

Recommendation from the Blue Ribbon Commission on the Red Bank Charter School Expansion Proposal

On December 1, 2015, the Red Bank Charter School submitted a request to David Hespe, Commissioner of the New Jersey Department of Education, to amend its charter so as to allow a 100% increase in its enrollment, from 200 students to 400 students. The Red Bank Borough Public Schools has 60 days to respond to the Charter School's amendment request, at which point the Commissioner of Education will evaluate the amendment request based on the expansion's financial impact to the school and community as well as the segregative effects the expansion would have on the Borough.

On January 19, 2016, Red Bank Borough Mayor Pasquale Menna convened a "Blue Ribbon Commission" consisting of seven (7) Borough resident professionals in the fields of education, social science, economics and business to study the impact that the proposed expansion would have on the Borough's public school system and Borough residents in general. The Commission has reviewed the amendment request from the Red Bank Charter School. In addition, the Commission has reviewed a presentation made by Red Bank Borough Public School Superintendent, Dr. Jared Ramage. Meredith Pennotti, principal of the Red Bank Charter School, ultimately declined to make a presentation to the commission, but presented written materials in support of the application.

After reviewing the materials, a majority of Commission members are recommending that the Commissioner of Education deny the Red Bank Charter School's expansion proposal because of deficiencies in the charter school's amendment request, including the following:

1) Impact on Segregation

As stated in 18A:36A-83, "The admission policy of the charter school shall, to the maximum extent practical, seek the enrollment of a cross section of the community's school age population, including racial and academic factors." According to New Jersey Department of Education enrollment data, Red Bank Borough is home to the most segregated district in the state of New Jersey, with deep demographic disparity in the percentage of white students (52% charter, 7% public), Hispanic students (34% charter, 80% public), Limited English Proficient (4% charter, 44% public), and Economically Disadvantaged (40% charter, 88% public). Based on the stark differences in demographics between the two schools, there are serious questions as to whether the Red Bank Charter School is fulfilling this statutory requirement, and it appears that its outreach to the Hispanic community of Red Bank has not been successful.

In addition, because charter schools have been held harmless to cuts in state aid, the charter school receives more per-pupil funding (\$15,343) than the district schools (\$14,359), according to fiscal year 2016 (as stated by Senator Jennifer Beck in her letter to Governor Chris Christie on January 15, 2016).

Certain of the charter school's enrollment practices, including operation of the waiting list, the mechanics of the enrollment lottery, withdrawal practices, and sibling preferences contribute to the apparent segregative effect the charter school has on the Borough.

Sibling preference for charter school enrollment is not statutorily mandated. Red Bank Charter School's current practice of granting sibling preference could exacerbate existing racial/ethnic imbalances.

According to 6A:11-2.2 c, on an annual basis the Commissioner shall assess the student composition of a charter school and the segregative effect that the loss of students may have on its district of residence. In addition, the Commissioner of Education may elect to hold a hearing to fully address whether the charter school's practices exacerbate the demographic disparity that exists within the Borough. This blue ribbon commission urges the Commissioner of Education to hold such a hearing.

2) Financial Impact

While the Red Bank Charter School's amendment request states that it has examined the impact that its proposed expansion will have on "the budget of the borough schools," and it realizes that "financial hardship will be incurred," it has not satisfactorily stated what the impact to the community would be. Dr. Rumage, the Red Bank Borough Superintendent, submitted three scenarios, concluding that the expansion would result in a shortfall of approximately \$2 million to the district, which is the equivalent of 25 teachers. These numbers were verified by Robert Allison (with the firm of Holman Frenia Allison), the current auditor of the Red Bank Borough Public Schools, with the Public Schools' Business Administrator. Mr. Allison was also recently appointed the auditor for the Borough of Red Bank.

In response to a request by Councilwoman Kathleen Horgan, Chair of the Blue Ribbon Commission, to clarify the financial impact on the Borough of Red Bank, Dr. Rumage said that the expansion would force the school district to use its tax levy ceiling of 5.23% as well as result in many of the budget cuts outlined in his presentation, including the loss of teachers, increased class sizes and the loss of sports, music, Chinese, band, strings, chorus, and instructional support programs such as Project Lead the Way, Advancement Via Individual Determination (AVID) and Second Opportunity to Achieve Results (SOAR). Dr. Rumage said while he could not say what impact a 5.23% increase

in the school budget would have on individual taxpayers, he added that last year's tax levy of 6.95% resulted in a 12% increase in taxes to the local taxpayer.

In addition, the property located at 135-137 Monmouth Street, which the Red Bank Charter School plans to use for its expansion, has an assessed value of \$1,475,400 in 2015 with a yearly tax payment of \$31,544. If the building were to be purchased by the Charter School, it would push the Borough's percentage of tax-exempt properties to above 18%. As of 2015, the total of tax-exempt properties for the Borough represented approximately \$7.6 million in taxes lost. Higher taxes and segregated schools will also decrease residential and commercial real estate values.