

(k) A district board of education shall process payment(s) and payment adjustments to a charter school during any given school year as follows:

1. The district of residence and non-resident district(s) shall initiate payments to the charter school based on projected enrollment, as set forth in N.J.A.C. 6A:23-9.4(a).

2. The district of residence and non-resident district(s) shall pay directly to a charter school the local share per pupil for the specific grade level at the charter school rate pursuant to N.J.A.C. 6A:23-9.1 and 9.4 in 12 equal installments starting July 15 and thereafter on the 15th of each month.

3. The district of residence and non-resident district(s) shall pay directly to the charter school for the following aids in 20 equal installments on the 2nd and 16th of every month starting with September 2 and ending with June 16, or as established by the Legislature:

i. The State share per pupil at the charter school rate pursuant to section N.J.A.C. 6A:23-9.4; and

ii. Categorical aid attributable to the student pursuant to section N.J.A.C. 6A:23-9.4.

4. The charter school shall submit to the resident school district a listing of all students on roll on October 15th in a format prescribed by the school district for purposes of determining State aid. Pursuant to the guidelines in the school register, the charter shall also submit to the school district copies of all source documents related to the determination of State aid.

5. During the school year, a charter school board of trustees shall conduct an enrollment count on October 15 and the last day of the school year. A charter school board of trustees shall submit each count in a summary school register for the purposes of determining average daily enrollment.

i. The charter school board of trustees shall submit the summary school register to the Commissioner no later than one week after the two required enrollment counts required pursuant to (k)5 above.

(1) All aid paid to the charter school by the school district will be adjusted accordingly from projected enrollment to average daily enrollment on October 15 and the adjustment will be spread evenly over the remaining pay periods in the school year.

(2) A final adjustment will be calculated at year-end to account for changes in the average daily enrollment from October 15 to the end of the school year.

(3) The Commissioner will issue a report for the end of year adjustment to both the charter school and the district of residence and non-resident district(s) after the October enrollment count. If there is a

reduction in aid, the charter school shall pay the full amount to the school district no later than September 30 of the subsequent school year. If there is an increase in aid, the school district shall pay the full amount to the charter school no later than September 30 of the subsequent school year.

6. A district board of education and a charter school board of trustees may change the payment provisions as outlined in (k)2, 3 and 4 above, if mutual agreement can be reached on an alternative payment schedule.

i. Such change in the payment provisions are only effective for the stated school year.

ii. Such change in the payment provisions require the written approval through board resolutions of both the board of trustees of the charter school and the district board of education. The charter school board of trustees and district board of education shall submit copies of such board resolutions to the Commissioner on or before July 1 of the school year in which the payment schedule is effective.

7. In the event a district board of education falls behind by 15 days in the payment schedule in (k)2, 3, 4 and 5 above, a charter school board of trustees may petition the Commissioner to have the amounts owed to the charter school deducted from the district board of education's State aid and paid directly to the charter school.

8. The payment schedule may be adjusted by the Commissioner based on the effective date of the final granting of the charter or based on significant change in enrollment during the school year.

Amended by R.2000 d.403, effective October 2, 2000.

See: 32 N.J.R. 2523(a), 32 N.J.R. 3560(a).

Rewrote section.

Amended by R.2002 d.358, effective November 4, 2002.

See: 34 N.J.R. 2920(a), 34 N.J.R. 3806(a).

In (d), substituted "supplemental" for "supplement"; in (k)1i, substituted "April 30" for "June 5"; in (k)1ii, substituted "May 15" for "June 15"; in (k)1iii, substituted "June 15" for "June 18".

Recodified from N.J.A.C. 6A:11-7.2 and amended by R.2004 d.322, effective August 16, 2004.

See: 36 N.J.R. 1313(a), 36 N.J.R. 3895(a).

Rewrote the section.

Amended by R.2006 d.361, effective October 2, 2006.

See: 38 N.J.R. 2333(a), 38 N.J.R. 4178(b).

In (c) and (d), inserted "school" preceding "district"; in (k)3, inserted "; or as established by the Legislature" at the end; and in (k)5i, inserted "required pursuant to (k)5 above" at the end.

#### 6A:23-9.6 Financial requirements

(a) A charter school board of trustees may incur debt for a period no greater than 12 months except:

1. During the first year that the charter school is approved when the debt is incurred by the charter school board of trustees for a period no longer than January 15 of the preceding school year to June 30 of the first school year of the charter; and

2. For all other years that the charter school is approved when the debt incurred by the charter school board of trustees for a period of 12 months or greater is:

i. Fully secured by the value of the real property or other asset, so that the total value of all such debt does not exceed the total appraised value of the property or asset by which the debt is secured; and

ii. Non-recourse to the charter school.

(b) A charter school board of trustees may acquire real property by a lease or a lease with an option to purchase for use as a school facility providing that the charter school board of trustees shall ensure:

1. The term of the lease does not exceed the length of the charter;

2. The lease contains a provision terminating the obligation to pay rent upon the denial, revocation, non-renewal or surrender of the charter; and

3. The lease does not contain a provision accelerating the obligation to pay rent in the event of default.

(c) A district board of education shall only transmit State and local public funds to a charter school after the final granting of the charter by the Commissioner has occurred. If funds are withheld pending the final granting of the charter, the district board of education shall pay all withheld funds to the charter school with the first scheduled payment after the effective date of the charter.

(d) A charter school shall be subject to monitoring by the Commissioner to ensure that the percentage of school funds spent in the classroom is at least comparable to the average percentage of school funds spent in the classroom in all other public schools in the State. The calculation for this percentage in both the annual budget and the Comprehensive Annual Financial Report is based on National Center for Educational Statistics as published by the U.S. Department of Education.

(e) After completion of the school year, the district board of education may petition the Commissioner for a lower rate for the charter school's per pupil amount for the specific grade level if the charter school spends significantly less than budgeted and has accumulated a sizable surplus.

1. The Commissioner may reduce the rate based on a determination of excessive surplus. The criteria for excess

surplus is determined by the Commissioner pursuant to N.J.S.A. 18A:7F-7.

2. A charter school may submit comments to the Commissioner regarding the petition for a lower rate for the charter school's budget amount per pupil for the specific grade level from the district of residence of the charter school or non-resident district(s).

(f) If, at any time, the Commissioner denies, revokes or does not renew a school's charter, or a charter school board of trustees surrenders its charter or becomes insolvent, all assets of the charter school board of trustees, after satisfaction of all outstanding claims by creditors, are subject to equitable distribution by the Commissioner among the participating district of residence and non-resident district(s). A charter school board of trustees shall include a provision in its bylaws concerning distribution of assets upon denial, revocation, non-renewal or surrender of its charter or insolvency of the charter school that is consistent with this rule.

Amended by R.2000 d.403, effective October 2, 2000.  
See: 32 N.J.R. 2523(a), 32 N.J.R. 3560(a).

Rewrote section.

Amended by R.2002 d.358, effective November 4, 2002.  
See: 34 N.J.R. 2920(a), 34 N.J.R. 3806(a).

Rewrote section.

Recodified from N.J.A.C. 6A:11-7.3 and amended by R.2004 d.322, effective August 16, 2004.

See: 36 N.J.R. 1313(a), 36 N.J.R. 3895(a).

Rewrote the section.

Amended by R.2006 d.361, effective October 2, 2006.

See: 38 N.J.R. 2333(a), 38 N.J.R. 4178(b).

Inserted "board of trustees" throughout; in (a)1 and (a)2, substituted "the" for "a" preceding "charter school".

#### 6A:23-9.7 Public school contract law

(a) A charter school board of trustees shall be subject to the provisions of the public school contracts law, N.J.S.A. 18A:18A-1 et seq.

(b) Any agency, corporation, person or entity which enters into a contract or agreement on behalf of the charter school to provide administrative, educational or other services shall be subject to the provisions of the public school contract law, N.J.S.A. 18A:18A-1 et seq.

New Rule, R.2000 d.403, effective October 2, 2000.

See: 32 N.J.R. 2523(a), 32 N.J.R. 3560(a).

Recodified from N.J.A.C. 6A:11-4.12 and amended by R.2004 d.322, effective August 16, 2004.

See: 36 N.J.R. 1313(a), 36 N.J.R. 3895(a).

In (a), inserted "board of trustees" following "A charter school".