ASSEMBLY, No. 1196

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Assemblyman ANDREW ZWICKER
District 16 (Hunterdon, Mercer, Middlesex and Somerset)
Assemblywoman MILA M. JASEY
District 27 (Essex and Morris)

SYNOPSIS

Establishes certain requirements concerning charter school financial reporting and prohibits charter school from contracting with for-profit charter management organization.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning certain charter school requirements and supplementing P.L.1995, c.426.

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

1. A charter school shall not contract with a for-profit charter management organization to provide any operation or management services to the charter school. Any charter management organization that provides operation or management services to a charter school in this State shall be a nonprofit organization.

2. A charter school shall annually submit its budget for the upcoming school year to the Commissioner of Education for review. The budget shall be submitted in such format, and by such date, as determined by the commissioner and shall include information on all revenues including revenues received from private or philanthropic sources, expenses supported by those revenues, and any in-kind contributions received by the charter school.

3. a. The budget adopted by a charter school for the school year shall be provided for public inspection on the charter school's Internet site, if one exists, and made available in print in a "user-friendly" format using plain language. The commissioner shall promulgate a "user-friendly," plain language budget summary format for the use of charter schools for this purpose. The commissioner shall also promulgate a procedure for the submission by each charter school of the required budget summary form to the Department of Education.

b. The plain language budget summary shall provide the public with information in summary form about the budget of the charter school and shall include, in addition to an abbreviated version of the formal budget adopted by the charter school, such statistical information as the commissioner determines to be useful for the public's understanding of the charter school's fiscal matters and conditions, and shall also include, but not be limited to, the following information for both the budget year and prebudget year: all line items of appropriation aggregated by item type; revenues by major category; a description of available surplus; a description of unusual revenues or appropriations, with a description of the circumstances of the revenues or appropriations; and a list of shared service agreements in which the charter school is participating.

c. The plain language budget summary shall be submitted to the Department of Education in such form as determined by the commissioner, and, upon its receipt of the summary, the department shall make the summary available to the public through an Internet website maintained by the department in an easily accessible

location. The information on the website shall be presented as data that can be downloaded by the public for comparative purposes using commonly-used software.

4. a. A charter school board of trustees shall cause an annual audit of the charter school's accounts and financial transactions to be made by a public school accountant pursuant to the provisions of N.J.S.18A:23-1 et seq.

b. The report of each annual audit shall be filed, by the public school accountant making the report, with his recommendations with the charter school board of trustees, and the accountant shall within 5 days thereafter file two duplicate copies certified under his signature in the office of the commissioner. The commissioner annually shall publish a summary of the recommendations made for each charter school and the steps which have been taken in each charter school for their implementation.

5. a. A charter management organization that provides operation or management services to a charter school in this State shall annually submit to the Commissioner of Education the following information:

(1) identification of each charter school in the State served by the charter management organization;

(2) a list of the officers and members of the management team, board, or other governing body of the charter management organization;

(3) a certified audit statement of all revenues from public and private sources and all expenditures related to the organization's function as a charter management organization in this State; and

(4) identification of all donors that provided contributions to the charter management organization and all donors that provided contributions to each charter school served by the organization.

b. The Department of Education shall make the information submitted by a charter management organization pursuant to subsection a. of this section available to the public through an Internet website maintained by the department in an easily accessible location.

6. This act shall take effect immediately.

STATEMENT

This bill supplements the State's charter school law by prohibiting a charter school from contracting with a for-profit charter management organization to provide any operation or management services to the charter school. Under the bill, any charter management organization that provides operation or

management services to a charter school in New Jersey would have to be a nonprofit organization.

The bill also supplements the charter school law by adding certain requirements related to a charter school's budget and financial transparency. The bill directs charter schools to annually submit their budget for the upcoming school year to the Commissioner of Education for review. The budget will include information on all revenues, expenses supported by those revenues, and any in-kind contributions received by the charter school. The bill provides that the charter school's budget will be posted for public inspection on the charter school's website, if one exists, and made available in print in a "user-friendly" format using plain language. The commissioner will promulgate the "user-friendly" plain language budget summary format. The plain language budget summary will be submitted to the Department of Education, which will also make it available to the public on its website.

In addition, the bill requires a charter school board of trustees to have an annual audit conducted of the charter school's accounts and financial transactions pursuant to the provisions of N.J.S.18A:23-1 et seq., which also governs audits of each school district. The report of each annual charter school audit must be filed, by the public school accountant making the report, with his recommendations with the charter school board of trustees and with the commissioner. The commissioner annually will publish a summary of the recommendations made for each charter school and the steps that have been taken in each charter school for their implementation.

Lastly, the bill imposes financial disclosure requirements on charter management organizations. Under the bill, a charter management organization that provides operation or management services to a charter school in the State must annually submit the following information to the Commissioner of Education: (1) identification of each charter school in the State served by the charter management organization; (2) a list of the officers and members of the management team, board, or other governing body of the charter management organization; (3) a certified audit statement of all revenues and all expenditures related to the organization's function as a charter management organization in this State; and (4) identification of all donors that provided contributions to the charter management organization and all donors that provided contributions to each charter school served by the organization. The bill requires the Department of Education to make the information submitted by charter management organizations publicly available on the department's website.