

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2806

STATE OF NEW JERSEY

DATED: AUGUST 25, 2011

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2806 (1R).

This bill permits high-performing nonpublic schools located in failing school districts to convert to charter schools.

The bill provides that the governing body of such a nonpublic school may submit an application to the Commissioner of Education to convert the school to a charter school. The application submitted to the commissioner must certify that upon conversion to charter school status the school will prohibit religious instruction, events and activities that promote religious views, and the display of religious symbols. The bill provides that the name of the proposed charter school cannot include any religious reference.

The bill requires the Commissioner of Education to establish a process for the review of applications submitted by nonpublic schools. Under the bill, the commissioner may grant an application for the conversion of a nonpublic school to a charter school if the nonpublic school is high-performing and located in a failing school district.

The bill permits the former students of the converted school to enroll in the charter school and directs that preference for any remaining enrollment spaces for the charter school for its first year, and for all enrollment spaces in each successive year, be provided according to existing law. The bill permits teaching staff and other employees of the nonpublic school to continue employment at the charter school upon its conversion; provided, however, that an employee who does not hold appropriate New Jersey certification must be in full compliance with certification requirements within two years of the school's conversion.

The bill provides that a converted school may continue to be located in the same building that housed the nonpublic school prior to its conversion to charter school status.

As reported, this bill is identical to Senate Bill No. 1858, as amended and reported by the committee.

FISCAL IMPACT:

In the Legislative Fiscal Estimate for this bill the Office of Legislative Services (OLS) notes that the bill will lead to an indeterminate increase in State expenditures in the first year in which a high-performing nonpublic school located in a failing school district converts to a charter school. Under current law, the charter school student's district of residence is responsible for transferring a certain amount of State aid and local revenue to a charter school for each of its students who attends the charter school. However, subsection d. of section 12 of P.L.1995, c.146 (C.18A:36A-12) specifies that if a student who enrolls in a charter school was not included in the district's resident enrollment in the prior year, then the State, not the resident school district, will be responsible for providing this funding to the charter school in the student's first year of enrollment at the charter school. Since the students enrolled in a nonpublic school that subsequently converts to a charter school will not have been included in the school district's resident enrollment in the prior year, the State will be responsible for providing funding for all students who remain in the school upon its conversion to a charter school. The total State cost is indeterminate, as it is dependent on the number of students who remain enrolled in the nonpublic school once it converts to a charter school, the students' demographics, and the amount of education revenue due to the charter school, which will vary by resident school district.

In subsequent years, the bill may lead to an indeterminate increase in State expenditures and a corresponding increase in local revenue. When a nonpublic school converts to a charter school, the students will be included in the resident enrollment of the school district in which the students live. This increased enrollment will yield an increase in State school aid payable to the school district, except in circumstances in which the district is subject to the State aid growth limit or receives adjustment aid.