SENATE, No. 3002

STATE OF NEW JERSEY

214th LEGISLATURE

INTRODUCED JULY 7, 2011

Sponsored by:
Senator DONALD NORCROSS
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.
AN ACT concerning education options in failing schools and failing districts and supplementing Title 18A of the New Jersey Statutes.

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

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

2. The Legislature finds and declares that:
   a. Maintaining a thorough and efficient public school system is among the Legislature’s most important responsibilities;
   b. Although New Jersey’s per pupil public school expenditures are among the highest in the nation, many of the State’s students are failing to achieve the core curriculum content standards;
   c. Many of those students are confined to a number of persistently failing school districts and schools that, year after year, have been unable to convert increased State aid and other resources into improved student achievement, higher graduation rates, or greater student readiness for postsecondary education and gainful employment;
   d. For those school districts and schools, it is necessary to provide local boards of education, parents, students, and teachers with more and better options and greater flexibility to turn around their failing schools; and
   e. Two such options are the increased use of charter schools and the introduction, on a limited basis, of school management organizations, which have been effectively employed by many states to build, staff, and operate elementary and secondary schools in school districts with high concentrations of at-risk students.

3. a. Notwithstanding the provisions of the P.L.1995, c.426 (C.18A:36A-1 et seq.), or any other law or regulation to the contrary, a failing school in a failing district may be converted to a charter school in any one of the following ways:
   (1) the board of education of a failing district may apply to the commissioner to convert a failing school or failing schools into a charter school;
   (2) a majority of the parents of students in a failing school in a failing district may apply to the commissioner to convert the failing school that their children attend into a charter school; or
   (3) a majority of the teachers in a failing school in a failing district may apply to the commissioner to convert the failing school in which they teach into a charter school.
   b. The commissioner, pursuant to this act, may approve no more than two charter school conversions in any one failing district.
c. All students from the failing school shall automatically be enrolled in the charter school conversion unless they choose otherwise. Accordingly, the total enrollment of the charter school conversion shall not be less than the total enrollment of the failing school it replaced.

d. The district of residence shall pay to the charter school each year an amount per pupil to be determined by the charter school and approved by the commissioner, but in no event shall that amount be greater than 90% of the district’s per pupil expenditure. A special education student enrolled in the charter school shall be eligible for extraordinary special education aid in accordance with the provisions of section 13 of P.L.2007, c.260 (C.18A:7F-55).

e. The hiring and related personnel decisions of the charter school following a charter school conversion shall be governed by this section.

f. If the commissioner has granted a charter school conversion application, the charter school may, but need not, retain the employees of the failing school or failing schools it replaced. Employees not retained by the charter school shall be placed on a preferred eligible list and shall be eligible for reemployment in the failing district pursuant to the provisions of N.J.S.18A:28-11, section 1 of P.L.1985, c.217 (C.18A:28-11.1), N.J.S.18A:28-12, N.J.S.18A:28-13, and N.J.S.18A:28-14.

All school employees of the charter school conversion shall be deemed to be members of the bargaining unit defined in the applicable agreement and shall be represented by the same majority representative organization as the employees covered by the agreement.

g. In hiring its employees and establishing compensation packages for a charter school conversion, a charter school shall not be bound by State tenure laws.

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

i. All principals, administrators, classroom teachers, and professional support staff hired by a charter school to work in a charter school conversion shall hold appropriate New Jersey certifications. The commissioner shall make appropriate adjustments in the alternate route program in order to expedite the certification of persons who are qualified by education and experience.

j. All provisions of P.L.1995, c.426 (C.18A:36A-1 et seq.), including the application process for charter schools, approval process for charter schools, and governance structure of charter
schools not inconsistent with this section shall remain in full force and effect.

k. As used in this section:

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

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

“Per pupil expenditure” means the sum of the budget year equalization aid per pupil, budget year adjustment aid per pupil, the prebudget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation, 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 charter school conversion, and if applicable 100% of preschool education aid. The district shall also pay directly to the charter school any federal funds attributable to the student.

4. As used in this act:

“Commissioner” means the Commissioner of Education.

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

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

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

“Per pupil expenditure” means the sum of the budget year equalization aid per pupil, budget year adjustment aid per pupil, the prebudget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation, 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 transformation school project, and if applicable 100% of preschool education aid. The district shall also pay directly to the transformation school project any federal funds attributable to the student.

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

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

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

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

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

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

5. a. The board of education in a failing district may apply to the commissioner, in a form prescribed by the commissioner, to be designated a transformation school district. Once a transformation school district is approved, one or more school management organizations, in partnership with the transformation school district, may apply to create no more than a total of two transformation school projects in the district pursuant to this act.
b. An application for a transformation school district shall be submitted to the commissioner no later than one year following the effective date of this act. Upon the commissioner’s determination that an application is complete, the commissioner shall have up to 90 days to review that application and either approve it or deny it. The commissioner shall approve no more than five transformation school districts and no more than two transformation school projects in each of the transformation school districts, pursuant to this act.

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

(1) the number of failing schools in the failing district;
(2) the failing district’s current and historical Quality Single Accountability Continuum scores;
(3) the failing district’s current and historical scores on the New Jersey Assessment of Skills and Knowledge, New Jersey High School Proficiency Assessment, National Assessment of Educational Progress, and any other State or national test;
(4) the failing district’s graduation rate;
(5) the number of charter schools in the failing district;
(6) support among the board of education, parents, students, and teachers for the application;
(7) the likelihood that transformation school projects will improve academic achievement in the failing district; and
(8) any other factors deemed significant by the commissioner.

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

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

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

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

d. The costs of a transformation school project including, but not limited to, 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
transformation school project shall be at the sole expense of the
school management organization.

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

f. Notwithstanding the provisions of the “Public School
other law or regulation to the contrary, the school management
organization shall not be subject to public bidding for goods and
services, and any contracts entered into by the school management
organization shall not be deemed public contracts or public works;
except that any contract entered into by the school management
organization shall be deemed a public work for the purposes of the
et seq.), and subject to the applicable provisions of that act.

g. The transformation school district in which a transformation
school project is located shall pay to the school management
organization each year an amount per pupil to be determined by the
school management organization and approved by the
commissioner, but in no event shall that amount be greater than
90% of the district’s per pupil expenditure. A special education
student enrolled in the transformation school project shall be
eligible for extraordinary special education aid in accordance with

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

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

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

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

b. an amendment to the district’s long-range facilities plan that
includes the proposed transformation school project submitted to
the commissioner pursuant to section 4 of P.L.2000, c.72
(C.18A:7G-4);
c. information relating to the school management organization including, but not limited to: (1) biographies of the organization’s officers and directors; (2) the history of the organization; (3) the number, names, and locations of the schools presently operated by the organization; (4) all historical testing data for any statewide or national tests administered to students of those schools; (5) any recognition or awards won by those schools; (6) the number, names, and locations of any schools that were once operated by the organization that were closed for any reason or that the organization no longer operates for any reason; (7) any lawsuits involving the organization; (8) the organization’s most recent audited financial statements; (9) documents reflecting the organization’s corporate structure; and (10) documents evidencing that the organization is in good standing in the state in which it is organized;
d. the educational goals of the transformation school project, the curriculum to be offered, and the methods of assessing whether students are meeting the proffered educational goals;
e. any testing and academic performance standards to be mandated by the transformation school project beyond those required by State law and regulation;
f. the admission policy and criteria for evaluating the admission of students to the transformation school project, which shall comply with the provisions of section 10 of this act;
g. the age or grade range of students to be enrolled in the transformation school project;
h. the total number of students to be enrolled in each grade level of the transformation school project;
i. the transformation school project calendar and school day schedule;
j. a description of the transformation school project staff responsibilities and the proposed qualifications of teaching staff;
k. a description of the procedures to be implemented to ensure significant parental involvement in the operation of the transformation school project;
l. the financial plan for the transformation school project and the provisions that will be made for auditing the school pursuant to N.J.S.18A:23-1;
m. a description of, and address for, the school facility or facilities in which the transformation school project will be located;
n. documentation of the funds available to the school management organization to construct the school facilities project, including the terms of any financing secured for such purpose;
o. if the transformation school project includes the acquisition of land, the application shall include, at a minimum: (1) a description of the land to be acquired; (2) the costs of acquisition; (3) the timetable for acquisition; and (4) the financing for acquisition; and
p. such other information as the commissioner may require.
8. a. At any time following the commissioner’s designation of a failing district as a transformation school district, a school management organization may submit an application for a transformation school project in that transformation school district to the commissioner pursuant to this act.

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

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

   (1) The likelihood that the transformation school project will improve academic achievement in the transformation school district;
   (2) The strength of the support for the transformation school project from the school district, board of education, and parents;
   (3) The past successes and failures of schools managed, operated, or otherwise run by the school management organization, with particular emphasis on the successes and failures of transformation school projects already run by the school management organization in the transformation school district, if any;
   (4) The financial position and solidity of the school management organization;
   (5) The per pupil cost sought by the school management organization from the school district;
   (6) Any recommendations from the chief executive officer of the Schools Development Authority;
   (7) Geographic diversity and diversity of school type, elementary school, middle school, and high school, among the proposed transformation school projects; and
   (8) Any other factors deemed significant by the commissioner.

d. Once approved, a transformation school project shall be authorized for 5 years from the date of its opening, subject to annual reviews by the commissioner and renewal pursuant to section 14 of this act.

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

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

   (1) The name of the transformation school project, the grade
   levels of the school, the location of the school, and the total
   enrollment of the school;
   (2) The mission statement for the transformation school project;
   (3) The application process for enrollment in the transformation
   school project;
   (4) The curriculum for the transformation school project;
   (5) The length of the transformation school project school day
   and school year;
   (6) Any testing and academic performance standards mandated
   by the transformation school project beyond those required by State
   law and regulation; and
   (7) Such other information as the commissioner may require.

c. The commissioner shall make the organizational document
publicly available, including on the Department of Education’s
website.

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

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

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

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

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

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

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

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

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

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

14. a. The commissioner shall annually assess whether each
transformation school project is meeting the goals of its
organizational document and improving student achievement. In
order to facilitate the commissioner’s review, each transformation
school project, through its school management organization, shall
submit an annual report to the commissioner in the form prescribed
by the commissioner. The report shall be received annually by
August 1 and be made publicly available immediately thereafter,
including on the Department of Education’s website.

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

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

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

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

15. a. Notwithstanding the provisions of the “Educational Facilities Construction and Financing Act,” P.L.2000, c.72 (C.18A:7G-1 et al.), or any other law or regulation to the contrary, when a school management organization seeks to build a school facilities project on land owned by the New Jersey Schools Development Authority, the authority may convey the land by ground lease or fee simple title to either the transformation school district or the school management organization if the authority determines conveyance to be in the best interests of the State, provided that such conveyance, whether by ground lease or fee simple title shall (1) contain a restriction that the land be used solely for a school or it shall 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.

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

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

17. This act shall take effect immediately.

STATEMENT

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

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

- A board of education of the failing district applies to the Commissioner of Education for the conversion;
- A majority of the parents of students in the failing school in the failing district applies to the commissioner for the conversion; or
- A majority of the teachers in the failing school of the failing district applies to the commissioner for the conversion.

A “failing school” is defined as an elementary, middle, or high school that: (1) at the time of application is designated, and for at least two consecutive years prior to the submission of the
application was designated, a school in need of improvement pursuant to the “No Child Left Behind Act of 2001,” and (2) if the school is an elementary or middle school, at the time of application has 60% or more of its students scoring partially proficient in either language arts literacy or mathematics on the New Jersey Assessment of Skills and Knowledge in two or more grades or, if the school is a high school, at the time of application has 60% or more of its students scoring partially proficient in either language arts literacy or mathematics on the New Jersey High School Proficiency Assessment or has a graduation rate at or below 60%.

A “failing district” is defined to mean and include a school district with an October 2011 projected enrollment of greater than 10,000 students, which is one of the five districts in the State with the highest percent of failing schools on the effective date of the bill.

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

The bill provides that the district of residence must annually pay to the charter school an amount per pupil determined by the charter school and approved by the commissioner. This amount, however, may not exceed 90% of the district’s “per pupil expenditure,” which is defined as the sum of the budget year equalization aid per pupil, budget year adjustment aid per pupil, the prebudget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation, 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 charter school conversion, and if applicable 100% of preschool education aid. The bill also provides that the district must pay to the charter school any federal funds attributable to the student.

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

In addition to the provisions regarding charter schools, the bill also permits the creation of up to two transformation school projects in no more than five failing school districts. A “failing school district” would include the same districts included in the charter conversion provisions of the bill.

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

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

If a school management organization 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 transformation school district or the school management organization. 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.

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

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

As with the charter school conversions authorized under the bill, a school management organization in hiring is not bound by State tenure laws, and employees hired for the transformation school projects will be deemed members of the bargaining unit defined in the applicable agreement. All principals, administrators, classroom teachers, and professional support staff, however, must hold the appropriate certifications.

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

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

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