. In the case of a Type I district or a Type II district
18 with a board of school estimate, notwithstanding the provisions of
19 N.J.S.18A:24-11, N.J.S.18A:24-12, or any other section of law to
20 the contrary, such bonds may be issued by the municipality without
21 the approval of the board of school estimate or the adoption of a
22 municipal ordinance as applicable. In the case of a school district
23 under full State intervention or partial State intervention in which
24 the governance component of school district effectiveness has not
25 been returned to the district, notwithstanding the provisions of
26 P.L.1991, c.139 (C.18A:7A-46.1 et seq.) or any other section of law
27 to the contrary, such bonds may be issued without the approval of
28 the capital projects review board.

29 The issuance of the bonds shall be approved by the board of
30 education of the renaissance school district, or the State district
31 superintendent in the case of a school district under full State
32 intervention or partial State intervention in which the governance
33 component has not been returned to the district. The approval shall
34 be evidenced by the adoption of a resolution by the board of
35 education in a public meeting upon an affirmative vote of two-
36 thirds of its full membership certifying the support of the board for
37 the issuance of the bonds, or if the school district is under full or
38 partial State intervention and the governance component has not
39 been returned to the district, a certification, affidavit, or other sworn
40 statement signed by the State district superintendent supporting the
41 issuance.

42 b. Notwithstanding the provisions of any other law to the
43 contrary, a county or county improvement authority may issue
44 bonds in order to finance the construction of a renaissance school
45 project.

46 c. Notwithstanding the provisions of N.J.S.18A:22-20,
47 N.J.S.18A:22-30, or any other section of law to the contrary, the
48 principal and interest payments on the bonds issued pursuant to this

1 section shall be paid by the board of trustees of the renaissance
2 school. The board of education, the State district superintendent,
3 the municipality, the county, or the county improvement authority,
4 as applicable, shall enter into an agreement with the board of
5 trustees of the renaissance school for the payment of the principal
6 and interest. The agreement shall include the total amount of
7 bonded indebtedness to be repaid, the schedule of required debt
8 service payments, and the amount of each individual payment. The
9 commissioner shall approve any agreement entered into pursuant to
10 this section prior to the issuance of the bonds.

11 d. Bonds issued by a school district, municipality, or county to
12 finance a renaissance school project pursuant to this section, shall
13 be entitled to the benefits of the “New Jersey School Bond Reserve
14 Act,” P.L.1980, c.72 (C.18A:56-17 et seq.).

15 e. The provisions of P.L.1969, c.130 (C.18A:24-61.1 et seq.)
16 shall be applicable to bonds issued pursuant to this section.

17 f. In the event the authorization to operate a renaissance school
18 project is terminated or expires for any reason, title to the
19 renaissance school project shall revert to the board of education of
20 the renaissance school district and any bonds issued to finance the
21 project shall be eligible for State debt service aid.

22
23 14. The Commissioner of Education, pursuant to the
24 “Administrative Procedures Act,” P.L.1968, c.410 (C.52:14B-1 et
25 seq.) shall adopt regulations to effectuate the purposes of this act;
26 except that, notwithstanding any provision of P.L.1968, c.410
27 (C.52:14B-1 et seq.), to the contrary, the commissioner may adopt,
28 immediately upon filing with the Office of Administrative Law,
29 such regulations as the commissioner deems necessary to
30 implement the provisions of this act, which regulations shall be
31 effective for a period not to exceed 12 months and may, thereafter,
32 be amended, adopted, or readopted by the commissioner in
33 accordance with the requirements of P.L.1968, c.410 (C.52:14B-1
34 et seq.).

35
36 15. This act shall take effect immediately.

37

38

39

STATEMENT

40

41 The bill is entitled the “Urban Hope Act.” The bill authorizes
42 the designation of three failing school districts as renaissance
43 school districts. A “failing district” is defined in the bill as: (1) in
44 the case of a school district located in a city of the first class, a
45 school district in which at least 30% of the students scored in the
46 partially proficient range in the language arts and mathematics
47 sections of each State assessment administered in the 2009-2010
48 school year; and (2) in the case of a school district located in a city

1 of the second class, a school district in which at least 55% of the
2 students scored in the partially proficient range in the language arts
3 and mathematics sections of each State assessment administered in
4 the 2009-2010 school year. Under this definition, the Newark
5 School District, the Jersey City School District, and the Camden
6 School District would be “failing districts.”

7 Under the provisions of the bill, one or more nonprofit entities,
8 with the approval of the board of education, may apply to the
9 commissioner to create up to a total of four renaissance school
10 projects in a renaissance school district. A renaissance school
11 project is defined as a school, or group of schools in a common
12 campus setting, that provides an educational program for students
13 enrolled in grades K through 12 or in a grade range less than K
14 through 12, that is agreed to by the school district, and is operated
15 and managed by a nonprofit entity, including an approved charter
16 school, in a renaissance school district.

17 The bill provides that the costs of a renaissance school project,
18 including the costs of land acquisition, site remediation, site
19 development, design, construction, and any other costs required to
20 place into service the school facility or facilities constituting the
21 renaissance school projects, would be the sole expense of the
22 nonprofit entity. However, the nonprofit entity may use State funds
23 to pay for a lease, debt service, or mortgage for any facility
24 constructed or otherwise acquired.

25 If an entity seeks to build a school facility on land owned by the
26 Schools Development Authority, the bill provides that the authority
27 may convey the land to either the renaissance school district or the
28 entity. The conveyance must (1) contain a restriction that the land
29 must be used solely for a school or it will revert to the authority;
30 and (2) be for such consideration and on such terms as the authority
31 determines to be in the best interests of the State.

32 Under the provisions of the bill, whenever a board of education
33 determines that any tract of land is no longer desirable or necessary
34 for school purposes it may authorize the conveyance, for a nominal
35 consideration, to a renaissance school project. If the property
36 ceases to be used for school purposes by the renaissance school
37 project, the property would revert to the board of education.

38 Under the provisions of the bill, the renaissance school district
39 would pay annually to the nonprofit entity an amount per pupil
40 equal to 95% of the district’s per pupil total expenditure. “Per pupil
41 expenditure” is defined as the sum of the budget year equalization
42 aid per pupil, budget year adjustment aid per pupil, and the
43 prebudget year general fund tax levy per pupil inflated by the CPI
44 rate most recent to the calculation. The renaissance school district
45 would also pay to the renaissance school project the security
46 categorical aid attributable to the student, a percentage of the
47 district's special education categorical aid equal to the percentage of
48 the district's special education students enrolled in the renaissance

S3173 NORCROSS

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1 school project, and if applicable 100% of preschool education aid.
2 The district would also pay directly to the renaissance school
3 project any federal funds attributable to the student.

4 All principals, administrators, classroom teachers, and
5 professional support staff must hold the appropriate certifications.

6 The bill states that a renaissance school project is a public
7 school. The bill further provides that nothing contained in the bill,
8 however, would restrict a for-profit entity from constructing a
9 renaissance school project, or a renaissance school project from
10 being located on land owned by a for-profit entity. The bill also
11 provides that the renaissance school project is authorized to retain
12 any business entity whose primary purpose is the staffing,
13 operation, and management of schools in the United States, except
14 as it relates to instructional services.

15 Under the provisions of the bill, a nonprofit entity or any entity
16 acting in cooperation with the renaissance school project is not
17 subject to the public bidding requirements for goods and services
18 and any contract entered into by the nonprofit entity is deemed not
19 to be a public contract or a public work. The bill states, however,
20 that a contract entered into by the nonprofit entity or any entity
21 acting in cooperation with the renaissance school project is a public
22 work for the purposes of the "New Jersey Prevailing Wage Act"
23 and subject to the applicable provisions of that act.

24 A renaissance school project approved under the provisions of
25 the bill, would be authorized for 10 years. The commissioner must
26 annually assess whether each renaissance school project is meeting
27 certain goals and improving student achievement. In order to
28 facilitate this assessment, each renaissance school project, through
29 its nonprofit entity, must submit an annual report to the
30 commissioner.

31 Five years following the date of the opening of the first
32 renaissance school project, a review of the efficacy of the program
33 must be conducted by an independent education researcher or
34 research organization. The costs of the independent review will be
35 borne by the department. The commissioner must report the results
36 of the review. He must also report on the efficacy of the schools in
37 educating students and whether additional renaissance school
38 districts should be authorized and, if so, how many.

39 The bill authorizes the board of education of a Type II school
40 district to issue bonds without voter approval to finance the
41 construction of a renaissance school project. In the case of a Type
42 II district with a board of school estimate or a Type I district, bonds
43 may be issued without the approval of the board of school estimate
44 or the adoption of a municipal ordinance, as applicable. The bill
45 also authorizes a county or county improvement authority to issue
46 bonds to finance the construction of a renaissance school project.
47 These bonds would not be supported through local tax levy, but
48 rather the board of education, the State district superintendent, the

S3173 NORCROSS

1 municipality, the county, or the county improvement authority, as
2 applicable, would enter into an agreement with the board of trustees
3 of the renaissance school project for the payment of the principal
4 and interest on the bonds in accordance with a schedule of
5 payments to be made by the renaissance school project. The
6 commissioner would have to approve each such agreement.

7 Bonds issued by a school district, municipality, or county to
8 finance a renaissance school project will be entitled to the benefits
9 of the "New Jersey School Bond Reserve Act." The school bond
10 reserve is pledged by law to secure payments of principal and
11 interest due on bonds issued for school purposes in the event of the
12 inability of the issuer to make payment.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3173

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 5, 2012

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3173, with committee amendments.

The bill, as amended, is entitled the “Urban Hope Act.” The bill, as amended, authorizes the designation of three failing school districts as renaissance school districts. A “failing district” is defined in the bill as: (1) in the case of a school district located in a city of the first class, a school district in which at least 40% of the students scored in the partially proficient range in the language arts and mathematics sections of each State assessment administered in the 2009-2010 school year; and (2) in the case of a school district located in a city of the second class, a school district in which at least 45% of the students scored in the partially proficient range in the language arts and mathematics sections of each State assessment administered in the 2009-2010 school year. Under this definition, the Newark School District, the Trenton School District, and the Camden School District would be “failing districts.”

Under the provisions of the bill, one or more nonprofit entities, with the approval of the school district, may apply to the commissioner to create up to a total of four renaissance school projects in a renaissance school district, provided that the application is submitted no later than three years following the effective date of the bill. A renaissance school project is defined as a newly-constructed school, or group of schools in a common campus setting, that provides an educational program for students enrolled in grades K through 12 or in a grade range less than K through 12, that is agreed to by the school district, and is operated and managed by a nonprofit entity in a renaissance school district.

The bill provides that the costs of a renaissance school project, including the costs of land acquisition, site remediation, site development, design, construction, and any other costs required to place into service the school facility or facilities constituting the renaissance school projects, would be the sole expense of the nonprofit entity. However, the nonprofit entity may use State funds to pay for a lease, debt service, or mortgage for any facility constructed or otherwise acquired.

If an entity seeks to build a school facility on land owned by the Schools Development Authority, the bill provides that the authority may convey the land to either the renaissance school district or the entity. The conveyance must (1) contain a restriction that the land must be used solely for a school or it will revert to the authority; and (2) be for such consideration and on such terms as the authority determines to be in the best interests of the State.

Under the provisions of the bill, whenever a board of education determines that any tract of land is no longer desirable or necessary for school purposes it may authorize the conveyance, for a nominal consideration, to a renaissance school project. If the property ceases to be used for school purposes by the renaissance school project, the property would revert to the board of education.

Under the provisions of the bill, the renaissance school district would pay annually to the nonprofit entity an amount per pupil equal to 95% of the district's per pupil total expenditure. "Per pupil expenditure" is defined as the sum of the budget year equalization aid per pupil, budget year adjustment aid per pupil, and the prebudget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation. The renaissance school district would also pay to the renaissance school project the security categorical aid attributable to the student, a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the renaissance school project, and if applicable 100% of preschool education aid. The district would also pay directly to the renaissance school project any federal funds attributable to the student.

All principals, administrators, classroom teachers, and professional support staff must hold the appropriate certifications.

The bill states that a renaissance school project is a public school. The bill further provides that nothing contained in the bill, however, would restrict a for-profit entity from constructing a renaissance school project, or a renaissance school project from being located on land owned by a for-profit entity. The bill also provides that the renaissance school project is authorized to retain any business entity whose primary purpose is the staffing, operation, and management of schools in the United States, except as it relates to instructional services.

Under the provisions of the bill, a nonprofit entity or any entity acting in cooperation with the renaissance school project is not subject to the public bidding requirements for goods and services and any contract entered into by the nonprofit entity is deemed not to be a public contract or a public work. The bill states, however, that a contract entered into by the nonprofit entity or any entity acting in cooperation with the renaissance school project is a public work for the purposes of the "New Jersey Prevailing Wage Act" and subject to the applicable provisions of that act.

A renaissance school project approved under the provisions of the bill would be initially authorized for 10 years, and renewed subsequently for five-year periods. The commissioner must annually assess whether each renaissance school project is meeting certain goals and improving student achievement. In order to facilitate this assessment, each renaissance school project, through its nonprofit entity, must submit an annual report to the commissioner.

Five years following the date of the opening of the third renaissance school project, or 10 years after the opening of the first project, whichever occurs first, a review of the efficacy of the program must be conducted by an independent education researcher or research organization. The costs of the independent review will be borne by the department. The commissioner must report the results of the review. He must also report on the efficacy of the schools in educating students and whether additional renaissance school districts should be authorized and, if so, how many.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- revise the definition of “failing district” to include Trenton and remove Jersey City;
- clarify that renaissance school projects are newly-constructed schools;
- provide that all applications to create a renaissance school project must be submitted to the commissioner no later than three years following the effective date of the bill;
- provide that in the case of a district under full or partial State intervention with an advisory board of education, the application will include evidence that the State district superintendent or the superintendent, as applicable, has convened at least three public meetings to discuss the merits of the renaissance school project. The application must also include a resolution from the advisory board of education reflecting the board’s approval or disapproval of the project;
- provide that the application to create a renaissance school project must include a description of the process used by the renaissance school district to identify the nonprofit entity;
- establish criteria for the organizational document that sets forth certain information regarding the nonprofit entity creating the renaissance school project; and
- eliminate the authority of the board of education of a Type II school district, the municipality in the case of a Type I school district, a county, or a county improvement authority to issue bonds to finance the construction of a renaissance school project.

FISCAL IMPACT:

The bill has two potential fiscal implications for State and local governments. First, the bill may lead to an increase in State expenditures in the form of contributions to the Teachers' Pension and Annuity Fund (TPAF) and reimbursements made for the employer's share of the social security tax. Most employees of a renaissance school project (e.g., teachers, administrators, and support staff) would be enrolled in the TPAF and, all else being equal, increase the State's required contribution into the pension fund. The State would also reimburse employers for any social security tax payment made pursuant to federal law for these employees. To the extent that the school districts reduce their existing staffing levels, and the associated salaries, by an amount less than the increase caused by the presence of the renaissance school projects, then there would be a net increase in the State's total expenditure in this area.

Second, if students who are currently enrolled in a nonpublic school choose to attend a renaissance school project, the affected school districts would experience an expenditure increase in the form of the payments that the district must make to the renaissance school project. In the first year of the nonpublic students' enrollment, the district would not receive any additional State school aid, and would be required to support the new expenditure out of existing financial resources. These students would be accounted for in the State school aid calculations in subsequent years and may lead to an increase in aid provided to the districts (to the extent that two of the affected districts, Camden and Trenton, receive a significant amount of adjustment aid, an enrollment increase may not lead to a net increase in State aid in the subsequent years).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3173 STATE OF NEW JERSEY 214th LEGISLATURE

DATED: JANUARY 13, 2012

SUMMARY

- Synopsis:** “Urban Hope Act”; provides a process to permit authorized entities to build, operate, and manage “renaissance school projects” as public schools in no more than three identified failing districts.
- Type of Impact:** Potential expenditure increase in the General Fund or Property Tax Relief Fund; potential increase in expenditures and revenues for certain local school districts.
- Agencies Affected:** Department of Education, certain local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Potential Increase – See comments below		
Local Cost	Potential Increase – See comments below		
Local Revenue	Potential Increase – See comments below		

- The Office of Legislative Services (OLS) notes that Senate Bill No. 3173 (1R) of 2011 may lead to an increase in State expenditures in the form of payments to the Teachers’ Pension and Annuity Fund and reimbursements for the employer’s share of the social security tax. Certain individuals employed in a renaissance school project would be enrolled in the Teachers’ Pension and Annuity Fund, thereby increasing the required State contribution to the pension system, as well as the cost of reimbursing the employer’s share of the social security tax for these employees. The affected school districts may make personnel changes as students enroll in the renaissance school projects, thus offsetting a portion of the increase created by the project.
- The affected school districts would incur increased expenditures if students who are currently enrolled in a nonpublic school choose to enroll in a renaissance school project. In the first year of the student’s enrollment, the district would not receive additional State school aid and would be required to support the new expenditure with existing revenue. In subsequent school years, it is plausible that the resulting enrollment increase would lead to an increase in

State school aid. It should be noted, however, that given the amount of adjustment aid currently received by the three potential renaissance school districts, only one (Newark) would likely experience an increase in total State aid as a result of enrolling nonpublic school students. The other districts (Camden and Trenton) would likely accommodate any enrollment increases with the same amount of State aid.

BILL DESCRIPTION

Senate Bill No. 3173 (1R) of 2011 establishes a process for nonprofit entities to receive authorization to build, operate, and manage schools, known as “renaissance school projects,” in failing districts. The definition of “failing districts” in the bill would include the Camden, Newark, and Trenton School Districts. Under the bill, a nonprofit entity, in partnership with the district, may submit an application to the Commissioner of Education to create a renaissance school project; the commissioner may authorize no more than four such projects in each district. Each project may operate grades kindergarten through 12, or a subset of those grades. A nonprofit entity that receives authorization to establish a renaissance school project would be responsible for any construction costs associated with the project, including land acquisition and site remediation.

The nonprofit entity may acquire land from the Schools Development Authority (SDA) or the school district on which to construct the project. If the nonprofit entity constructs the renaissance school project on land owned by the SDA or the school district, then the attendance area for that project will be the same as it was previously defined by the district, and all students residing in the attendance area will be enrolled in the project (unless a student’s parent or guardian elects to enroll the student in another school). Otherwise, the attendance area would be defined in the nonprofit entity’s application, and students residing in the attendance area would be given enrollment preference.

A school district would be required to transfer funding to a renaissance school project for each of its students who enrolls in a project. Specifically, the district would transfer 95 percent of the sum the prior year’s tax levy per pupil, adjusted for inflation, the current year’s equalization aid per pupil, and the current year’s adjustment aid per pupil. The district would also transfer a percentage of special education categorical aid based on the percent of the district’s special education students who are enrolled in the renaissance school project, and any security categorical aid, preschool education aid, and federal aid attributable to a student enrolled in a renaissance school project.

A renaissance school project approved under the provisions of the bill would be initially authorized for 10 years, and renewed subsequently for five-year periods. The commissioner must annually assess whether each renaissance school project is meeting certain goals and improving student achievement.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Senate Bill No. 3173 (1R) would likely lead to an increase in State expenditures in the form of payments to the Teachers' Pension and Annuity Fund (TPAF) and reimbursements for the employer's share of the social security tax. The bill specifies that a renaissance school project is a public school, notwithstanding the fact that it operates independently of the local board of education, and that the project's employees must hold the proper certification to be employed by the project. As such, most of the project's employees (e.g., teachers, administrators, and support staff) will be enrolled in the TPAF and, all else being equal, increase the amount the State must contribute to the fund. Additionally, for all employees enrolled in TPAF, the State reimburses employers for any social security tax payments made by the employers for these employees. Senate Bill No. 3173 (1R) would increase the State expenditure for this payment as well. This expenditure increase may be offset if the affected school districts reduce their own employees in response to the decreased number of students enrolled in the districts' schools.

The bill provides that a student living in the attendance area of a renaissance school project will be given preference in the enrollment process.¹ This may lead children who reside in the attendance area, but are currently attending a nonpublic school, to enroll in the renaissance school project, causing the districts to incur additional expenditures. The district would not receive any additional State school aid for a nonpublic school student in the first year of that student's enrollment. State aid for a school year is determined based on the district's resident enrollment from the previous school year, adjusted by a growth rate determined by the department based on enrollment trends over the previous six years. To the extent that this enrollment projection methodology would not account for a student who chooses to leave a nonpublic school for a renaissance school project, the district would not receive the aid for the student until the subsequent school year when State aid is adjusted to account for differences between a district's projected and actual enrollment.

In subsequent school years, the additional enrollment may lead to an increase in the amount of State aid provided pursuant to the "School Funding Reform Act of 2008" (P.L.2007, c.260). While an aid increase is possible, it should be noted that, based on the amount of adjustment aid² received by two of the three school districts affected by Senate Bill No. 3173 (1R) (Camden and Trenton), any enrollment increase associated with the bill would likely not lead to an increase in total State aid. In the 2011-2012 school year, nearly 18 percent of Camden's total State aid, and nearly 10 percent of Trenton's State aid, is adjustment aid. Given the share of K-12 students who are enrolled in nonpublic schools (6.4 percent in Camden and 13.1 percent in Trenton),³ it does not appear to be likely that a sufficient number of nonpublic school students would enroll in renaissance school projects to yield a net increase in total State aid. Since the Newark School District receives a much smaller amount of adjustment aid (0.3 percent of its total State aid), it is plausible that an enrollment increase resulting from nonpublic school students enrolling in renaissance school projects will lead to a net increase in State aid.

¹ If the project is constructed on land owned by the district or the Schools Development Authority, students living in the attendance area established by the school district are enrolled in the project unless the parent or guardian elects to opt out. If the project is constructed on other land, children living in the attendance area identified by the project application are given preference in the enrollment process.

² Adjustment aid is the category of aid provided to a school district to ensure that the total aid received by the district is no less than the amount received in the 2008-2009 school year. To the extent that other categories of aid increase as a result to enrollment increases or inflationary adjustments, there would be an equal reduction in adjustment aid, causing the district's total aid to remain unchanged. The one exception would be a circumstance in which the total increase in the other State aid categories is greater than the amount of adjustment aid a district received. In that scenario, adjustment aid would be eliminated in its entirety, and total aid would increase.

³ 2010 American Community Survey, 1-Year Estimates.

S3173 [1R]

4

Section: Education

*Analyst: Allen T. Dupree
Lead Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY, No. 4426

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED DECEMBER 12, 2011

Sponsored by:

Assemblyman ANGEL FUENTES

District 5 (Camden and Gloucester)

Assemblyman TROY SINGLETON

District 7 (Burlington and Camden)

SYNOPSIS

“Urban Hope Act”; provides a process to permit authorized entities to build, operate, and manage “renaissance school projects” as public schools in no more than three indetified failing districts.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/6/2012)

1 AN ACT concerning the development of renaissance school projects
2 in failing school districts and supplementing Title 18A of the
3 New Jersey Statutes.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. This act shall be known and may be cited as the “Urban Hope
9 Act.”

10

11 2. The Legislature finds and declares that:

12 a. Maintaining a thorough and efficient public school system is
13 among the Legislature’s most important responsibilities;

14 b. Although New Jersey’s per pupil public school expenditures
15 are among the highest in the nation, many of the State’s students are
16 failing to achieve the core curriculum content standards;

17 c. Many of those students are confined to a number of
18 persistently failing school districts and schools that, year after year,
19 have been unable to convert increased State aid and other resources
20 into improved student achievement, higher graduation rates, or
21 greater student readiness for postsecondary education and gainful
22 employment;

23 d. For those school districts and schools, it is necessary to
24 provide local boards of education, parents, students, and teachers
25 with more and better options for addressing their failing schools;
26 and

27 e. One such option is to create, on a limited pilot program basis,
28 “renaissance schools” which will be constructed, staffed and
29 operated by nonprofit entities, including existing charter schools, in
30 school districts with high concentrations of at-risk students.

31

32 3. As used in this act:

33 “Commissioner” means the Commissioner of Education.

34 “Failing district” means: (1) in the case of a school district
35 located in a city of the first class, a school district in which at least
36 30% of the students scored in the partially proficient range in the
37 language arts and mathematics sections of each State assessment
38 administered in the 2009-2010 school year; and (2) in the case of a
39 school district located in a city of the second class, a school district
40 in which at least 55% of the students scored in the partially
41 proficient range in the language arts and mathematics sections of
42 each State assessment administered in the 2009-2010 school year.

43 “Per pupil expenditure” means the sum of the budget year
44 equalization aid per pupil, budget year adjustment aid per pupil, and
45 the prebudget year general fund tax levy per pupil inflated by the
46 CPI rate most recent to the calculation.

1 “School facility” means and includes any structure, building, or
2 facility used wholly or in part for educational purposes by the
3 students of a school district.

4 “School facilities project” means the planning, acquisition,
5 demolition, new construction, improvement, or capital maintenance
6 of all or any part of one or more school facilities constituting a
7 renaissance school project.

8 “Renaissance school district” is a failing district in which
9 renaissance school projects shall be established.

10 “Renaissance school project” means a school, or group of
11 schools in a common campus setting, that provides an educational
12 program for students enrolled in grades K through 12 or in a grade
13 range less than K through 12, that is agreed to by the school district,
14 and is operated and managed by a nonprofit entity, including an
15 approved charter school, in a renaissance school district.

16

17 4. a. A nonprofit entity, in partnership with the renaissance
18 school district, may submit to the commissioner an application to
19 create a renaissance school project. A nonprofit entity seeking to
20 create a renaissance school project shall have experience in
21 operating a school in a high-risk, low-income urban district.

22 b. The application shall be in a form prescribed by the
23 commissioner, but at a minimum it shall contain the following:

24 (1) a resolution adopted in a public meeting by the board of
25 education of the renaissance school district in which the renaissance
26 school project will be located certifying the support of the board for
27 the application;

28 (2) a resolution adopted by the board of education of the
29 renaissance school district amending the district’s long-range
30 facilities plan to include the proposed renaissance school project,
31 and the amendment which has been submitted to the commissioner
32 pursuant to section 4 of P.L.2000, c.72 (C.18A:7G-4);

33 (3) the educational goals of the renaissance school project, the
34 curriculum to be offered, and the methods of assessing whether
35 students are meeting the proffered educational goals;

36 (4) any testing and academic performance standards to be
37 mandated by the renaissance school project beyond those required
38 by State law and regulation;

39 (5) the admission policy and criteria for evaluating the admission
40 of students to the renaissance school project, which shall comply
41 with the provisions of section 8 of this act;

42 (6) the age or grade range of students to be enrolled in the
43 renaissance school project;

44 (7) the total number of students to be enrolled in each grade
45 level of the renaissance school project;

46 (8) the renaissance school project calendar and school day
47 schedule;

1 (9) the financial plan for the renaissance school project and the
2 provisions that will be made for auditing pursuant to N.J.S.18A:23-
3 1;

4 (10) a description of, and address for, the school facility or
5 facilities in which the renaissance school project will be located;

6 (11) documentation that the proposed renaissance school project
7 meets the facilities efficiency standards developed by the
8 commissioner pursuant to subsection h. of section 4 of P.L.2000,
9 c.72 (C.18A:7G-4), and any school facility regulations promulgated
10 by the State Board of Education or the Department of Community
11 Affairs;

12 (12) documentation of the funds available to construct the
13 renaissance school project, including the terms of any financing
14 secured for such purpose;

15 (13) if the renaissance school project includes the acquisition of
16 land, the application shall include, at a minimum: (a) a description
17 of the land to be acquired; (b) the costs of acquisition; (c) the
18 timetable for acquisition; and (d) the plan for financing the
19 acquisition;

20 (14) identification of the attendance area of the renaissance
21 school project, if the renaissance school project will not be built on
22 land owned by the New Jersey Schools Development Authority or
23 the renaissance school district; and

24 (15) such other information as the commissioner may require.
25

26 5. The commissioner may not approve more than four
27 renaissance school projects in any one renaissance school district.
28 Nothing in this act shall prohibit a renaissance school project that
29 provides an educational program for a grade range less than K
30 through 12 from expanding grade levels after the approval by the
31 commissioner of the initial application.

32 In reviewing and judging applications for renaissance school
33 projects, the factors considered by the commissioner may include,
34 but not be limited to:

35 a. The likelihood that the renaissance school project will
36 improve academic achievement in the renaissance school district;

37 b. The strength of the support for the renaissance school project
38 from the school district, board of education, and parents;

39 c. The facilities plan for the renaissance school project;

40 d. Geographic diversity and diversity of school type, elementary
41 school, middle school, and high school, among the proposed
42 renaissance school projects; and

43 e. Any other factors deemed significant by the commissioner.
44

45 6. The nonprofit entity and the board of education of the
46 renaissance school district in which the renaissance school project
47 will be located shall enter into a contract setting forth the terms and
48 conditions for the renaissance school project including, but not

1 limited to, the operation, management, and funding of the
2 renaissance school project. The contract shall be submitted to the
3 commissioner for approval.

4
5 7. a. Notwithstanding that a renaissance school project shall be
6 constructed, controlled, operated, and managed by a nonprofit
7 entity, and not the local board of education, it shall be a public
8 school. However nothing contained herein shall restrict a for-profit
9 entity from constructing a renaissance school project, or a
10 renaissance school project from being located on land owned by a
11 for-profit entity. Further, the renaissance school project shall be
12 authorized to retain any business entity, however formed, whose
13 primary purpose is the staffing, operation, and management of
14 elementary schools, middle schools, or high schools in the United
15 States, except as it relates to instructional services.

16 b. The costs of a renaissance school project including, but not
17 limited to, the costs of land acquisition, site remediation, site
18 development, design, construction, and any other costs required to
19 place into service the school facility or facilities constituting the
20 renaissance school project shall be at the sole expense of the
21 nonprofit entity. The nonprofit entity may use State funds to pay
22 for a lease, debt service, or mortgage for any facility constructed or
23 otherwise acquired.

24 c. Notwithstanding the provisions of the "Educational Facilities
25 Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et
26 al.), or any other law or regulation to the contrary, there shall be no
27 State share for the costs of a renaissance school project.

28 d. Notwithstanding the provisions of the "Public School
29 Contracts Law," P.L.1977, c.114 (C.18A:18A-1 et seq.), or any
30 other law or regulation to the contrary, the nonprofit entity or any
31 entity acting in cooperation with a renaissance school project shall
32 not be subject to public bidding for goods and services, and any
33 contracts entered into by the nonprofit entity shall not be deemed
34 public contracts or public works; except that any contract entered
35 into by the nonprofit entity or any entity acting in cooperation with
36 a renaissance school project shall be deemed a public work for the
37 purposes of the "New Jersey Prevailing Wage Act," P.L.1963, c.150
38 (C.34:11-56.25 et seq.), and subject to the applicable provisions of
39 that act.

40 e. The renaissance school district in which a renaissance school
41 project is located shall pay to the nonprofit entity in 12 equal
42 monthly installments an amount per pupil equal to 95% of the
43 district's per pupil expenditure. In addition the 12 monthly
44 installments shall include the security categorical aid attributable to
45 the student, a percentage of the district's special education
46 categorical aid equal to the percentage of the district's special
47 education students enrolled in the renaissance school project, and if
48 applicable 100% of preschool education aid. The district shall also

1 pay directly to the renaissance school project any federal funds
2 attributable to the student.

3 f. Renaissance school projects shall be required to meet the
4 same testing and academic performance standards established by
5 law and regulation for public school students, and shall meet any
6 additional testing and academic performance standards established
7 by the nonprofit entity and approved by the commissioner.

8 g. The nonprofit entity shall have complete discretion in naming
9 the renaissance school project. The nonprofit entity may not realize
10 a net profit from its operation of a renaissance school project. A
11 private or parochial school shall not be eligible for renaissance
12 school project status.

13 h. A nonprofit entity shall operate a renaissance school project
14 in accordance with the contract entered into pursuant to section 6 of
15 this act, the provisions of this act, and the laws and regulations that
16 govern other public schools which are not inconsistent with this act.

17

18 8. a. In the case of a renaissance school project built on land
19 owned by the New Jersey Schools Development Authority or the
20 renaissance school district, students residing in the attendance area
21 established by the renaissance school district for that property shall
22 be automatically enrolled in the renaissance school project. The
23 parent or guardian of the student may determine not to enroll the
24 student in the renaissance school project, and in that case the
25 student shall be eligible for enrollment in another school in the
26 renaissance school district. If spaces remain available in the
27 renaissance school project, students shall be selected for the
28 remaining spaces through a lottery system. The first lottery shall
29 include students who attend a public school in the renaissance
30 school district but reside outside the attendance area of the
31 renaissance school. If space remains available, a second lottery
32 shall be conducted that may include students who reside outside of
33 the renaissance school district.

34 b. In the case of a renaissance school project which is not built
35 on land owned by the New Jersey Schools Development Authority
36 or the renaissance school district, preference for enrollment in the
37 renaissance school project shall be given to students who reside in
38 the attendance area identified in the application submitted by the
39 nonprofit entity and approved by the commissioner for the
40 renaissance school project. In no case may an attendance area
41 include an area outside of the renaissance school district. If spaces
42 remain available in the renaissance school project, then the
43 renaissance school project may select students for the remaining
44 spaces through a lottery system.

45 In developing and executing its selection process, the nonprofit
46 entity shall not discriminate on the basis of intellectual or athletic
47 ability, measures of achievement or aptitude, status as a
48 handicapped person, proficiency in the English language, or any

1 other basis that would be illegal if used by a school district. A
2 nonprofit entity may, however, limit admission to a particular grade
3 level or levels consistent with its organizational document.

4

5 9. a. The employees of a renaissance school project shall not be
6 deemed to be members of the bargaining unit of the renaissance
7 school district.

8 b. In hiring its employees for a renaissance school project, a
9 nonprofit entity shall be subject to the provisions of the “New
10 Jersey Employer-Employee Relations Act,” P.L.1941, c.100
11 (C.34:13A-1 et seq.). A nonprofit entity shall not set a teacher
12 salary lower than the minimum teacher salary specified pursuant to
13 section 7 of P.L.1985, c.321 (C.18A:29-5.6).

14 c. All principals, administrators, classroom teachers, and
15 professional support staff hired by a nonprofit entity to work in a
16 renaissance school project shall hold appropriate New Jersey
17 certifications and shall possess all the tenure rights as employees of
18 a board of education of a school district as provided in Title 18A
19 and other laws and regulations.

20

21 10. a. The renaissance school project shall be authorized for 10
22 years from the date of opening, subject to periodic reviews by the
23 commissioner. The renaissance school project shall be
24 automatically renewed for additional five year periods provided
25 there is not a breach of the agreement that outlines the terms and
26 conditions of the renaissance school project.

27 Every ten years, prior to granting a renewal, the commissioner
28 shall conduct a comprehensive review of the renaissance school
29 project. Renewal shall be presumed where the renaissance school
30 project’s average percent of students proficient on the New Jersey
31 Assessment of Skills and Knowledge, if the school includes any
32 grades from three to eight, or on the New Jersey High School
33 Proficiency Assessment, if the school includes grades 11 and 12,
34 exceed the average percent of students proficient for the renaissance
35 school district in which it is located in like grades by 15 percent or
36 more in language arts literacy, mathematics, or both after five years,
37 and 25 percent or more in language arts literacy, mathematics, or
38 both after ten years, or achieves the State-level proficiency
39 standards during that period.

40 b. The commissioner shall periodically assess whether each
41 renaissance school project is meeting its goals and improving
42 student achievement. In order to facilitate the commissioner’s
43 review, each renaissance school project shall submit an annual
44 report to the commissioner in the form prescribed by the
45 commissioner. The report shall be received annually by August 1
46 and shall be made publicly available immediately thereafter,
47 including on the Department of Education’s website.

1 c. The commissioner shall have on-going access to the records
2 and facilities of the renaissance school project and the nonprofit
3 entity to ensure that the renaissance school project is in compliance
4 with its organizational document and with State laws and
5 regulations.

6 d. Five years following the date of the opening of the first
7 renaissance school project, a review of the efficacy of the program
8 shall be conducted by an independent education researcher or
9 research organization selected by the commissioner, with the
10 approval of the State Board of Education. The independent review
11 shall be funded by the Department of Education. The review shall
12 include interviews with staff, parents, and resident district
13 representatives, and a fiscal and educational assessment. The
14 commissioner shall report the results of the review to the Governor,
15 the State Board of Education, and to the Legislature as provided
16 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and, in
17 addition, the Governor shall report on the efficacy of the
18 renaissance school projects in educating students and whether
19 additional renaissance school districts should be authorized and, if
20 so, how many. The commissioner shall also recommend any
21 changes to this act deemed appropriate based on experience with the
22 renaissance school projects and the independent review.

23

24 11. a. Notwithstanding the provisions of the "Educational
25 Facilities Construction and Financing Act," P.L.2000, c.72
26 (C.18A:7G-1 et al.), or any other law or regulation to the contrary,
27 when an entity seeks to build a renaissance school project on land
28 owned by the New Jersey Schools Development Authority, the
29 authority may convey the land by ground lease or fee simple title to
30 either the renaissance school district or the entity if the authority
31 determines conveyance to be in the best interests of the State,
32 provided that such conveyance, whether by ground lease or fee
33 simple title shall (1) contain a restriction that the land be used
34 solely for a school or it shall revert to the authority; and (2) be for
35 such consideration and on such terms as the authority determines to
36 be in the best interests of the State.

37 b. Notwithstanding any other law to the contrary, in the event of
38 a conveyance by the authority to a renaissance school district
39 pursuant to this section, the renaissance school district is authorized
40 to enter into a sub-lease of the property to the entity as required to
41 effectuate the renaissance school project. The sub-lease shall be
42 submitted to the commissioner for his review and approval. The
43 sub-lease shall contain a restriction that the land be used solely for
44 the renaissance school project or it shall revert to the school district.

45

46 12. Whenever any board of education shall by resolution
47 determine that any tract of land is no longer desirable or necessary
48 for school purposes it may authorize the conveyance thereof, for a

1 nominal consideration, to a renaissance school project established
2 pursuant to P.L. , c. (C.) (pending before the Legislature as this
3 bill). The president and secretary of the board shall be authorized
4 to execute and deliver a conveyance for the same in the name and
5 under the seal of the board, which conveyance shall be subject to a
6 condition providing that the land shall be used by the renaissance
7 school project for school purposes, and in the event that the
8 property shall cease to be used for those purposes, the property shall
9 thereupon revert to and the title thereof shall vest in the board of
10 education making the conveyance thereof hereunder.

11

12 13. a. Notwithstanding the provisions of N.J.S.18A:24-10 or
13 any other section of law to the contrary, under the pilot program the
14 board of education of a Type II school district without a board of
15 school estimate may issue bonds without the approval of the voters
16 of the district in order to finance the construction of a renaissance
17 school project. In the case of a Type I district or a Type II district
18 with a board of school estimate, notwithstanding the provisions of
19 N.J.S.18A:24-11, N.J.S.18A:24-12, or any other section of law to
20 the contrary, such bonds may be issued by the municipality without
21 the approval of the board of school estimate or the adoption of a
22 municipal ordinance as applicable. In the case of a school district
23 under full State intervention or partial State intervention in which
24 the governance component of school district effectiveness has not
25 been returned to the district, notwithstanding the provisions of
26 P.L.1991, c.139 (C.18A:7A-46.1 et seq.) or any other section of law
27 to the contrary, such bonds may be issued without the approval of
28 the capital projects review board.

29 The issuance of the bonds shall be approved by the board of
30 education of the renaissance school district, or the State district
31 superintendent in the case of a school district under full State
32 intervention or partial State intervention in which the governance
33 component has not been returned to the district. The approval shall
34 be evidenced by the adoption of a resolution by the board of
35 education in a public meeting upon an affirmative vote of two-
36 thirds of its full membership certifying the support of the board for
37 the issuance of the bonds, or if the school district is under full or
38 partial State intervention and the governance component has not
39 been returned to the district, a certification, affidavit, or other sworn
40 statement signed by the State district superintendent supporting the
41 issuance.

42 b. Notwithstanding the provisions of any other law to the
43 contrary, a county or county improvement authority may issue
44 bonds in order to finance the construction of a renaissance school
45 project.

46 c. Notwithstanding the provisions of N.J.S.18A:22-20,
47 N.J.S.18A:22-30, or any other section of law to the contrary, the
48 principal and interest payments on the bonds issued pursuant to this

1 section shall be paid by the board of trustees of the renaissance
2 school. The board of education, the State district superintendent,
3 the municipality, the county, or the county improvement authority,
4 as applicable, shall enter into an agreement with the board of
5 trustees of the renaissance school for the payment of the principal
6 and interest. The agreement shall include the total amount of
7 bonded indebtedness to be repaid, the schedule of required debt
8 service payments, and the amount of each individual payment. The
9 commissioner shall approve any agreement entered into pursuant to
10 this section prior to the issuance of the bonds.

11 d. Bonds issued by a school district, municipality, or county to
12 finance a renaissance school project pursuant to this section, shall
13 be entitled to the benefits of the “New Jersey School Bond Reserve
14 Act,” P.L.1980, c.72 (C.18A:56-17 et seq.).

15 e. The provisions of P.L.1969, c.130 (C.18A:24-61.1 et seq.)
16 shall be applicable to bonds issued pursuant to this section.

17 f. In the event the authorization to operate a renaissance school
18 project is terminated or expires for any reason, title to the
19 renaissance school project shall revert to the board of education of
20 the renaissance school district and any bonds issued to finance the
21 project shall be eligible for State debt service aid.

22
23 14. The Commissioner of Education, pursuant to the
24 “Administrative Procedures Act,” P.L.1968, c.410 (C.52:14B-1 et
25 seq.) shall adopt regulations to effectuate the purposes of this act;
26 except that, notwithstanding any provision of P.L.1968, c.410
27 (C.52:14B-1 et seq.), to the contrary, the commissioner may adopt,
28 immediately upon filing with the Office of Administrative Law,
29 such regulations as the commissioner deems necessary to
30 implement the provisions of this act, which regulations shall be
31 effective for a period not to exceed 12 months and may, thereafter,
32 be amended, adopted, or readopted by the commissioner in
33 accordance with the requirements of P.L.1968, c.410 (C.52:14B-1
34 et seq.).

35
36 15. This act shall take effect immediately.

37

38

39

40 STATEMENT

41

42 The bill is entitled the “Urban Hope Act.” The bill authorizes
43 the designation of three failing school districts as renaissance
44 school districts. A “failing district” is defined in the bill as: (1) in
45 the case of a school district located in a city of the first class, a
46 school district in which at least 30% of the students scored in the
47 partially proficient range in the language arts and mathematics
48 sections of each State assessment administered in the 2009-2010
school year; and (2) in the case of a school district located in a city

1 of the second class, a school district in which at least 55% of the
2 students scored in the partially proficient range in the language arts
3 and mathematics sections of each State assessment administered in
4 the 2009-2010 school year. Under this definition, the Newark
5 School District, the Jersey City School District, and the Camden
6 School District would be “failing districts.”

7 Under the provisions of the bill, one or more nonprofit entities,
8 with the approval of the board of education, may apply to the
9 commissioner to create up to a total of four renaissance school
10 projects in a renaissance school district. A renaissance school
11 project is defined as a school, or group of schools in a common
12 campus setting, that provides an educational program for students
13 enrolled in grades K through 12 or in a grade range less than K
14 through 12, that is agreed to by the school district, and is operated
15 and managed by a nonprofit entity, including an approved charter
16 school, in a renaissance school district.

17 The bill provides that the costs of a renaissance school project,
18 including the costs of land acquisition, site remediation, site
19 development, design, construction, and any other costs required to
20 place into service the school facility or facilities constituting the
21 renaissance school projects, would be the sole expense of the
22 nonprofit entity. However, the nonprofit entity may use State funds
23 to pay for a lease, debt service, or mortgage for any facility
24 constructed or otherwise acquired.

25 If an entity seeks to build a school facility on land owned by the
26 Schools Development Authority, the bill provides that the authority
27 may convey the land to either the renaissance school district or the
28 entity. The conveyance must (1) contain a restriction that the land
29 must be used solely for a school or it will revert to the authority;
30 and (2) be for such consideration and on such terms as the authority
31 determines to be in the best interests of the State.

32 Under the provisions of the bill, whenever a board of education
33 determines that any tract of land is no longer desirable or necessary
34 for school purposes it may authorize the conveyance, for a nominal
35 consideration, to a renaissance school project. If the property
36 ceases to be used for school purposes by the renaissance school
37 project, the property would revert to the board of education.

38 Under the provisions of the bill, the renaissance school district
39 would pay annually to the nonprofit entity an amount per pupil
40 equal to 95% of the district’s per pupil total expenditure. “Per pupil
41 expenditure” is defined as the sum of the budget year equalization
42 aid per pupil, budget year adjustment aid per pupil, and the
43 prebudget year general fund tax levy per pupil inflated by the CPI
44 rate most recent to the calculation. The renaissance school district
45 would also pay to the renaissance school project the security
46 categorical aid attributable to the student, a percentage of the
47 district's special education categorical aid equal to the percentage of
48 the district's special education students enrolled in the renaissance

1 school project, and if applicable 100% of preschool education aid.
2 The district would also pay directly to the renaissance school
3 project any federal funds attributable to the student.

4 All principals, administrators, classroom teachers, and
5 professional support staff must hold the appropriate certifications.

6 The bill states that a renaissance school project is a public
7 school. The bill further provides that nothing contained in the bill,
8 however, would restrict a for-profit entity from constructing a
9 renaissance school project, or a renaissance school project from
10 being located on land owned by a for-profit entity. The bill also
11 provides that the renaissance school project is authorized to retain
12 any business entity whose primary purpose is the staffing,
13 operation, and management of schools in the United States, except
14 as it relates to instructional services.

15 Under the provisions of the bill, a nonprofit entity or any entity
16 acting in cooperation with the renaissance school project is not
17 subject to the public bidding requirements for goods and services
18 and any contract entered into by the nonprofit entity is deemed not
19 to be a public contract or a public work. The bill states, however,
20 that a contract entered into by the nonprofit entity or any entity
21 acting in cooperation with the renaissance school project is a public
22 work for the purposes of the "New Jersey Prevailing Wage Act"
23 and subject to the applicable provisions of that act.

24 A renaissance school project approved under the provisions of
25 the bill, would be authorized for 10 years. The commissioner must
26 annually assess whether each renaissance school project is meeting
27 certain goals and improving student achievement. In order to
28 facilitate this assessment, each renaissance school project, through
29 its nonprofit entity, must submit an annual report to the
30 commissioner.

31 Five years following the date of the opening of the first
32 renaissance school project, a review of the efficacy of the program
33 must be conducted by an independent education researcher or
34 research organization. The costs of the independent review will be
35 borne by the department. The commissioner must report the results
36 of the review. He must also report on the efficacy of the schools in
37 educating students and whether additional renaissance school
38 districts should be authorized and, if so, how many.

39 The bill authorizes the board of education of a Type II school
40 district to issue bonds without voter approval to finance the
41 construction of a renaissance school project. In the case of a Type
42 II district with a board of school estimate or a Type I district, bonds
43 may be issued without the approval of the board of school estimate
44 or the adoption of a municipal ordinance, as applicable. The bill
45 also authorizes a county or county improvement authority to issue
46 bonds to finance the construction of a renaissance school project.
47 These bonds would not be supported through local tax levy, but
48 rather the board of education, the State district superintendent, the

1 municipality, the county, or the county improvement authority, as
2 applicable, would enter into an agreement with the board of trustees
3 of the renaissance school project for the payment of the principal
4 and interest on the bonds in accordance with a schedule of
5 payments to be made by the renaissance school project. The
6 commissioner would have to approve each such agreement.

7 Bonds issued by a school district, municipality, or county to
8 finance a renaissance school project will be entitled to the benefits
9 of the "New Jersey School Bond Reserve Act." The school bond
10 reserve is pledged by law to secure payments of principal and
11 interest due on bonds issued for school purposes in the event of the
12 inability of the issuer to make payment.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4426

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 5, 2012

The Assembly Budget Committee reports favorably Assembly Bill No. 4426, with committee amendments.

The bill, as amended, is entitled the “Urban Hope Act.” The bill authorizes the designation of three failing school districts as renaissance school districts. A “failing district” is defined by the bill as: (1) in the case of a school district located in a city of the first class, a school district in which at least 40% of the students scored in the partially proficient range in the language arts and mathematics sections of each State assessment administered in the 2009-2010 school year; and (2) in the case of a school district located in a city of the second class, a school district in which at least 45% of the students scored in the partially proficient range in the language arts and mathematics sections of each State assessment administered in the 2009-2010 school year. Under this definition, the Newark School District, the Trenton School District, and the Camden School District are “failing districts.”

Under the bill, one or more nonprofit entities, with the approval of the school district, may apply to the Commissioner of Education to create up to a total of four renaissance school projects in a renaissance school district, provided that the application is submitted no later than three years following the effective date of the bill. A renaissance school project is defined as a newly-constructed school, or group of schools in a common campus setting, that provides an educational program for students enrolled in grades K through 12 or in a grade range less than K through 12, that is agreed to by the school district, and is operated and managed by a nonprofit entity in a renaissance school district.

The bill provides that the costs of a renaissance school project, including the costs of land acquisition, site remediation, site development, design, construction, and any other costs required to place into service the school facility or facilities constituting the renaissance school projects, will be the sole expense of the nonprofit entity. However, the nonprofit entity may use State funds to pay for a lease, debt service, or mortgage for any facility constructed or otherwise acquired.

If an entity seeks to build a school facility on land owned by the Schools Development Authority, the bill provides that the authority may convey the land to either the renaissance school district or the entity. The conveyance must (1) contain a restriction that the land be used solely for a school or it will revert to the authority; and (2) be for such consideration and on such terms as the authority determines to be in the best interests of the State.

Under the bill, when a board of education determines that any tract of land is no longer desirable or necessary for school purposes it may authorize the conveyance, for a nominal consideration, to a renaissance school project. If the property ceases to be used for school purposes by the renaissance school project, the property will revert to the board of education.

Under the bill, the renaissance school district will pay annually to the nonprofit entity an amount per pupil equal to 95% of the district's per pupil total expenditure. "Per pupil expenditure" is defined as the sum of the budget year equalization aid per pupil, budget year adjustment aid per pupil, and the prebudget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation. The renaissance school district will also pay to the renaissance school project the security categorical aid attributable to the student, a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the renaissance school project, and if applicable 100% of preschool education aid. The district will also pay directly to the renaissance school project any federal funds attributable to the student.

The bill requires all principals, administrators, classroom teachers, and professional support staff to hold the appropriate certifications.

The bill states that a renaissance school project is a public school. The bill further provides that nothing contained in the bill, however, will restrict a for-profit entity from constructing a renaissance school project, or a renaissance school project from being located on land owned by a for-profit entity. The bill provides that the renaissance school project is authorized to retain any business entity whose primary purpose is the staffing, operation, and management of schools in the United States, except as it relates to instructional services.

Under the bill, a nonprofit entity or any entity acting in cooperation with the renaissance school project is not subject to the public bidding requirements for goods and services and any contract entered into by the nonprofit entity is deemed not to be a public contract or a public work. The bill states, however, that a contract entered into by the nonprofit entity or any entity acting in cooperation with the renaissance school project is a public work for the purposes of the "New Jersey Prevailing Wage Act" and subject to the applicable provisions of that act.

The bill provides that a renaissance school project approved under its provisions will be initially authorized for 10 years, and renewed

subsequently for five-year periods. The Commissioner of Education must annually assess whether each renaissance school project is meeting certain goals and improving student achievement. To facilitate this assessment, the bill provides that each renaissance school project, through its nonprofit entity, must submit an annual report to the commissioner.

The bill provides that five years following the date of the opening of the third renaissance school project, or 10 years after the opening of the first project, whichever occurs first, a review of the efficacy of the program must be conducted by an independent education researcher or research organization. The bill specifies that the costs of the independent review will be borne by the Department of Education. The bill requires the commissioner to report the results of the review, and to report on the efficacy of the schools in educating students and whether additional renaissance school districts should be authorized and, if so, how many.

FISCAL IMPACT:

The bill has two potential fiscal implications for State and local governments. First, the bill may lead to an increase in State expenditures in the form of contributions to the Teachers' Pension and Annuity Fund (TPAF) and reimbursements made for the employer's share of the social security tax. Most employees of a renaissance school project (e.g., teachers, administrators, and support staff) would be enrolled in the TPAF and, all else being equal, increase the State's required contribution into the pension fund. The State would also reimburse employers for any social security tax payment made pursuant to federal law for these employees. To the extent that the school districts reduce their existing staffing levels, and the associated salaries, by an amount less than the increase caused by the presence of the renaissance school projects, then there would be a net increase in the State's total expenditure in this area.

Second, if students who are currently enrolled in a nonpublic school choose to attend a renaissance school project, the affected school districts would experience an expenditure increase in the form of the payments that the district must make to the renaissance school project. In the first year of the nonpublic students' enrollment, the district would not receive any additional State school aid, and would be required to support the new expenditure out of existing financial resources. These students would be accounted for in the State school aid calculations in subsequent years and may lead to an increase in aid provided to the districts (to the extent that two of the affected districts, Camden and Trenton, receive a significant amount of adjustment aid, an enrollment increase may not lead to a net increase in State aid in the subsequent years).

COMMITTEE AMENDMENTS:

The amendments:

- revise the definition of “failing district” to include Trenton and remove Jersey City;
- clarify that renaissance school projects are newly-constructed schools;
- provide that all applications to create a renaissance school project must be submitted to the commissioner no later than three years following the effective date of the bill;
- provide that in the case of a district under full or partial State intervention with an advisory board of education, the application will include evidence that the State district superintendent or the superintendent, as applicable, has convened at least three public meetings to discuss the merits of the renaissance school project. The application must also include a resolution from the advisory board of education reflecting the board’s approval or disapproval of the project;
- provide that the application to create a renaissance school project must include a description of the process used by the renaissance school district to identify the nonprofit entity;
- establish criteria for the organizational document that sets forth certain information regarding the nonprofit entity creating the renaissance school project; and
- eliminate the authority of the board of education of a Type II school district, the municipality in the case of a Type I school district, a county, or a county improvement authority to issue bonds to finance the construction of a renaissance school project.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4426

STATE OF NEW JERSEY 214th LEGISLATURE

DATED: JANUARY 13, 2012

SUMMARY

- Synopsis:** “Urban Hope Act”; provides a process to permit authorized entities to build, operate, and manage “renaissance school projects” as public schools in no more than three identified failing districts.
- Type of Impact:** Potential expenditure increase in the General Fund or Property Tax Relief Fund; potential increase in expenditures and revenues for certain local school districts.
- Agencies Affected:** Department of Education, certain local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Potential Increase – See comments below		
Local Cost	Potential Increase – See comments below		
Local Revenue	Potential Increase – See comments below		

- The Office of Legislative Services (OLS) notes that Assembly Bill No. 4426 (1R) of 2011 may lead to an increase in State expenditures in the form of payments to the Teachers’ Pension and Annuity Fund and reimbursements for the employer’s share of the social security tax. Certain individuals employed in a renaissance school project would be enrolled in the Teachers’ Pension and Annuity Fund, thereby increasing the required State contribution to the pension system, as well as the cost of reimbursing the employer’s share of the social security tax for these employees. The affected school districts may make personnel changes as students enroll in the renaissance school projects, thus offsetting a portion of the increase created by the project.
- The affected school districts would incur increased expenditures if students who are currently enrolled in a nonpublic school choose to enroll in a renaissance school project. In the first year of the student’s enrollment, the district would not receive additional State school aid and would be required to support the new expenditure with existing revenue. In subsequent school years, it is plausible that the resulting enrollment increase would lead to an increase in

State school aid. It should be noted, however, that given the amount of adjustment aid currently received by the three potential renaissance school districts, only one (Newark) would likely experience an increase in total State aid as a result of enrolling nonpublic school students. The other districts (Camden and Trenton) would likely accommodate any enrollment increases with the same amount of State aid.

BILL DESCRIPTION

Assembly Bill No. 4426 (1R) of 2011 establishes a process for nonprofit entities to receive authorization to build, operate, and manage schools, known as “renaissance school projects,” in failing districts. The definition of “failing districts” in the bill would include the Camden, Newark, and Trenton School Districts. Under the bill, a nonprofit entity, in partnership with the district, may submit an application to the Commissioner of Education to create a renaissance school project; the commissioner may authorize no more than four such projects in each district. Each project may operate grades kindergarten through 12, or a subset of those grades. A nonprofit entity that receives authorization to establish a renaissance school project would be responsible for any construction costs associated with the project, including land acquisition and site remediation.

The nonprofit entity may acquire land from the Schools Development Authority (SDA) or the school district on which to construct the project. If the nonprofit entity constructs the renaissance school project on land owned by the SDA or the school district, then the attendance area for that project will be the same as it was previously defined by the district, and all students residing in the attendance area will be enrolled in the project (unless a student’s parent or guardian elects to enroll the student in another school). Otherwise, the attendance area would be defined in the nonprofit entity’s application, and students residing in the attendance area would be given enrollment preference.

A school district would be required to transfer funding to a renaissance school project for each of its students who enrolls in a project. Specifically, the district would transfer 95 percent of the sum the prior year’s tax levy per pupil, adjusted for inflation, the current year’s equalization aid per pupil, and the current year’s adjustment aid per pupil. The district would also transfer a percentage of special education categorical aid based on the percent of the district’s special education students who are enrolled in the renaissance school project, and any security categorical aid, preschool education aid, and federal aid attributable to a student enrolled in a renaissance school project.

A renaissance school project approved under the provisions of the bill would be initially authorized for 10 years, and renewed subsequently for five-year periods. The commissioner must annually assess whether each renaissance school project is meeting certain goals and improving student achievement.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Assembly Bill No. 4426 (1R) would likely lead to an increase in State expenditures in the form of payments to the Teachers' Pension and Annuity Fund (TPAF) and reimbursements for the employer's share of the social security tax. The bill specifies that a renaissance school project is a public school, notwithstanding the fact that it operates independently of the local board of education, and that the project's employees must hold the proper certification to be employed by the project. As such, most of the project's employees (e.g., teachers, administrators, and support staff) will be enrolled in the TPAF and, all else being equal, increase the amount the State must contribute to the fund. Additionally, for all employees enrolled in TPAF, the State reimburses employers for any social security tax payments made by the employers for these employees. Assembly Bill No. 4426 (1R) would increase the State expenditure for this payment as well. This expenditure increase may be offset if the affected school districts reduce their own employees in response to the decreased number of students enrolled in the districts' schools.

The bill provides that a student living in the attendance area of a renaissance school project will be given preference in the enrollment process.¹ This may lead children who reside in the attendance area, but are currently attending a nonpublic school, to enroll in the renaissance school project, causing the districts to incur additional expenditures. The district would not receive any additional State school aid for a nonpublic school student in the first year of that student's enrollment. State aid for a school year is determined based on the district's resident enrollment from the previous school year, adjusted by a growth rate determined by the department based on enrollment trends over the previous six years. To the extent that this enrollment projection methodology would not account for a student who chooses to leave a nonpublic school for a renaissance school project, the district would not receive the aid for the student until the subsequent school year when State aid is adjusted to account for differences between a district's projected and actual enrollment.

In subsequent school years, the additional enrollment may lead to an increase in the amount of State aid provided pursuant to the "School Funding Reform Act of 2008" (P.L.2007, c.260). While an aid increase is possible, it should be noted that, based on the amount of adjustment aid² received by two of the three school districts affected by Assembly Bill No. 4426 (1R) (Camden and Trenton), any enrollment increase associated with the bill would likely not lead to an increase in total State aid. In the 2011-2012 school year, nearly 18 percent of Camden's total State aid, and nearly 10 percent of Trenton's State aid, is adjustment aid. Given the share of K-12 students who are enrolled in nonpublic schools (6.4 percent in Camden and 13.1 percent in Trenton),³ it does not appear to be likely that a sufficient number of nonpublic school students would enroll in renaissance school projects to yield a net increase in total State aid. Since the Newark School District receives a much smaller amount of adjustment aid (0.3 percent of its

¹ If the project is constructed on land owned by the district or the Schools Development Authority, students living in the attendance area established by the school district are enrolled in the project unless the parent or guardian elects to opt out. If the project is constructed on other land, children living in the attendance area identified by the project application are given preference in the enrollment process.

² Adjustment aid is the category of aid provided to a school district to ensure that the total aid received by the district is no less than the amount received in the 2008-2009 school year. To the extent that other categories of aid increase as a result to enrollment increases or inflationary adjustments, there would be an equal reduction in adjustment aid, causing the district's total aid to remain unchanged. The one exception would be a circumstance in which the total increase in the other State aid categories is greater than the amount of adjustment aid a district received. In that scenario, adjustment aid would be eliminated in its entirety, and total aid would increase.

³ 2010 American Community Survey, 1-Year Estimates.

total State aid), it is plausible that an enrollment increase resulting from nonpublic school students enrolling in renaissance school projects will lead to a net increase in State aid.

Section: Education

*Analyst: Allen T. Dupree
Lead Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Governor Christie Signs Legislation to Expand Educational Opportunities in Failing School Districts in Urban Communities Around the State

Thursday, January 12, 2012 Tags: [Education](#)

Urban Hope Act 1 of 4 Christie Administration Bills to Reform Education through Increased Choice, Accountability and Focus on Results for Students

Trenton, NJ – Continuing to move his Education Reform Agenda forward, Governor Chris Christie today signed legislation that expands education options in failing schools and school districts in urban communities in the state and provides students and their parents with renewed hope and access to quality educational opportunities. The Urban Hope Act is one of four bills proposed by Governor Christie needed to achieve the goals of turning around failing schools and giving every child in New Jersey the educational opportunity they deserve.

Governor Christie was joined by Mayor Dana Redd for the signing at the Lanning Square School in Camden, where on June 9 he and the mayor publicly announced the initiative aimed at providing greater school choice for students in the some of the worst performing districts in the state.

The Urban Hope Act allows three districts – Camden, Newark, and Trenton – to partner with one or more nonprofits to construct as many as four "renaissance schools" in each district. The nonprofits must have experience operating schools in low-achieving districts and commit to both building a new school and offering a rigorous academic program designed to prepare every student for college, career, and beyond.

"Last June, Mayor Redd and I announced an innovative public-private education project designed to turn around some of the most chronically failing schools," said Governor Christie. "Today, I am proud to sign the Urban Hope Act to finally give students and parents trapped in some of the state's school districts with the largest achievement gaps, hope and opportunity for increased educational options that will lead to a successful and productive future. While renaissance schools are just one component of my Administration's aggressive educational reform agenda, there is more critical work that must be done this year to address the education challenges facing our state."

Today, 100,000 New Jersey children are trapped in nearly 200 chronically failing schools. Putting the opportunity of a quality education within every child's reach, no matter where they live or their economic circumstances is an issue of vital importance to the future of the state and the country as a whole.

The Urban Hope program specifically targets students with the greatest need in order to ensure every child in New Jersey has access to the same quality education. Whether it is particular after school programs or extracurricular activities, longer school days or years, the focus in renaissance schools will be about getting results in the classroom through greater freedom and flexibility to adapt to the unique needs of students.

"Today's signing of the Urban Hope Act is truly a victory for our young students," Mayor Dana L. Redd said. "I thank the Governor for his support and commitment towards improving educational needs and outcomes for our children. I also applaud Senator Norcross and Assemblymen Fuentes, Wilson and Singleton for sponsoring this bill and for moving it along expeditiously through the legislative process. The Urban Hope Act will truly give the three urban school districts – Camden, Newark, and Trenton – hope and will offer young urban students a new academic opportunity. If we provide our children with the necessary tools like a solid education, safe learning environments, and clean and secure neighborhoods to grow up in, we are offering them a second chance to succeed in the ever changing global economy."




An application for a renaissance school must come jointly from the district and the non-profit school management organization that will operate it. The application must be submitted within three years to the Commissioner of Education for approval. Only upon the Commissioner's approval will a renaissance school be built. Renaissance schools will be subject to the same educational standards as any other public schools and be accountable to the Department of Education (DOE).

"We must continue to be impatient for the thousands of students that remain stuck in failing schools across the state," said Acting Education Commissioner Chris Cerf. "The signing of this bill today provides one more tool that we have to ensure that a student's zip code does not define his destiny. We must continue to seek high-quality education options

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for our students so that every child can graduate from high school ready for college and career.”

DOE will annually evaluate whether renaissance school projects are meeting certain goals and improving student achievement. This will be accomplished through required assessments of the performance of the renaissance schools ten years after the first school opens or five years after the third, whichever comes first.

The primary sponsors of S-3002/A-4264 are Senator Donald Norcross (D-Camden, Gloucester) and Assemblymen Angel Fuentes (D-Camden, Gloucester), Gilbert Wilson (D-Camden, Gloucester) and Troy Singleton (D-Burlington, Gloucester).

The Urban Hope Act is one of several integral pieces of the Administration’s overall education reform effort. Other aspects awaiting legislative action include: the Opportunity Scholarship Act, which would establish a five-year pilot program to provide tax credits to entities contributing to scholarships for certain low-income students; the School Children First Act, which provides for an educator evaluation system based on multiple measures of teacher effectiveness; allows for merit pay; ends the practice of forced placement for teachers; and requires that reductions in staff be made on the basis of effectiveness rather than seniority; and the Charter Reform Bill, which provides critical updates to strengthen and improve New Jersey’s charter law, including increasing the number of charter school authorizers.

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Hope For The Future

The Urban Hope Act Is A Victory For Children Trapped In Failing Schools, But The Legislature Must Take Further Action To Ensure That Every New Jersey Child Receives A Quality Education

"While we pursue a comprehensive reform agenda to deliver positive results to every student in New Jersey, we simply cannot continue asking parents and children in failing schools to wait for relief. This pilot program will provide an innovative alternative for those children who need it most, bolstering our efforts to ensure opportunity for every child in our state. Perhaps most importantly, through the knowledge that change is on the way, this program will begin to restore hope in communities where failing schools deny children hope and opportunity."

– Governor Chris Christie, "Governor Chris Christie Announces Innovative Transformation Schools Initiative," [Press Release](#), June 9, 2011

THERE IS BIPARTISAN AGREEMENT THAT THE URBAN HOPE ACT IS AN IMPORTANT STEP FORWARD FOR EDUCATION REFORM

Newark Mayor Cory Booker: "I am in full support of the Urban Hope Act, which will provide for additional learning space and new, high quality public school options for Newark's young people. The Act offers much needed relief in parts of our district that have experienced chronic overcrowding, and will inject new energy, resources, ideas and learning models into our school system." ("Statement Of Support On Urban Hope Act - Mayor Cory A. Booker," [Press Release](#), 1/9/12)

Camden Mayor Dana Redd: "For far too long, our urban youth have struggled to break through the achievement barriers found in the chronically failing schools in urban communities like Camden. This Transformation Schools initiative will give these students and their parents renewed hope, access to quality educational opportunities and the ability to reach their potential for a productive and successful future." ("Governor Chris Christie Announces Innovative Transformation Schools Initiative," [Press Release](#), 6/9/11)

Sen. Donald Norcross (D-Camden/Gloucester): "Students in Camden, Newark and Trenton are being forced to attend failing schools where they are deprived of the quality education they deserve ... It is our responsibility to provide them with access to better educational options. With school construction projects at a standstill and alternative educational opportunities out of reach for so many, this allows local school districts to partner with nonprofits to provide new hope to our children for success." (Trish Graber, "Norcross, Fuentes, Wilson-Sponsored 'Urban Hope Act' Heads To Governor," [PolitickerNJ](#), 1/9/12)

Sen. Robert W. Singer (R-Ocean County): "Republican State Sen. Robert W. Singer of Ocean County said he hoped the program was eventually expanded to Lakewood, his home town. He noted an Asbury Park Press article that highlighted the fact that only 37 percent of Lakewood High School students graduate." (Jason Method, "School election changes, private-public schools OK'd by Legislature," [Asbury Park Press](#), 1/10/11)

Assemblyman Angel Fuentes (D-Camden/Gloucester): "The fact that thousands of students in our state are trapped in failing schools is shameful ... It is incumbent upon us as public officials to do everything we can to provide them access to good schools in their communities that will give them the skills they need to be successful in college or in the workforce. With construction of schools in these cities stalled, this bill creates a mechanism to allow for new projects to go forward with the use of private funding." (Trish Graber, "Norcross, Fuentes, Wilson-Sponsored 'Urban Hope Act' Heads To Governor," [PolitickerNJ](#), 1/9/12)

SEVERAL MORE BILLS AWAIT LEGISLATIVE ACTION TO FIX NEW JERSEY'S BROKEN EDUCATION SYSTEM

The School Children First Act

S-2881 Introduced in the Senate: 5/19/11; A-4168 Introduced in the Assembly: 6/23/11

The quality of the teacher in front of the classroom is the most important in-school factor affecting student achievement. New Jersey must establish a system that rewards the many quality educators in our state, provide support to those who need improvement, and, when necessary, remove those who are unable to improve.

Modeled after Governor Christie's proposals, The School Children First Act reforms the rules for teacher evaluation, tenure and compensation to ensure that teachers and schools are held accountable for student progress while rewarding excellence:

- **Evaluating Teacher Effectiveness:** This bill establishes an evaluation system for teachers based on multiple performance measures:
 - There will be four annual rating categories: ineffective, partially effective, effective, and highly effective.
 - Teacher evaluations will be based in part on classroom observation by trained professionals.
 - 50 percent of the evaluations will also be based on objective, quantifiable measures of student learning.
 - Struggling teachers will be provided meaningful opportunity to improve before receiving an ineffective rating.
 - This evaluation system will be used in making decisions such as compensation and the awarding of tenure.
- **Tenure Based On Effectiveness:** The bill will change the state's antiquated tenure rules so that teachers will keep or receive tenure based on what matters the most – whether students are actually learning.
 - Teachers will earn tenure if they are rated effective or highly-effective for three years in a row.
 - A teacher will lose tenure if they are rated ineffective and may be subject to dismissal by either the board of education or the school principal.
- **Compensation Based On Need:** The bill requires school districts to adopt a compensation policy designed to attract and retain effective teachers, especially in New Jersey's most challenging schools and fields.
 - Teaching in a failing school and teaching in a difficult to staff subject area will be factors that determine a teacher's compensation.
- **Protecting Quality Teachers:** The bill also stipulates that teacher layoffs must take into account effectiveness rather than relying solely on seniority, ensuring that New Jersey public schools retain the best teachers.
- **End Forced Placement:** A teacher will no longer be assigned to a school without the mutual consent of the teacher and principal of the school.
 - If a principal does not consent, the teacher may continue to receive compensation as they continue to search for a mutually agreeable placement.
 - If such a placement is not found after 12 months, the teacher may be placed on permanent unpaid leave.

Governor Christie: *"Let's talk first about what this issue really is and what it isn't. This is not an issue about attacking teachers. This is not an issue about saying teachers are bad and need to be thrown out of schools. This is, in fact, exactly the opposite. This issue is about first and foremost our children and how much those teachers who really are good and really care about education, how they can be empowered to teach those children and prepare them better for higher education or for a career."*

The Opportunity Scholarship Act

S-1872 Introduced in the Senate: 5/10/10; A-2810 Introduced in the Assembly: 6/10/10

Every child deserves a high-quality education, but too often, low-income and lower middle-income children are trapped in failing schools. The Opportunity Scholarship Act will help thousands of children escape their chronically failing schools by establishing a tax credit program to fund scholarships for low-income students in the state's lowest performing public schools. The scholarships will enable students to attend out-of-district public schools, or non-public schools anywhere in the state that choose to participate in the program.

- The bill establishes a five-year pilot program to provide tax credits to entities contributing to scholarships for certain low-income students in districts with chronically failing schools.
- The bill defines a chronically failing school as one in which, for the past two school years:
 - More than 40% of the students did not pass the language arts and math subject areas of State assessments;

- Or more than 65% of students did not pass either the language arts or mathematics subject areas.
- The bill also establishes a five-year Educational Innovation Pilot Program in the Department of Education, under which the DOE will award competitive grants to chronically failing schools to implement innovative educational programs.

Governor Christie: *"I will sign this Legislation if it reaches my desk. It is just that important. It's about parental choice it's about parents having the opportunity to choose what's best for their child regardless of their economic circumstances or their zip code. Now I don't know who could be opposed to that."*

Charter Reform Bill

A-4167 Introduced in the Assembly: 6/23/11

Sweeping changes to New Jersey's charter school laws are needed to remove barriers and roadblocks to the growth of high-quality charter schools. The current laws and rules governing charter schools act as a deterrent to growth instead of fostering expansion. It is time to aggressively encourage some of the nation's most-respected and successful charter school operators to come to New Jersey while making it possible to implement the same model of innovation and results in other new and existing charter schools.

The Charter Reform bill will encourage greater expansion and innovation of high-quality charter schools:

- Permitting public higher education institutions as well as local boards of education to act as charter school authorizers.
 - These authorizers will also be responsible for soliciting, approving, overseeing and evaluating charter schools.
- Expanding the list of entities that may establish a charter school, including private for-profit operators.
- Permitting local boards of education to convert a district school to a charter school, and the commissioner to convert a failing public school to a charter school.
- If the charter school founder has been designated a "high performing charter school," or if the charter school founder is designated as an "approved operator" their application will be eligible for a streamlined application process.
- The bill also makes several changes to help charter schools succeed:
 - Eliminates the requirement that all teachers and support staff at a charter school hold the appropriate New Jersey certification;
 - Extends the limited length of charter school renewals;
 - Gives charter schools the right of first refusal to purchase or lease at or below fair market value a closed public school facility or property.

Governor Christie: *"It is not acceptable that a child who is neglected in a New Jersey school must accept it because of their zip code. Charter schools give parents and children a choice and provide a much-needed alternative to help ensure every child in New Jersey receives a quality education. We cannot ask children and families that have been relegated to failing public schools to wait any longer for relief while their hope is stolen away."*