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L.D. 1921

DATE: 4-12-04

(Filing No. H-888)

MAJORITY
REGIONALIZATION AND COMMUNITY COOPERATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
SECOND SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 1422, L.D. 1921, Bill, "An Act To Encourage Voluntary Efficiency in Maine's School Systems and Related Costs Savings"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 20-A MRSA §1, sub-§26, as corrected by RR 1993, c. 1, §44, is amended to read:

26. School administrative unit. "School administrative unit" means the state-approved unit of school administration and includes a municipal school unit, school administrative district, community school district, regional school district or any other municipal or quasi-municipal corporation responsible for operating or constructing public schools, except that it does not include an applied technology region.

Sec. 2. 20-A MRSA c. 123 is enacted to read:

CHAPTER 123

EFFICIENT DELIVERY OF EDUCATIONAL SERVICES

SUBCHAPTER 1

REGIONAL SCHOOL DISTRICTS, REGIONAL COOPERATIVES AND CONSULTING SCHOOL UNITS

§3701. Legislative findings and policy

COMMITTEE AMENDMENT

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The Legislature finds and declares as the policy of the State that encouragement of regional delivery of educational services and school administration, through voluntary formation of regional school districts and regional cooperatives and provision of assistance by consulting school units to school administrative units seeking to reduce their education costs, is in the public interest as a means to further increase efficiencies and improve equity in delivering educational services and to alleviate increasing costs without compromising the quality of public education from kindergarten to grade 12.

§3702. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Consulting school unit. "Consulting school unit" means a school administrative unit in existence on the effective date of this chapter certified by the commissioner pursuant to section 3706.

2. Exceptional circumstances. "Exceptional circumstances" means an unforeseen condition or conditions regarding which a regional school district, regional cooperative or consulting school unit lacks discretion, authority or other means of control.

3. Fund for the Efficient Delivery of Education Services or fund. "Fund for the Efficient Delivery of Education Services" or "fund" means the fund established by section 3721.

4. Regional cooperative. "Regional cooperative" means an entity formed pursuant to an agreement under section 3703 and approved for certification under section 3705.

5. Regional school district. "Regional school district" means a school administrative unit formed pursuant to an agreement under section 3703 by combining 2 or more school administrative units in existence on the effective date of this section and certified pursuant to section 3704.

§3703. Authorization for regional delivery of public education services

A school administrative unit may enter into an agreement with another school administrative unit or units to form or intend to form a regional school district or regional cooperative and otherwise cooperate and participate in the development and formation of a regional school district or regional cooperative under this chapter or to provide assistance to another school

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2 administrative unit or units seeking to identify and implement
3 means to increase efficiency and lower costs of delivering public
4 education services for kindergarten to grade 12. A school
5 administrative unit may also enter into an agreement with a
6 municipality or county to form or intend to form a regional
7 cooperative. An agreement pursuant to this section must provide
8 that each school administrative unit combined to form a regional
9 school district retains all its debt obligations that existed on
10 the effective date of the agreement.

11 **§3704. Certification of regional school districts**

12 **1. Certification criteria.** In order for a school
13 administrative unit to qualify for certification by the state
14 board as a regional school district, the school administrative
15 unit must:

16 A. Be a single school administrative unit that, pursuant to
17 an agreement under section 3703, combines 2 or more school
18 administrative units that existed on the effective date of
19 this section;

20 B. Have a single governing board with one or more
21 representatives of each school administrative unit combining
22 to form the regional school district and no more than 11
23 members in total, provided that the state board may in its
24 discretion authorize a governing board with more than 11
25 members for good cause shown;

26 C. Have an aggregate resident student population of 1,000
27 or more in 2004 as recorded by the department, except that
28 the aggregate resident student population may be less than
29 1,000 if the proposed regional school district is located in
30 a geographically isolated area as defined by the state board;

31 D. Include at least one high school with a resident student
32 population of 300 or more in 2004 as recorded by the
33 department, unless the school administrative unit
34 demonstrates to the state board that an adequate and
35 efficient educational program will be provided utilizing a
36 smaller high school;

37 E. Implement a school-level budgeting and accounting system;

38 F. Have a 5-year plan approved by the commissioner for
39 increasing efficiencies and academic performance in the
40 proposed regional school district; and

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G. Be formed by an agreement pursuant to section 3703 that requires annual documentation to the department, on a form developed by the department, of cost savings determined by:

(1) Calculating the total costs incurred by the school administrative units that combined to form the regional school district, including and distinguishing total annual administrative expenditures, in the fiscal year prior to that in which the regional school district initiated operations;

(2) Adjusting the amount calculated under subparagraph (1) by appropriate trends in the Consumer Price Index or a comparable index; and

(3) Comparing the regional school district's total costs to the adjusted cost calculated under subparagraph (2).

2. Preliminary certification. The state board may grant preliminary certification of a proposed regional school district if the school administrative units to be combined to form the district:

A. Jointly request preliminary certification under this subsection; and

B. Have entered into an agreement to form a regional school district pursuant to section 3703.

Preliminary certification granted under this subsection is void if the proposed regional school district is not operational within 3 years of the date of that preliminary certification, as determined by the state board.

3. Final certification. The state board shall issue final certification as a regional school district to a proposed regional school district if:

A. The school administrative units to be combined to form the regional school district jointly request final certification under this subsection;

B. The school administrative units to be combined to form the regional school district have each approved an agreement that addresses continuity of employment and employment benefits and rights of all bargaining units within the proposed regional school district; and

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C. The state board determines that the proposed regional school district meets the criteria of subsection 1.

At the time it issues final certification, the state board shall set the first day of the fiscal year following that in which final certification is granted as the date for initiation of operations by the regional school district.

4. Performance review criteria. The state board shall annually review information submitted under subsection 1, paragraphs F and G in order to determine whether:

A. The regional school district has made satisfactory annual progress in implementing its 5-year plan for increasing efficiencies and academic performance provided for under subsection 1, paragraph F; and

B. The total annual administrative expenditures of the regional school district were greater than or equal to 90% of the total costs, as calculated and adjusted in accordance with subsection 1, paragraph G.

5. Fund ineligibility and reimbursement. Except as otherwise provided by subsection 6, if the state board determines that the regional school district has not made satisfactory annual progress in implementing its 5-year plan for increasing efficiencies provided for under subsection 1, paragraph F or that the total annual administrative expenditures of the regional school district were greater than 90% of the total costs, as calculated and adjusted in accordance with subsection 1, paragraph G, then the regional school district upon notice of the state board's determination:

A. Is ineligible for funding from the fund in the following fiscal year; and

B. Must, in the following fiscal year, reimburse the fund:

(1) An amount equal to the difference between the regional school district's total administrative expenditures in the pertinent fiscal year and 90% of the total costs, as calculated and adjusted in accordance with subsection 1, paragraph G; and

(2) An amount equal to 50% of the total amount of funds received in the pertinent fiscal year under section 3707, subsection 1, paragraphs A and B or section 3707, subsection 2, paragraphs A and B, as applicable.

Annually and no later than September 1st, the state board shall make and notify the regional school district of its determination

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2 under this subsection. If a regional school district does not
3 provide the information required by subsection 1, paragraph G,
4 the regional school district is ineligible for assistance for
5 funding from the fund in the following fiscal year.

6 6. Exceptional circumstances. If the state board determines
7 that exceptional circumstances prevented a regional school
8 district from meeting the performance review criteria in
9 subsection 4, then the regional school district remains eligible
10 for assistance from the fund in the following fiscal year and is
11 not obligated to repay funds as provided in subsection 5.

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13 7. Departmental assistance. The department shall, in a
14 manner considered appropriate by the commissioner, assist the
15 state board in the performance of the state board's
16 responsibilities under subsection 4.

17 **§3705. Approval of regional cooperatives**

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19 1. Certification criteria. In order for an entity to
20 qualify for approval by the commissioner as a regional
21 cooperative, the entity must be formed from 3 or more school
22 administrative units with an aggregate resident student
23 population of 1,500 or more in 2004, as recorded by the
24 department, or from 3 or more school administrative units with an
25 aggregate resident student population of 1,500 or more in 2004,
26 as recorded by the department, and one or more municipalities or
27 counties, except that the aggregate resident student population
28 may be less than 1,500 if the proposed regional cooperative is
29 located in a geographically isolated area as defined by the state
30 board, by an agreement pursuant to section 3703 that:

31
32 A. Establishes a regional plan to generate cost savings in
33 the delivery of public education services for kindergarten
34 to grade 12 that contains:

35
36 (1) A mission statement and related cost-saving goals
37 and objectives;

38
39 (2) A governance and organization plan;

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41 (3) Cost-savings targets, with reference to the cost
42 areas listed in paragraph B;

43
44 (4) A plan for reinvestment in school instructional
45 programs of 50% or more of the savings realized through
46 implementation of the regional plan; and

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48 (5) A requirement that each school administrative unit
49 that is a member of the regional cooperative annually
50 report to the citizenry within the school

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administrative unit on the ongoing school improvement process and the school administrative unit's updated comprehensive educational plan. Each superintendent shall certify progress on the plan to the commissioner on an annual basis; and

B. Includes a plan for examining and, when appropriate, implementing the regional plan under paragraph A that includes measures to manage costs of public education services, including, but not limited to:

- (1) Supplies and equipment;
- (2) Transportation;
- (3) Fuel and utilities;
- (4) Special education;
- (5) Professional development;
- (6) Facilities and maintenance;
- (7) Business operations;
- (8) Administration;
- (9) Personnel and negotiations; and
- (10) Food services; and

C. Requires annual documentation to the department, on a form developed by the department, of cost savings determined by:

- (1) Calculating the total costs in the fiscal year prior to that in which the regional cooperative initiated operations incurred by the school administrative units that combined to form the regional cooperative;
- (2) Adjusting the amount calculated under subparagraph (1) by appropriate trends in the Consumer Price Index or a comparable index; and
- (3) Comparing the regional cooperative's costs to the adjusted costs calculated under subparagraph (2).

2. Preliminary approval; eligibility for funding. The commissioner may grant preliminary approval of a proposed

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regional cooperative if all participating entities under subsection 1:

A. Jointly request preliminary approval under this subsection; and

B. Have entered into an agreement pursuant to section 3703 to form a regional cooperative.

Preliminary approval granted under this subsection is void if the proposed regional cooperative is not operational within 3 years of the date of preliminary approval, as determined by the commissioner.

3. Final approval. The commissioner shall grant final approval of a regional cooperative if:

A. The participating entities request final approval under this subsection; and

B. The commissioner determines that the proposed regional cooperative meets the criteria of subsection 1.

At the time the commissioner issues final approval, the commissioner shall notify the state board, which shall set the first day of the fiscal year following that in which final approval is granted as the date for initiation of operations by the regional cooperative.

4. Performance review; fund ineligibility and reimbursement. The commissioner shall annually determine, based on review of information submitted under subsection 1, whether a regional cooperative to which the commissioner has granted final approval under subsection 3 has made satisfactory annual progress implementing its regional plan developed pursuant to subsection 1, paragraph A. Except as otherwise provided in subsection 5, if the commissioner determines that a regional cooperative has not made satisfactory progress implementing its regional plan, then the regional cooperative, upon notification from the commissioner:

A. Is ineligible for funding from the fund in the following fiscal year; and

B. Must, in the following fiscal year, reimburse the fund an amount equal to the total amount of funds the regional cooperative received under section 3707, subsection 3, paragraphs B and C.

Annually and no later than September 1st, the commissioner shall make and notify the regional cooperative of the determination

2 under this subsection. If a regional cooperative does not
4 provide the information required by subsection 1, paragraph C,
the regional cooperative is ineligible for assistance for funding
under section 3707, subsection 3 in the following fiscal year.

6 5. Exceptional circumstances. If the commissioner
8 determines that exceptional circumstances prevented a regional
cooperative from meeting the performance review criteria in
10 subsection 4, then the regional cooperative remains eligible for
assistance from the fund in the following fiscal year and is not
12 obligated to repay funds as provided in subsection 4.

14 §3706. Certification of consulting school units; performance
16 review

18 1. Certification criteria. In order for a school
20 administrative unit to qualify for certification by the
commissioner as a consulting school unit, the school
administrative unit must:

22 A. Be a single school administrative unit in existence on
the effective date of this chapter;

24 B. Provide public education services for:

26 (1) Kindergarten to grade 12; or

28 (2) Kindergarten to grade 8 and have a written program
30 articulation agreement with all pertinent high schools
32 that addresses learning results and comprehensive local
assessment systems in accordance with rules developed
by the commissioner pursuant to section 2703,
34 subsection 1, paragraph E;

36 C. Develop a 5-year plan for provision of assistance to one
or more other school administrative units that are seeking
38 to identify and implement means to increase efficiency and
lower costs of delivering public education services for
kindergarten to grade 12;

40 D. Form an agreement with one or more school administrative
42 units pursuant to section 3703 and in accordance with the
plan developed pursuant to paragraph C to provide assistance
44 to the unit or units regarding means to improve
cost-efficiency and lower costs of providing public
46 education services for kindergarten to grade 12;

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E. Require, as part of the agreement under paragraph D, an annual report, on a form developed by the department, from the consulting school unit to the commissioner documenting:

(1) Sustained or improved cost savings by the consulting school unit, determined by:

(a) Calculating the total costs in the fiscal year prior to that in which the consulting school unit was certified under subsection 2;

(b) Adjusting the amount calculated under subparagraph (a) by appropriate trends in the Consumer Price Index or a comparable index; and

(c) Comparing the consulting school unit's total costs to the adjusted costs calculated under subparagraph (b);

(2) Assistance provided under the agreement;

(3) Any recommendations made under the agreement regarding increased efficiency and cost savings; and

(4) Sustained or improved high-level student performance, as determined by the state assessment program established under section 6202 or other means, in accordance with rules adopted by the commissioner pursuant to section 3709;

F. Demonstrate satisfaction of cost-efficiency criteria, in accordance with rules made by the commissioner pursuant to section 3709; and

G. Demonstrate high-level student performance as determined by the state assessment program established under section 6202 or other means, in accordance with rules adopted by the commissioner pursuant to section 3709.

2. Certification. The commissioner shall certify a school administrative unit as a consulting school unit if:

A. The school administrative unit requests certification under this subsection; and

B. The commissioner determines that the school administrative unit meets the criteria of subsection 1.

3. Performance review; fund ineligibility and reimbursement. The commissioner shall determine, based on review

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2 of information submitted under subsection 1, paragraph E, whether
3 the consulting school unit school unit is continuing to meet the
4 certification criteria under subsection 1 and whether the
5 consulting school unit provided assistance in accordance with
6 subsection 1, paragraph C. If the commissioner determines that
7 the consulting school unit did not continue to meet the criteria
8 under subsection 1, did not provide assistance in accordance with
9 subsection 1, paragraph C or did not make satisfactory progress
10 in implementing its 5-year assistance plan established under
11 subsection 1, paragraph C, then the consulting school unit, upon
12 notice of the commissioner's determination:

13 A. Is ineligible for funding from the fund in the following
14 fiscal year; and

15 B. Shall, in the following fiscal year, reimburse the fund
16 an amount equal to 25% of the amount it received from the
17 fund during the prior fiscal year.

18 Annually and no later than September 1st, the commissioner shall
19 notify the consulting school unit of the determination under this
20 subsection. Except as provided in subsection 4, if a consulting
21 school unit does not demonstrate satisfaction of cost-efficiency
22 criteria in accordance with rules made pursuant to section 3709,
23 the consulting school unit is ineligible for assistance for
24 funding from the fund in the following fiscal year.

25 4. Exceptional circumstances. If the commissioner
26 determines that exceptional circumstances prevented a consulting
27 school unit from meeting the performance review criteria in
28 subsection 3, then the consulting school unit remains eligible
29 for assistance from the fund in the following fiscal year and is
30 not obligated to repay funds as provided in subsection 3.

31 **§3707. Financial incentives**

32 1. Regional school districts with student populations of
33 1,000 to 2,500 or located in geographically isolated areas.
34 Except as otherwise provided by section 3704, subsection 5, a
35 regional school district that has an aggregate resident student
36 population of 1,000 to 2,500, as recorded by the department, on
37 the date set under section 3704, subsection 3 for its initiation
38 of operations or is located in a geographically isolated area as
39 determined by the state board under section 3704, subsection 1,
40 paragraph C and that has received final certification under
41 section 3704, subsection 3 is entitled to receive:

42 A. For 5 consecutive years, an increase in general purpose
43 aid equivalent to 7.5% of the state share of the operating
44 allocations for the school administrative units that
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combined to form the regional school district for the fiscal year in which the regional school district initiated operations;

B. For 5 consecutive years, reimbursement from the State in an amount equivalent to 25% of any non-state-supported major capital construction debt approved by the commissioner and incurred prior to July 1, 2004 by the school administrative units that combined to form the regional school district; and

C. For 2 consecutive years, an amount equivalent to 50% of the elementary school level essential programs and services per-pupil guarantee established under section 15671 for the regional school district for resident pupils enrolled in all-day kindergarten.

2. Regional school districts with student populations greater than 2,500. Except as otherwise provided by section 3704, subsections 4 and 6, a regional school district that has an aggregate resident student population of 2,500 or more, as recorded by the department, on the date set under section 3704, subsection 3 for its initiation of operations and that has received final certification under section 3704, subsection 3 is entitled to receive:

A. For 5 consecutive years, an increase in general purpose aid equivalent to 10% of the state share of the operating allocations for the school administrative units that combined to form the regional school district for the fiscal year in which the regional school district initiated operations;

B. For 5 consecutive years, reimbursement from the State in an amount equal to 50% of any non-state-supported major capital construction debt approved by the commissioner and incurred prior to July 1, 2004 by the school administrative units that combined to form the regional school district; and

C. For 2 consecutive years, an amount equal to 50% of the elementary school level essential programs and services per-pupil guarantee established under section 15671 for the regional school district for resident pupils enrolled in all-day kindergarten.

3. Regional cooperatives. Except as otherwise provided by section 3705, subsection 4, a regional cooperative for which the commissioner has issued final approval under section 3705, subsection 3:

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2 A. Has legal authority as a fiscal entity functionally
equivalent to that of a school administrative unit;

4 B. Is entitled to receive reimbursement from the State for
5 consecutive years of an amount equal to a percentage of
6 the total cost of salary and benefits of one 1/4-time
8 equivalent regional staff member for a regional cooperative
with an aggregate resident student population of less than
10 1,500 or of one 1/2-time equivalent regional staff member
for a regional cooperative with an aggregate resident
12 student population of 1,500 or more in accordance with the
following schedule:

14 (1) In the first year, 100%;

16 (2) In the 2nd year, 80%;

18 (3) In the 3rd year, 60%;

20 (4) In the 4th year, 40%; and

22 (5) In the 5th year, 20%;

24 C. Is eligible to receive assistance in the purchase of
26 regionwide services software;

28 D. Is eligible to receive state assistance for providing
regional services training programs; and

30 E. If located in a geographically isolated area as defined
32 by the state board, may be eligible to receive incentives
under paragraphs B, C and D if approved by the commissioner.

34 4. Consulting school units with student populations of less
than 1,000. Except as otherwise provided by subsection 7 or
36 section 3706, subsection 3, a consulting school unit that has an
aggregate resident student population of 1,000 or less, as
38 recorded by the department, on the date of its certification
under section 3706 is entitled to receive the greater of:

40 A. For 5 consecutive years, an increase in general purpose
42 aid equivalent to 5% of the state share of the operating
allocations for the consulting school unit for the fiscal
44 year in which it was certified under section 3706; and

46 B. For 5 consecutive years, reimbursement from the State in
48 an amount equivalent to 25% of any non-state-supported major
capital construction debt approved by the commissioner and
50 incurred prior to July 1, 2004 by the consulting school unit.

2 5. Consulting school units with student populations of
3 1,000 to 2,500. Except as otherwise provided by subsection 7 or
4 section 3706, subsection 3, a consulting school unit that has an
5 aggregate resident student population between 1,000 and 2,500, as
6 recorded by the department, on the date of its certification
7 under section 3706 is entitled to receive the greater of:

8 A. For 5 consecutive years, an increase in general purpose
9 aid equivalent to 7.5% of the state share of the operating
10 allocations for the consulting school unit for the fiscal
11 year in which it was certified under section 3706; and

12 B. For 5 consecutive years, reimbursement from the State in
13 an amount equivalent to 25% of any non-state-supported major
14 capital construction debt approved by the commissioner and
15 incurred prior to July 1, 2004 by the consulting school unit.

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17 6. Consulting school units with student populations greater
18 than 2,500. Except as otherwise provided by subsection 7 or
19 section 3706, subsection 3, a consulting school unit that has an
20 aggregate resident student population of 2,500 or more, as
21 recorded by the department, on the date of its certification
22 under section 3706 is entitled to receive:

23 A. For 5 consecutive years, an increase in general purpose
24 aid equivalent to 10% of the state share of the operating
25 allocations for the consulting school unit for the fiscal
26 year in which it was certified under section 3706; and

27 B. For 5 consecutive years, reimbursement from the State in
28 an amount equivalent to 50% of any non-state-supported major
29 capital construction debt approved by the commissioner and
30 incurred prior to July 1, 2004 by the consulting school unit.

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32 7. Funding priority. Regional school districts that have
33 received final certification under section 3704, regional
34 cooperatives that have received final approval under section
35 3705, subsection 3 and consulting school units that have received
36 certification under section 3706 are eligible for funding in
37 priority order according to their respective dates of final
38 certification, approval or certification as follows:

39 A. At the beginning of each fiscal year, the department
40 shall calculate the difference between the amount of funding
41 in the fund and the aggregate 5-year amount of financial
42 assistance for which regional school districts, regional
43 cooperatives and consulting school units are eligible
44 pursuant to this section and shall determine the percentage
45 of the total funding for which consulting school units are
46 eligible. The department shall provide its calculations and
47 determination under this paragraph to the state board;
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2 B. In issuing final certification under section 3704,
4 subsection 3, final approval under section 3705, subsection
6 3 and certification under section 3706, the state board or
8 commissioner, as appropriate, shall notify the regional
10 school district, regional cooperative or consulting school
12 unit whether, based on the department's calculations and
determination pursuant to paragraph A, the fund has adequate
funds to provide the aggregate 5-year amount of financial
assistance for which the regional school district, regional
cooperative or consulting school unit would otherwise be
eligible under this section;

14 C. Except as otherwise provided by paragraph D, a regional
16 school district, regional cooperative or consulting school
18 unit is eligible to receive only that amount of assistance
that is available after provision of funds to previously
certified regional school districts; and

20 D. In no event may the amount disbursed from the fund to
22 consulting school units in a fiscal year exceed 1/3 of the
24 total amount disbursed from the fund in that fiscal year.
In no event may the amount disbursed from the fund to
regional cooperatives in a fiscal year exceed 1/3 of the
total amount disbursed from the fund in that fiscal year.

26 **§3708. Technical assistance**

28 School administrative units that have entered into an
30 agreement to form a regional school district or regional
32 cooperative pursuant to section 3703 and that have received
34 preliminary certification under section 3704, subsection 2 or
preliminary approval under section 3705, subsection 2 may jointly
apply to the department for assistance from the fund to support
their development of efficiency and cost-saving programs,
36 governance or administrative structures or other changes needed
to meet the criteria for final certification under section 3704,
38 subsection 3 or final approval under section 3705, subsection 3.

40 **§3709. Rulemaking**

42 The commissioner shall develop rules concerning application
44 for and provision of technical assistance pursuant to section
3708 and certification of consulting school units pursuant to
section 3706 and may develop any additional rules that the
46 commissioner considers necessary to implement this chapter in
accordance with the legislative policy stated in section 3701.

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COMMITTEE AMENDMENT "A" to H.P. 1422, L.D. 1921

Rules developed pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

SUBCHAPTER 2

FUND FOR THE EFFICIENT DELIVERY OF EDUCATION SERVICES

§3721. Establishment

There is established the Fund for the Efficient Delivery of Education Services, a dedicated special revenue account.

§3722. Fund source; nonlapsing

The fund consists of revenues transferred from the General Purpose Aid for Local Schools account, any funds reimbursed to the fund pursuant to section 3704, subsection 5 and any funds received as contributions from private and public sources. Eligible investment earnings credited to the assets of the fund become part of the assets of the fund. Any balance remaining in the fund at the end of any fiscal year does not lapse and must be carried forward for the next fiscal year.

§3723. Administration

The fund, to be accounted within the department, must be held separate and apart from all other money, funds and accounts. The department shall administer the fund.

§3724. Transfers to fund

The State Controller shall transfer from the amount appropriated for general purpose aid for local schools to the fund the following amounts on the first day of each of the following state fiscal years:

1. Fiscal year 2004-05. In fiscal year 2004-05, an amount equivalent to 1/2 of 1% of the total amount appropriated for general purpose aid for local schools;

2. Fiscal year 2005-06. In fiscal year 2005-06, an amount equivalent to one percent of the total amount appropriated for general purpose aid for local schools;

3. Fiscal year 2006-07. In fiscal year 2006-07, an amount equivalent to 2% of the total amount appropriated for general purpose aid for local schools;

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2 4. Fiscal year 2007-08. In fiscal year 2007-08, an amount
equivalent to 2% of the total amount appropriated for general
purpose aid for local schools;

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6 5. Fiscal year 2008-09. In fiscal year 2008-09, an amount
equivalent to 2% of the total amount appropriated for general
purpose aid for local schools; and

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10 6. Fiscal year 2009-10. In fiscal year 2009-10, an amount
equivalent to 2% of the total amount appropriated for general
purpose aid for local schools.

12 **§3725. Disbursement**

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16 1. Regional school districts. The department shall make
disbursements on the first day of each fiscal year from the fund
to eligible regional school districts in amounts provided for and
for the period specified by section 3707, subsections 1 and 2.
Those amounts must be determined by the state board in an annual
statement provided to the State Controller prior to disbursement.

22 2. Regional cooperatives. The department shall make
disbursements on the first day of each fiscal year from the fund
to eligible regional cooperatives in amounts provided for and for
the period specified by section 3707, subsection 3. Those
amounts must be determined by the commissioner in an annual
statement provided to the State Controller prior to disbursement.

28
30 3. Consulting school units. The department shall make
disbursements on the first day of each fiscal year from the fund
to eligible consulting school units in amounts provided for and
for the period specified by section 3707, subsections 4, 5 and
6. Those amounts must be determined by the commissioner in an
annual statement provided to the State Controller prior to
disbursement.

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38 4. Technical assistance. The department shall annually
make disbursements from the fund to school administrative units
that have entered into agreements to form a regional school
district or regional cooperative under section 3703 for which the
state board has issued preliminary certification under section
3704, subsection 2 or preliminary approval under section 3705,
subsection 2, in amounts provided for in and in accordance with
rules developed under section 3709. Those amounts must be
determined by the commissioner in an annual statement provided to
the State Controller prior to disbursement.

48 **§3726. Uses of fund**

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2 1. Public education services. Except as otherwise provided
3 by subsection 2, the fund may be used only by a regional school
4 district, regional cooperative or consulting school unit for
5 delivery of public education services for kindergarten to grade
6 12.

7 2. Technical assistance. The fund may be used to contract
8 with the department or another public or private entity for
9 technical assistance in the formation of a regional school
10 district or regional cooperative in accordance with section 3708.

11 **§3727. Annual reporting**

12 The commissioner shall annually, on or before December 15th,
13 report to the Governor, the joint standing committee of the
14 Legislature having jurisdiction over appropriations matters and
15 the joint standing committee of the Legislature having
16 jurisdiction over education matters on the cost savings
17 documented by regional school districts in reports filed pursuant
18 to section 3704, subsection 1 and by regional cooperatives in
19 reports filed pursuant to section 3705, subsection 1.

20
21 **Sec. 3. Reporting.** No later than December 1, 2004, the
22 Department of Education, in consultation with the Executive
23 Department, State Planning Office, shall develop for presentation
24 to and consideration by the First Regular Session of the 122nd
25 Legislature any additional proposed legislation necessary to
26 further clarify and govern the procedures for formation,
27 governance, financing and administration and reorganization of a
28 regional school district or regional cooperative under the Maine
29 Revised Statutes, Title 20-A, chapter 123, including, but not
30 limited to, legislation regarding the procedures governing
31 formation and selection of boards of directors, asset transfer,
32 budget development and approval, district referenda and a school
33 administrative unit's addition to or withdrawal from a regional
34 school district or regional cooperative. Legislation developed
35 pursuant to this section must be substantially similar to that
36 regarding school administrative districts under Title 20-A,
37 chapter 103 and must be consistent with the intents, purposes and
38 provisions of this Act. By January 15, 2007, the Commissioner of
39 Education shall report to the Legislature and the Governor on the
40 efficacy of the financial incentives provided under this Act and
41 shall recommend any changes in law governing these incentives
42 that may be needed to facilitate and encourage voluntary
43 identification and implementation of efficiencies in delivering
44 educational services. Any such recommendations made under this
45 section may not propose to diminish the incentives for which a
46 regional school district, regional cooperative or consulting
47 school unit has been determined eligible pursuant to this Act.
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2 **Sec. 4. Funding.** No later than December 1, 2004, the
3 Department of Education, in consultation with the Executive
4 Department, State Planning Office and other pertinent state
5 agencies, shall review state grant and aid programs for which
6 school administrative units are eligible and shall develop for
7 presentation to and consideration by the First Regular Session of
8 the 122nd Legislature any additional legislation needed to
9 establish funding preferences to encourage formation of regional
10 school districts and regional cooperatives in the manner provided
11 by the Maine Revised Statutes, Title 20-A, chapter 123.

12 **Sec. 5. Rules.** The Commissioner of Education shall develop
13 rules pursuant to the Maine Revised Statutes, Title 20-A, section
14 3709 by October 15, 2004. The State Board of Education shall
15 develop rules to permit and facilitate applications for major
16 school construction projects made jointly by 2 or more school
17 administrative units to address regional needs. Rules adopted
18 under this section are routine technical rules.

19 **Sec. 6. Appropriations and allocations.** The following
20 appropriations and allocations are made.

21 **EDUCATION, DEPARTMENT OF**

22 **Fund for the Efficient Delivery of Education Services**

23 Initiative: Allocates funds to be transferred from the General
24 Purpose Aid for Local Schools account to provide financial
25 incentives and technical assistance to regional school districts,
26 regional cooperatives and consulting school units.

27	Other Special Revenue Funds	2003-04	2004-05
28	All Other	\$0	\$3,627,053
29			
30	Other Special Revenue Funds Total	\$0	\$3,627,053'

31 **SUMMARY**

32 This amendment replaces the bill. It amends the
33 certification criteria and performance review criteria for
34 regional school districts, regional cooperatives and consulting
35 school units. It also amends the financial incentives available
36 to regional school districts, regional cooperatives and
37 consulting school units. It directs the Commissioner of
38 Education to report to the Legislature on the efficacy of the
39 financial incentives available under the law and to recommend
40 statutory changes that may be needed to encourage efficiencies in
41 delivering education services. Finally, it directs the State
42 Board of Education to develop rules to permit applications for
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major school construction projects made jointly by 2 or more school administrative units. This amendment also adds an appropriations and allocations section.

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT

**121st Maine Legislature
Office of Fiscal and Program Review**

**LD 1921**

**An Act to Encourage Voluntary Efficiency in Maine's School Systems
and Related Costs Savings**

LR 2782(02)**Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Regionalization and Community Cooperation****Fiscal Note Required: Yes****Fiscal Note**

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
Appropriations/Allocations				
Other Special Revenue Funds	\$0	\$3,627,053	\$7,532,280	\$15,945,964
Transfers				
Other Special Revenue Funds	\$0	\$3,627,053	\$7,532,280	\$15,945,964

Fiscal Detail and Notes

This bill establishes the Fund for the Efficient Delivery of Education Services as a dedicated, non-lapsing account to provide financial incentives and technical assistance to regional school districts, regional cooperatives, and consulting school units. The Fund receives funding from an annual transfer from the General Purpose Aid for Local Schools General Fund program within the Department of Education. The amount of the transfer is based on a percentage of the General Fund appropriation for that fiscal year. For fiscal year 2004-05, this legislation requires that one-half of one percent of the funds appropriated to the General Purpose Aid for Local Schools program be transferred to the Fund. Through the 2nd Regular Session of the 121st Legislature, \$725,410,576 has been appropriated for the General Purpose Aid for Local Schools program for fiscal year 2004-05. Based on this appropriation, \$3,627,053 would be transferred from the GPA program to the Fund for the Efficient Delivery of Education Services in fiscal year 2004-05.

The Governor's current supplemental budget request, LD 1919, proposes to increase funding to the General Purpose Aid for Local Schools program in fiscal year 2004-05. If approved by the Legislature, additional funds would be transferred to the Fund.

Public Law 2003, c. 504 authorizes the transition to the Essential Programs and Services model as the basis for

determining the total cost of K-12 public education beginning in fiscal year 2005-06. The Department of Education estimates the General Fund appropriation to the General Purpose Aid for Local Schools program required to fund K-12 education based on the EPS model to be \$753,227,985 in fiscal year 2005-06 and \$797,298,197 in fiscal year 2006-07. Based on these estimates, and the percentage of GPA appropriations to be transferred to the Fund for the Efficient Delivery of Education Services specified in the bill, approximately \$7,532,280 will be transferred to the Fund in fiscal year 2005-06 and \$15,945,964 will be transferred to the Fund in fiscal year 2006-07.

Transferring funds from the General Purpose Aid for Local Schools program to the Fund for the Efficient Delivery of Education Services will result in less money being available to local school units who do not participate in the voluntary formation of regional school districts, regional cooperatives and consulting school units. The impact to the affected local school units can not be determined at this time.

Additional costs to the Department of Education associated with implementing this legislation can be absorbed utilizing existing budgeted resources.