

Chartering a New Course: What Charter Schools Need To Know About New Jersey's Recent Reforms

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In the final weeks of former Governor Phil Murphy's term, New Jersey enacted the first major overhaul of its charter school laws in more than 30 years. Signed into law in January 2026, these reforms — stemming from bills A5935 and A5936 — bring sweeping changes to governance, transparency, enrollment, athletic participation, website requirements, structure and operations, employment practices, accountability, and charter renewal. With some provisions already in effect and others phasing in through Fall 2027, charter school administrators and compliance officers must act now to ensure their schools meet the new requirements.

Governance and Board Composition

The new laws impose significant requirements for charter school boards of trustees:

- **Residency (Effective Immediately):** All future board members must reside in New Jersey, and a minimum of 33% of the board must maintain their principal residence or primary employment in the district or region where the charter is located. At least one board member must reside in that district or region. Current out-of-state board members are exempt, but schools should plan for succession accordingly.
- **Training (Effective July 2026):** All board members must participate in training provided by the New Jersey School Boards Association.
- **Qualifications (Effective Fall 2027):** Trustees must possess legal, fiscal, educational, community, or board leadership experience.
- **Meeting Location (Effective July 2026):** All board meetings must be held in a physical location within the school district where the charter is located, except during a declared state of emergency.

Budget Transparency and Public Hearings

The new laws impose enhanced fiscal transparency requirements:

- **User Friendly Budget (Effective January 2027):** Charter schools must adopt a “User Friendly Budget” in a format prescribed by the New Jersey Commissioner of Education, including appropriations by item type, revenues by major category (including private donations), available surplus, unusual revenues, shared service agreements, and the salaries of the lead person and school business administrator.

- **Budget Public Hearings (Effective January 2027):** Schools must hold a public hearing on the budget, with notice published three times in the relevant county or counties and sent to each resident school district at least four days before the hearing.
- **Contract Notice Requirements (Effective Fall 2027):** Any action to renegotiate, extend, or amend contracts with lead persons, school business administrators, or charter management organizations requires at least 30 days' public notice and a separate public hearing with at least 10 days' notice.

Enrollment, Student Placement, and Reporting

Effective July 2026, each charter school must designate a Student Placement Liaison responsible for coordinating transitions for incoming and exiting students, tracking enrollment data, and conducting exit interviews for students who leave for reasons other than graduation. Starting this July, charter schools must also report annually to the Commissioner on the number of students who exited in the preceding year, including last dates of attendance, reasons for exiting, and subsequent educational placements. Effective immediately, the new law permits charter schools to give enrollment preference to children of teaching staff members, regardless of residence—a change from prior law.

Athletics and Website Requirements (Effective July 2026)

The new laws establish new rules for interscholastic athletics and website transparency:

- **NJSIAA Participation:** Charter schools offering high school interscholastic athletics must participate in the New Jersey State Interscholastic Athletic Association (NJSIAA).
- **Non-Resident Student Eligibility:** Non-resident students must reside within a 20-mile radius of the charter school to participate in sports. New 11th grade non-resident students face a one-year period of athletic ineligibility, while new 12th grade non-resident students are ineligible entirely (with limited waiver options). Current students are exempt under existing rules.
- **Website Posting Requirements:** Charter schools must post on their website's homepage: annual reports, Open Public Meetings Act notices, User Friendly Budgets, a listing of board trustees, and a listing of all facilities operated by the school.

Structural and Operational Restrictions

The new laws impose significant limits on how charter schools may be organized and managed. Effective immediately, charter schools are prohibited from contracting with for-profit education management organizations (EMOs), though existing EMO relationships are exempt and may continue. The laws also immediately prohibit primarily online “virtual” charter schools, reinforcing the state's commitment to in-person instruction.

Employment, Accountability, and Charter Renewal (Effective Immediately)

The new laws address employment practices, accountability measures, and charter renewal:

- **Employment Restrictions:** Charter schools are now barred from requiring or requesting that employees enter into non-disclosure agreements or restrictive covenants as a condition of employment or severance, though non-disparagement agreements remain permissible, provided they comply with existing law .
- **Probationary Status Notification:** Any charter school placed on probationary status must immediately notify all employees and parents or guardians of enrolled students.
- **Extended Renewal Periods:** Charter schools that have not been placed on probationary status during their previous renewal term may now be eligible for extended 10-year renewal periods.

Our firm has deep experience advising charter schools on governance, compliance, employment, and regulatory matters. We are committed to helping charter school leaders navigate these significant changes and ensure their schools remain in full compliance with New Jersey law. For guidance on implementing these new requirements or for questions about how these reforms affect your school, please contact [Porzio's Education team](#).