

# ASSEMBLY, No. 4264

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED NOVEMBER 10, 2011

**Sponsored by:**

**Assemblyman ANGEL FUENTES**

**District 5 (Camden and Gloucester)**

**SYNOPSIS**

“Urban Hope Act”; permits charter school conversions in five failing districts; permits private entities with board approval to build and operate up to two schools in five failing districts.

**CURRENT VERSION OF TEXT**

As introduced.



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2

1 AN ACT concerning education options in failing schools and failing  
2 districts and supplementing Title 18A of the New Jersey  
3 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 and greater flexibility to turn around  
26 their failing schools; and

27 e. Two such options are the increased use of charter schools  
28 and the introduction, on a limited basis, of school management  
29 organizations, which have been effectively employed by many  
30 states to build, staff, and operate elementary and secondary schools  
31 in school districts with high concentrations of at-risk students.

32

33 3. a. Notwithstanding the provisions of the P.L.1995, c.426  
34 (C.18A:36A-1 et seq.), or any other law or regulation to the  
35 contrary, a failing school in a failing district may be converted to a  
36 charter school in any one of the following ways:

37 (1) the board of education of a failing district may apply to the  
38 commissioner to convert a failing school or failing schools into a  
39 charter school;

40 (2) a majority of the parents of students in a failing school in a  
41 failing district may apply to the commissioner to convert the failing  
42 school that their children attend into a charter school; or

43 (3) a majority of the teachers in a failing school in a failing  
44 district may apply to the commissioner to convert the failing school  
45 in which they teach into a charter school.

46 b. The commissioner, pursuant to this act, may approve no  
47 more than two charter school conversions in any one failing district.

- 1 c. All students from the failing school shall automatically be  
2 enrolled in the charter school conversion unless they choose  
3 otherwise. Accordingly, the total enrollment of the charter school  
4 conversion shall not be less than the total enrollment of the failing  
5 school it replaced.
- 6 d. The district of residence shall pay to the charter school each  
7 year an amount per pupil to be determined by the charter school and  
8 approved by the commissioner, but in no event shall that amount be  
9 greater than 90% of the district's per pupil expenditure. A special  
10 education student enrolled in the charter school shall be eligible for  
11 extraordinary special education aid in accordance with the  
12 provisions of section 13 of P.L.2007, c.260 (C.18A:7F-55).
- 13 e. The hiring and related personnel decisions of the charter  
14 school following a charter school conversion shall be governed by  
15 this section.
- 16 f. If the commissioner has granted a charter school conversion  
17 application, the charter school may, but need not, retain the  
18 employees of the failing school or failing schools it replaced.  
19 Employees not retained by the charter school shall be placed on a  
20 preferred eligible list and shall be eligible for reemployment in the  
21 failing district pursuant to the provisions of N.J.S.18A:28-11,  
22 section 1 of P.L.1985, c.217 (C.18A:28-11.1), N.J.S.18A:28-12,  
23 N.J.S.18A:28-13, and N.J.S.18A:28-14.
- 24 All school employees of the charter school conversion shall be  
25 deemed to be members of the bargaining unit defined in the  
26 applicable agreement and shall be represented by the same majority  
27 representative organization as the employees covered by the  
28 agreement.
- 29 g. In hiring its employees and establishing compensation  
30 packages for a charter school conversion, a charter school shall not  
31 be bound by State tenure laws.
- 32 h. In hiring its employees for a charter school conversion, a  
33 charter school shall be subject to the provisions of the "New Jersey  
34 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1  
35 et seq.). A charter school shall not set a teacher salary lower than  
36 the minimum teacher salary specified pursuant to section 7 of  
37 P.L.1985, c.321 (C.18A:29-5.6).
- 38 i. All principals, administrators, classroom teachers, and  
39 professional support staff hired by a charter school to work in a  
40 charter school conversion shall hold appropriate New Jersey  
41 certifications. The commissioner shall make appropriate  
42 adjustments in the alternate route program in order to expedite the  
43 certification of persons who are qualified by education and  
44 experience.
- 45 j. All provisions of P.L.1995, c.426 (C.18A:36A-1 et seq.),  
46 including the application process for charter schools, approval  
47 process for charter schools, and governance structure of charter

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1 schools not inconsistent with this section shall remain in full force  
2 and effect.

3 k. As used in this section:

4 “Failing district” means and includes a school district with an  
5 October 2011 projected enrollment of greater than 10,000 students,  
6 which is one of the five districts in the State with the highest  
7 percent of failing schools on the effective date of this act.

8 “Failing school” means an elementary school, middle school, or  
9 high school that: (1) at the time of application is designated, and for  
10 at least two consecutive years prior to the submission of the  
11 application was designated, a school in need of improvement  
12 pursuant to the federal “No Child Left Behind Act of 2001,”  
13 Pub.L.107-110; and (2) if the school is an elementary or middle  
14 school, at the time of application has 60% or more of its students  
15 scoring partially proficient in either language arts literacy or  
16 mathematics on the New Jersey Assessment of Skills and  
17 Knowledge in two or more grades or, if the school is a high school,  
18 at the time of application has 60% or more of its students scoring  
19 partially proficient in either language arts literacy or mathematics  
20 on the New Jersey High School Proficiency Assessment or, if the  
21 school is a high school, has a graduation rate at or below 60%.

22 “Per pupil expenditure” means the sum of the budget year  
23 equalization aid per pupil, budget year adjustment aid per pupil, the  
24 prebudget year general fund tax levy per pupil inflated by the CPI  
25 rate most recent to the calculation, security categorical aid  
26 attributable to the student, a percentage of the district's special  
27 education categorical aid equal to the percentage of the district's  
28 special education students enrolled in the charter school conversion,  
29 and if applicable 100% of preschool education aid. The district  
30 shall also pay directly to the charter school any federal funds  
31 attributable to the student.

32

33 4. As used in this act:

34 “Commissioner” means the Commissioner of Education.

35 “Failing district” means and includes a school district with an  
36 October 2011 projected enrollment of greater than 10,000 students,  
37 which is one of the five districts in the State with the highest  
38 percent of failing schools on the effective date of this act.

39 “Failing school” means an elementary school, middle school, or  
40 high school that: (1) is designated, and for at least two consecutive  
41 years prior to the submission of the application was designated, a  
42 school in need of improvement pursuant to the federal “No Child  
43 Left Behind Act of 2001,” Pub.L.107-110; and (2) if the school is  
44 an elementary or middle school, has 60% or more of its students  
45 scoring partially proficient in either language arts literacy or  
46 mathematics on the New Jersey Assessment of Skills and  
47 Knowledge in two or more grades or, if the school is a high school,  
48 has 60% or more of its students scoring partially proficient in either

1 language arts literacy or mathematics on the New Jersey High  
2 School Proficiency Assessment or, if the school is a high school,  
3 has a graduation rate at or below 60%.

4 “Organizational document” means the document adopted by the  
5 school management organization for the transformation school  
6 project and approved by the commissioner that sets forth the  
7 information required pursuant to section 9 of this act.

8 “Per pupil expenditure” means the sum of the budget year  
9 equalization aid per pupil, budget year adjustment aid per pupil, the  
10 prebudget year general fund tax levy per pupil inflated by the CPI  
11 rate most recent to the calculation, security categorical aid  
12 attributable to the student, a percentage of the district's special  
13 education categorical aid equal to the percentage of the district's  
14 special education students enrolled in the transformation school  
15 project, and if applicable 100% of preschool education aid. The  
16 district shall also pay directly to the transformation school project  
17 any federal funds attributable to the student.

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

21 “School facilities project” means the planning, acquisition,  
22 demolition, construction, improvement, alteration, modernization,  
23 renovation, reconstruction, or capital maintenance of all or any part  
24 of a school facility.

25 “School management organization” means any business entity,  
26 however formed, whose primary purpose is the staffing, operation,  
27 and management of elementary schools, middle schools, or high  
28 schools in the United States.

29 “State share” means the State’s share of providing for the costs  
30 of school facilities projects as determined pursuant to the  
31 “Educational Facilities Construction and Financing Act,” P.L.2000,  
32 c.72 (C.18A:7G-1 et al.).

33 “Transformation school district” means a failing district that  
34 applies to the commissioner for authorization to create no more than  
35 two transformation school projects in the district and is approved to  
36 do so by the commissioner pursuant to this act.

37 “Transformation school project” means a school or schools that  
38 is built, operated, and managed by a school management  
39 organization and is approved by the commissioner pursuant to this  
40 act.

41

42 5. a. The board of education in a failing district may apply to  
43 the commissioner, in a form prescribed by the commissioner, to be  
44 designated a transformation school district. Once a transformation  
45 school district is approved, one or more school management  
46 organizations, in partnership with the transformation school district,  
47 may apply to create no more than a total of two transformation  
48 school projects in the district pursuant to this act.

1       b. An application for a transformation school district shall be  
2 submitted to the commissioner no later than one year following the  
3 effective date of this act. Upon the commissioner's determination  
4 that an application is complete, the commissioner shall have up to  
5 90 days to review that application and either approve it or deny it.  
6 The commissioner shall approve no more than five transformation  
7 school districts and no more than two transformation school  
8 projects in each of the transformation school districts, pursuant to  
9 this act.

10       c. In reviewing and judging applications for transformation  
11 school districts, the factors considered by the commissioner shall  
12 include, but need not be limited to:

13       (1) the number of failing schools in the failing district;

14       (2) the failing district's current and historical Quality Single  
15 Accountability Continuum scores;

16       (3) the failing district's current and historical scores on the New  
17 Jersey Assessment of Skills and Knowledge, New Jersey High  
18 School Proficiency Assessment, National Assessment of  
19 Educational Progress, and any other State or national test;

20       (4) the failing district's graduation rate;

21       (5) the number of charter schools in the failing district;

22       (6) support among the board of education, parents, students, and  
23 teachers for the application;

24       (7) the likelihood that transformation school projects will  
25 improve academic achievement in the failing district; and

26       (8) any other factors deemed significant by the commissioner.

27       d. Once a failing district has been designated a transformation  
28 school district, school management organizations may apply to  
29 create no more than a total of two transformation school projects in  
30 the district pursuant to this act.

31

32       6. a. The commissioner shall establish an application and  
33 review process as set forth in sections 7 and 8 of this act pursuant to  
34 which a school management organization may apply to the  
35 commissioner to create no more than a total of two transformation  
36 school projects in a transformation school district. A  
37 transformation school project may only be built in a transformation  
38 school district.

39       b. Notwithstanding that a transformation school project shall be  
40 constructed, controlled, operated, and managed by a school  
41 management organization, and not the local board of education, it  
42 shall be a public school.

43       c. A transformation school project shall be created in the  
44 following way: a school management organization, with the  
45 approval of the board of education, may apply to build, operate, and  
46 manage a new school facility or facilities in the transformation  
47 school district.

1 d. The costs of a transformation school project including, but  
2 not limited to, the costs of land acquisition, site remediation, site  
3 development, design, construction, and any other costs required to  
4 place into service the school facility or facilities constituting the  
5 transformation school project shall be at the sole expense of the  
6 school management organization.

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

12 f. Notwithstanding the provisions of the "Public School  
13 Contracts Law," P.L.1977, c.114 (C.18A:18A-1 et seq.), or any  
14 other law or regulation to the contrary, the school management  
15 organization shall not be subject to public bidding for goods and  
16 services, and any contracts entered into by the school management  
17 organization shall not be deemed public contracts or public works;  
18 except that any contract entered into by the school management  
19 organization shall be deemed a public work for the purposes of the  
20 "New Jersey Prevailing Wage Act," P.L.1963, c.150 (C.34:11-56.25  
21 et seq.), and subject to the applicable provisions of that act.

22 g. The transformation school district in which a transformation  
23 school project is located shall pay to the school management  
24 organization each year an amount per pupil to be determined by the  
25 school management organization and approved by the  
26 commissioner, but in no event shall that amount be greater than  
27 90% of the district's per pupil expenditure. A special education  
28 student enrolled in the transformation school project shall be  
29 eligible for extraordinary special education aid in accordance with  
30 the provisions of section 13 of P.L.2007, c.260 (C.18A:7F-55).

31 h. Transformation school projects shall be required to meet the  
32 same testing and academic performance standards established by  
33 law and regulation for public school students.

34 i. Transformation school projects shall meet any additional  
35 testing and academic performance standards established by the  
36 school management organization, approved by the commissioner,  
37 and included in the organizational document.

38

39 7. A school management organization seeking to create a  
40 transformation school project shall submit, in a form prescribed by  
41 the commissioner, an application to the commissioner that shall  
42 contain, at a minimum, the following:

43 a. a resolution adopted in a public meeting by the board of  
44 education of the transformation school district in which the  
45 transformation school project will be located certifying the support  
46 of the board for the application;

47 b. an amendment to the district's long-range facilities plan that  
48 includes the proposed transformation school project submitted to

- 1 the commissioner pursuant to section 4 of P.L.2000, c.72  
2 (C.18A:7G-4);
- 3 c. information relating to the school management organization  
4 including, but not limited to: (1) biographies of the organization's  
5 officers and directors; (2) the history of the organization; (3) the  
6 number, names, and locations of the schools presently operated by  
7 the organization; (4) all historical testing data for any statewide or  
8 national tests administered to students of those schools; (5) any  
9 recognition or awards won by those schools; (6) the number, names,  
10 and locations of any schools that were once operated by the  
11 organization that were closed for any reason or that the organization  
12 no longer operates for any reason; (7) any lawsuits involving the  
13 organization; (8) the organization's most recent audited financial  
14 statements; (9) documents reflecting the organization's corporate  
15 structure; and (10) documents evidencing that the organization is in  
16 good standing in the state in which it is organized;
- 17 d. the educational goals of the transformation school project,  
18 the curriculum to be offered, and the methods of assessing whether  
19 students are meeting the proffered educational goals;
- 20 e. any testing and academic performance standards to be  
21 mandated by the transformation school project beyond those  
22 required by State law and regulation;
- 23 f. the admission policy and criteria for evaluating the  
24 admission of students to the transformation school project, which  
25 shall comply with the provisions of section 10 of this act;
- 26 g. the age or grade range of students to be enrolled in the  
27 transformation school project;
- 28 h. the total number of students to be enrolled in each grade  
29 level of the transformation school project;
- 30 i. the transformation school project calendar and school day  
31 schedule;
- 32 j. a description of the transformation school project staff  
33 responsibilities and the proposed qualifications of teaching staff;
- 34 k. a description of the procedures to be implemented to ensure  
35 significant parental involvement in the operation of the  
36 transformation school project;
- 37 l. the financial plan for the transformation school project and  
38 the provisions that will be made for auditing the school pursuant to  
39 N.J.S.18A:23-1;
- 40 m. a description of, and address for, the school facility or  
41 facilities in which the transformation school project will be located;
- 42 n. documentation of the funds available to the school  
43 management organization to construct the school facilities project,  
44 including the terms of any financing secured for such purpose;
- 45 o. if the transformation school project includes the acquisition  
46 of land, the application shall include, at a minimum: (1) a  
47 description of the land to be acquired; (2) the costs of acquisition;



1 (3) the timetable for acquisition; and (4) the financing for  
2 acquisition; and

3 p. such other information as the commissioner may require.  
4

5 8. a. At any time following the commissioner's designation of  
6 a failing district as a transformation school district, a school  
7 management organization may submit an application for a  
8 transformation school project in that transformation school district  
9 to the commissioner pursuant to this act.

10 b. Simultaneous with the submission of its application to the  
11 commissioner, the school management organization shall submit a  
12 construction plan for undertaking the school facilities project to the  
13 chief executive officer of the New Jersey Schools Development  
14 Authority in a form prescribed by the chief executive officer. The  
15 chief executive officer shall have 60 days to review the construction  
16 plan and, upon completion of that review, shall accept the plan,  
17 reject it, or propose modifications. The chief executive officer shall  
18 share his review and recommendation of the construction plan with  
19 the commissioner, who shall take that review and recommendation  
20 into consideration when deciding whether to approve or deny the  
21 application for the transformation school project.

22 c. In reviewing and judging applications for transformation  
23 school projects, the factors considered by the commissioner shall  
24 include, but not be limited to:

25 (1) The likelihood that the transformation school project will  
26 improve academic achievement in the transformation school  
27 district;

28 (2) The strength of the support for the transformation school  
29 project from the school district, board of education, and parents;

30 (3) The past successes and failures of schools managed,  
31 operated, or otherwise run by the school management organization,  
32 with particular emphasis on the successes and failures of  
33 transformation school projects already run by the school  
34 management organization in the transformation school district, if  
35 any;

36 (4) The financial position and solidity of the school management  
37 organization;

38 (5) The per pupil cost sought by the school management  
39 organization from the school district;

40 (6) Any recommendations from the chief executive officer of  
41 the Schools Development Authority;

42 (7) Geographic diversity and diversity of school type,  
43 elementary school, middle school, and high school, among the  
44 proposed transformation school projects; and

45 (8) Any other factors deemed significant by the commissioner.

46 d. Once approved, a transformation school project shall be  
47 authorized for 5 years from the date of its opening, subject to

1 annual reviews by the commissioner and renewal pursuant to  
2 section 14 of this act.

3  
4 9. a. Upon approval of an application for a transformation  
5 school project by the commissioner, the school management  
6 organization, the board of education of the transformation school  
7 district in which the transformation school project will be located,  
8 and the commissioner shall enter into a contract setting forth the  
9 terms and conditions for the transformation school project  
10 including, but not limited to, the operation, management, and  
11 funding of the transformation school project.

12 b. Upon approval of an application for a transformation school  
13 project by the commissioner, the school management organization  
14 shall file with the commissioner an organizational document for the  
15 transformation school project adopted by the school management  
16 organization and approved by the commissioner, setting forth:

17 (1) The name of the transformation school project, the grade  
18 levels of the school, the location of the school, and the total  
19 enrollment of the school;

20 (2) The mission statement for the transformation school project;

21 (3) The application process for enrollment in the transformation  
22 school project;

23 (4) The curriculum for the transformation school project;

24 (5) The length of the transformation school project school day  
25 and school year;

26 (6) Any testing and academic performance standards mandated  
27 by the transformation school project beyond those required by State  
28 law and regulation; and

29 (7) Such other information as the commissioner may require.

30 c. The commissioner shall make the organizational document  
31 publicly available, including on the Department of Education's  
32 website.

33  
34 10. a. Enrollment in the transformation school project shall be  
35 open to all grade level appropriate students in the transformation  
36 school district. If the applications received by the transformation  
37 school project exceed the total enrollment for any grade or grades in  
38 the school as established in the school's organizational document,  
39 then the school management organization shall select students for  
40 the school based on a lottery process approved by the  
41 commissioner.

42 b. In developing and executing its selection process, a school  
43 management organization shall not discriminate on the basis of  
44 intellectual or athletic ability, measures of achievement or aptitude,  
45 status as a handicapped person, proficiency in the English language,  
46 or any other basis that would be illegal if used by a school district.  
47 A school management organization may, however, limit admission

1 to a particular grade level or levels consistent with its  
2 organizational document.

3

4 11. a. A school management organization shall operate a  
5 transformation school project in accordance with the school's  
6 organizational document, this act, and the laws and regulations that  
7 govern other public schools which are not inconsistent with this act.

8 b. In operating a transformation school project, a school  
9 management organization shall comply with the provisions of  
10 chapter 46 of Title 18A of the New Jersey Statutes concerning the  
11 provision of services to handicapped students.

12 c. In operating a transformation school project, a school  
13 management organization shall comply with all applicable State and  
14 federal anti-discrimination statutes.

15

16 12. a. In hiring its employees and establishing compensation  
17 packages for a transformation school project, a school management  
18 organization shall not be bound by State tenure laws.

19 b. All school employees hired to work in a transformation  
20 school project shall be deemed to be members of the bargaining unit  
21 defined in the applicable agreement and shall be represented by the  
22 same majority representative organization as the employees covered  
23 by the agreement.

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

30 d. All principals, administrators, classroom teachers, and  
31 professional support staff hired by a school management  
32 organization to work in a transformation school project shall hold  
33 appropriate New Jersey certifications. The commissioner shall  
34 make appropriate adjustments in the alternate route program in  
35 order to expedite the certification of persons who are qualified by  
36 education and experience.

37

38 13. A school management organization may only expel a student  
39 from a transformation school project on the same terms and subject  
40 to the same limitations as a student may be expelled from a public  
41 school.

42

43 14. a. The commissioner shall annually assess whether each  
44 transformation school project is meeting the goals of its  
45 organizational document and improving student achievement. In  
46 order to facilitate the commissioner's review, each transformation  
47 school project, through its school management organization, shall  
48 submit an annual report to the commissioner in the form prescribed

1 by the commissioner. The report shall be received annually by  
2 August 1 and be made publicly available immediately thereafter,  
3 including on the Department of Education's website.

4 b. If, during the annual assessment, the commissioner  
5 determines that a transformation school project is violating its  
6 organizational document or has average test scores on the New  
7 Jersey Assessment of Skills and Knowledge or New Jersey High  
8 School Proficiency Assessment below the average for the  
9 transformation school district in which it is located, the  
10 commissioner shall take corrective measures. Specifically, the  
11 commissioner shall work with the school management organization  
12 to develop a remediation plan. If, after one year, that remediation  
13 plan fails to correct the transformation school project's violation of  
14 its organizational document or, after two years, fails to improve  
15 student test scores, then the commissioner shall consider removing  
16 the school management organization and replacing it with new  
17 management or closing the school.

18 c. Every five years, prior to granting a renewal of a  
19 transformation school project, the commissioner shall conduct a  
20 comprehensive review of the school. Renewal shall be presumed  
21 where the school's average test scores on the New Jersey  
22 Assessment of Skills and Knowledge or New Jersey High School  
23 Proficiency Assessment exceed the average for the transformation  
24 school district in which it is located by 25 points or more in  
25 language arts literacy, mathematics, or both.

26 d. The commissioner shall have on-going access to the records  
27 and facilities of the transformation school project and the school  
28 management organization to ensure that the school is in compliance  
29 with its organizational document and with State laws and  
30 regulations.

31 e. Five years following the date of the opening of the first  
32 transformation school project, the commissioner shall report to the  
33 Governor, the State Board of Education, and to the Legislature as  
34 provided pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1),  
35 on the efficacy of the schools in educating students and whether  
36 additional transformation school districts should be authorized and,  
37 if so, how many. The commissioner shall also recommend any  
38 changes to this act deemed appropriate by him based on his  
39 experience with the transformation school projects.

40  
41 15. a. 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 when a school management organization seeks to build a school  
45 facilities project on land owned by the New Jersey Schools  
46 Development Authority, the authority may convey the land by  
47 ground lease or fee simple title to either the transformation school  
48 district or the school management organization if the authority

1 determines conveyance to be in the best interests of the State,  
2 provided that such conveyance, whether by ground lease or fee  
3 simple title shall (1) contain a restriction that the land be used  
4 solely for a school or it shall revert to the authority; and (2) be for  
5 such consideration and on such terms as the authority determines to  
6 be in the best interests of the State.

7 b. In the event of a conveyance by the authority to a  
8 transformation school district pursuant to this section, the  
9 transformation school district is authorized to enter into a sub-lease  
10 of the property to the school management organization as required  
11 to effectuate the transformation school project. The sub-lease shall  
12 be submitted to the commissioner for his review and approval. The  
13 sub-lease shall contain a restriction that the land be used solely for  
14 the transformation school project or it shall revert to the school  
15 district.

16

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

29

30 17. This act shall take effect immediately.

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#### STATEMENT

34

35 The bill is entitled the “Urban Hope Act.” The bill authorizes  
36 and establishes procedures for the conversion of failing schools into  
37 charter schools and the designation of five failing school districts as  
38 transformation school districts.

39 This bill permits no more than a total of two failing schools in  
40 the five districts falling into the category of “failing district” to be  
41 converted to a charter school in one of the following ways:

- 42 • A board of education of the failing district applies to the  
43 Commissioner of Education for the conversion;
- 44 • A majority of the parents of students in the failing school  
45 in the failing district applies to the commissioner for the  
46 conversion; or

- 1           • A majority of the teachers in the failing school of the  
2           failing district applies to the commissioner for the  
3           conversion.

4           A “failing school” is defined as an elementary, middle, or high  
5           school that: (1) at the time of application is designated, and for at  
6           least two consecutive years prior to the submission of the  
7           application was designated, a school in need of improvement  
8           pursuant to the “No Child Left Behind Act of 2001,” and (2) if the  
9           school is an elementary or middle school, at the time of application  
10          has 60% or more of its students scoring partially proficient in either  
11          language arts literacy or mathematics on the New Jersey  
12          Assessment of Skills and Knowledge in two or more grades or, if  
13          the school is a high school, at the time of application has 60% or  
14          more of its students scoring partially proficient in either language  
15          arts literacy or mathematics on the New Jersey High School  
16          Proficiency Assessment or has a graduation rate at or below 60%.  
17          A “failing district” is defined to mean and include a school district  
18          with an October 2011 projected enrollment of greater than 10,000  
19          students, which is one of the five districts in the State with the  
20          highest percent of failing schools on the effective date of the bill.

21          Under the provisions of the bill, the charter school may, but need  
22          not, retain the employees of the failing school it replaced.  
23          Employees not retained by the charter school would be eligible for a  
24          preferred eligible hiring list and, based on seniority, would be  
25          eligible for reemployment in the failing district. In hiring, the  
26          charter school is not bound by State tenure laws. All principals,  
27          administrators, classroom teachers, and professional support staff  
28          hired by the charter school, however, must hold the appropriate  
29          certifications.

30          The bill provides that the district of residence must annually pay  
31          to the charter school an amount per pupil determined by the charter  
32          school and approved by the commissioner. This amount, however,  
33          may not exceed 90% of the district’s “per pupil expenditure,” which  
34          is defined as the sum of the budget year equalization aid per pupil,  
35          budget year adjustment aid per pupil, the prebudget year general  
36          fund tax levy per pupil inflated by the CPI rate most recent to the  
37          calculation, security categorical aid attributable to the student, a  
38          percentage of the district's special education categorical aid equal to  
39          the percentage of the district's special education students enrolled in  
40          the charter school conversion, and if applicable 100% of preschool  
41          education aid. The bill also provides that the district must pay to  
42          the charter school any federal funds attributable to the student.

43          Any provision of the existing “Charter School Program Act of  
44          1995” which is not inconsistent with the provisions of the bill,  
45          would be applicable to a conversion charter school.

46          In addition to the provisions regarding charter schools, the bill  
47          also permits the creation of up to two transformation school projects  
48          in no more than five failing school districts. A “failing school

1 district” would include the same districts included in the charter  
2 conversion provisions of the bill.

3 Under the provisions of the bill, no later than one year following  
4 its effective date, the board of education of a failing district may  
5 apply to the commissioner to be designated a transformation school  
6 district. If a district is so designated, then one or more school  
7 management organizations, with the approval of the board of  
8 education, may apply at any time to the commissioner to create up  
9 to a total of two transformation school projects in the district. A  
10 school management organization is defined as a business entity  
11 whose primary purpose is the staffing, operation, and management  
12 of school in the United States. The bill provides for one method by  
13 which a transformation school project may be created: the school  
14 management organization would apply to build, operate, and  
15 manage a new school facility or facilities in the transformation  
16 school district.

17 The bill provides that the costs of a transformation school  
18 project, 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 transformation school projects, would be the sole expense of the  
22 school management organization.

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

31 Simultaneous with its application to the commissioner, the  
32 school management organization must also submit a construction  
33 plan to the executive director of the Schools Development  
34 Authority. The executive director has 60 days to accept the plan,  
35 reject it, or propose modifications. The executive director is  
36 required to provide his recommendation to the commissioner, who  
37 will take it into consideration when deciding whether to approve or  
38 deny the application for the transformation school project.

39 Under the provisions of the bill, the transformation school  
40 district would pay annually to the school management organization  
41 an amount per pupil to be determined by the school management  
42 organization and approved by the commissioner, but in no event  
43 could that amount exceed 90% of the district’s “per pupil  
44 expenditure,” which is defined the same way as it is defined under  
45 the provision of the bill regarding conversion charter schools.

46 As with the charter school conversions authorized under the bill,  
47 a school management organization in hiring is not bound by State  
48 tenure laws, and employees hired for the transformation school

1 projects will be deemed members of the bargaining unit defined in  
2 the applicable agreement. All principals, administrators, classroom  
3 teachers, and professional support staff, however, must hold the  
4 appropriate certifications.

5 The bill states that a transformation school project is a public  
6 school. Under the provisions of the bill, a school management  
7 organization is not subject to the public bidding requirements for  
8 goods and services and any contract entered into by the  
9 organization is deemed not to be a public contract or a public work.  
10 The bill states, however, that a contract entered into by the school  
11 management organization is a public work for the purposes of the  
12 "New Jersey Prevailing Wage Act" and subject to the applicable  
13 provisions of that act.

14 A transformation school project approved under the provisions of  
15 the bill, would be authorized for 5 years. The commissioner must  
16 annually assess whether each transformation school project is  
17 meeting certain goals and improving student achievement. In order  
18 to facilitate this assessment, each transformation school project,  
19 through its school management organization, must submit an annual  
20 report to the commissioner. The commissioner may take specified  
21 action if the transformation school project is not meeting certain  
22 standards.

23 Five years following the date of the opening of the first  
24 transformation school project, the commissioner must report on the  
25 efficacy of the schools in educating students and whether additional  
26 transformation school districts should be authorized and, if so, how  
27 many.