

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2008

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Legislative Document

No. 2323

S.P. 931

April 16, 2008

### **An Act To Remove Barriers to the Reorganization of School Administrative Units**

(AFTER DEADLINE)

(EMERGENCY)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator BOWMAN of York.

1       **Emergency preamble. Whereas,** acts and resolves of the Legislature do not  
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3       **Whereas,** certain financial barriers have been identified that may delay the  
4 implementation of the school district reorganization law, Public Law 2007, chapter 240,  
5 Part XXXX; and

6       **Whereas,** reorganization planning committees are engaged in negotiating proposed  
7 reorganization plans that, upon approval of the Commissioner of Education, are expected  
8 to be submitted to voters in affected municipalities across the State on or before June 10,  
9 2008; and

10       **Whereas,** the removal of these financial barriers can reasonably be expected to  
11 enable reorganization planning committees to successfully negotiate and submit proposed  
12 reorganization plans in a timely manner; and

13       **Whereas,** in the judgment of the Legislature, these facts create an emergency within  
14 the meaning of the Constitution of Maine and require the following legislation as  
15 immediately necessary for the preservation of the public peace, health and safety; now,  
16 therefore,

17       **Be it enacted by the People of the State of Maine as follows:**

18       **Sec. 1. 20-A MRSA §1, sub-§26,** as amended by PL 2007, c. 240, Pt. XXXX, §5,  
19 is repealed and the following enacted in its place:

20       **26. School administrative unit.** "School administrative unit" means the state-  
21 approved unit of school administration and includes a municipal school unit, school  
22 administrative district, community school district, regional school unit or any other  
23 municipal or quasi-municipal corporation responsible for operating or constructing public  
24 schools, except that it does not include a career and technical education region.  
25 Beginning July 1, 2009, "school administrative unit" means the state-approved unit of  
26 school administration and includes only the following:

- 27       A. A municipal school unit;
- 28       B. A regional school unit formed pursuant to chapter 103-A;
- 29       C. An alternative organizational structure as approved by the commissioner and  
30 approved by the voters, with the alternative organizational structure serving as the  
31 school administrative unit for all its member entities for purposes of chapter 606-B  
32 and Public Law 2007, chapter 240, Part XXXX, section 36;
- 33       D. A school administrative district that does not provide public education for the  
34 entire span of kindergarten to grade 12 that has not reorganized as a regional school  
35 unit pursuant to chapter 103-A;
- 36       E. A community school district that has not reorganized as a regional school unit  
37 pursuant to chapter 103-A;

1 F. A municipal or quasi-municipal district responsible for operating public schools  
2 that has not reorganized as a regional school unit pursuant to chapter 103-A; and

3 G. A municipal school unit, school administrative district, community school district  
4 or any other quasi-municipal district responsible for operating public schools that  
5 forms a part of an alternative organizational structure approved by the commissioner.

6 **Sec. 2. 20-A MRSA §1305-C**, as enacted by PL 2007, c. 240, Pt. XXXX, §11, is  
7 amended to read:

8 **§1305-C. Mandatory budget validation and cost center summary budget form**

9 Notwithstanding any other law, school administrative district budgets developed after  
10 January 1, 2008 must conform to the format and referendum procedures for regional  
11 school units as set forth in sections ~~1305-A and 1305-B~~ 1485 and 1486. A school  
12 administrative district is deemed to be a regional school unit solely for the purpose of  
13 developing a budget pursuant to sections 1485 and 1486.

14 **Sec. 3. 20-A MRSA §1452**, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is  
15 amended to read:

16 **§1452. Application of general law; core functions of a regional school unit**

17 Notwithstanding any provision of law to the contrary, schools operated by the  
18 regional school units established in accordance with this chapter are the official schools  
19 of the participating municipalities. The provisions of general law relating to public  
20 education apply to these schools. State funds for public schools must be paid directly to  
21 the treasurer of a regional school unit. The core functions for which a regional school unit  
22 is responsible include without limitation:

23 **1. Employment of superintendent.** Employment and discharge of a superintendent  
24 pursuant to section 1001, subsection 3 and chapter 101, subchapter 2;

25 **2. Performance of business functions.** Administration of accounting, payroll,  
26 financial management, purchasing insurance and auditing;

27 **3. Special education administration.** Administration of special education duties of  
28 school administrative units under chapter 303;

29 **4. Transportation.** Administration of transportation;

30 **5. Core curriculum.** Adoption of a core curriculum, standardized testing and  
31 assessments aligned with the system of learning results established in section 6209;

32 **6. Budget.** Adoption of the regional school unit budget;

33 **7. Reporting.** Reporting required by state or federal law or regulation;

34 **8. Employment.** Functioning as the employer of all employees working within the  
35 regional school unit for collective bargaining purposes and for all other purposes.

1 including but not limited to those contained in section 1464, in Title 26, chapter 9-A and  
2 in all state and federal laws regulating the rights and duties of employers and employees;

3 **9. School calendar.** Establishment of a common school calendar, subject to local  
4 variations permitted by the regional school unit board; and

5 **10. Adoption of policies.** Adoption of policies for all schools in the regional school  
6 unit pursuant to section 1001, subsection 1-A, except that the local school committee may  
7 adopt policies not in conflict with the regional school unit policies.

8 **Sec. 4. 20-A MRSA §1461-A** is enacted to read:

9 **§1461-A. Transitional powers and duties of initial regional school unit board**

10 As used in this section, unless the context indicates otherwise, "regional school unit  
11 board" means the initial regional school unit board elected pursuant to section 1472-A.  
12 From the time of election of the regional school unit board to July 1st of the regional  
13 school unit's first operational year, the regional school unit board shall establish interim  
14 rules of procedures and shall elect officers who shall serve until officers are elected at a  
15 meeting following the operational date of the regional school unit. The regional school  
16 unit board's powers and duties during this period are governed by this section.

17 **1. Selection of superintendent.** The regional school unit board shall select a  
18 superintendent for the regional school unit in accordance with section 1051 to carry out  
19 the duties specified in section 1055. During the interim period, the salary, office and other  
20 expenses of the superintendent, as well as the costs of the regional school unit board,  
21 including insurance, must be allocated to the school administrative units by the cost-  
22 sharing formula established in accordance with section 1481-A and included in the  
23 reorganization plan for the regional school unit.

24 **2. Budget preparation and approval.** The regional school unit board shall prepare  
25 the annual budget for the first operational year of the regional school unit in time for its  
26 presentation to and consideration by the regional school unit board in accordance with  
27 subchapter 4. Specific duties may be assigned to existing personnel with the approval of  
28 the employing school administrative unit. The regional school unit board shall complete  
29 the budget development process and recommend a budget for consideration by the  
30 legislative body responsible for final budget approval and the residents of the regional  
31 school unit. The budget format, approval procedures and assessments for the regional  
32 school unit's first operational year budget must be in accordance with this chapter.

33 **3. Authorization.** The regional school unit board is authorized to take all other  
34 actions provided under state law to prepare the regional school unit to become operational  
35 on July 1st for the first operational year, including the authority to open and maintain  
36 accounts, to incur expenses to be allocated among the regional school unit's member  
37 school administrative units in accordance with the reorganization plan for the regional  
38 school unit and to file applications for school construction projects and revolving  
39 renovation fund loans and other available funding.

1        **4. Fiscal agent.** The regional school unit board is authorized to expend start-up  
2 funds for the regional school unit. A school administrative unit within the regional  
3 school unit may serve as a fiscal agent and may expend any start-up funds on behalf of  
4 the new regional school unit prior to the regional school unit's operational date without  
5 calling for a special meeting of the local legislative body.

6        **Sec. 5. 20-A MRSA §1472, sub-§2, ¶C,** as enacted by PL 2007, c. 240, Pt.  
7 XXXX, §13, is amended to read:

8        C. A plan may not permit the voting power of any director to exceed by more than  
9 ~~2%~~ 5% the percentage of voting power the director would have if all 1,000 votes  
10 were apportioned equally among the directors.

11        **Sec. 6. 20-A MRSA §1472-A** is enacted to read:

12        **§1472-A. Election of initial regional school unit board**

13        **1. Election; interim secretary; duties.** Within 30 days of the issuance of a  
14 certificate of organization for the regional school unit by the state board pursuant to  
15 section 1461, subsection 7, the members of the school boards of the school administrative  
16 units within the regional school unit shall conduct a joint meeting for the purposes of  
17 electing an interim secretary of the regional school unit and determining a date for the  
18 election of the initial regional school unit board. The interim secretary shall notify the  
19 municipal officers of the member municipalities of the regional school unit of the date of  
20 the election. The election must be conducted in accordance with section 1473, subsection  
21 2, except that the election duties of the secretary and the regional school unit board must  
22 be performed by the interim secretary. The duties of the interim secretary include:

23        A. Notifying the municipal officers of the date of the election;

24        B. Furnishing nomination papers at least 10 days before the deadline for filing  
25 nomination papers;

26        C. Receiving completed nomination papers in accordance with section 1473,  
27 subsection 2;

28        D. Preparing and distributing election ballots in accordance with section 1473,  
29 subsection 2;

30        E. Receiving the town clerk's certification of the results of the voting in each  
31 member municipality;

32        F. Tabulating the town clerk's certification of the results of the voting in each  
33 member municipality;

34        G. Accepting any recount petitions that may have been filed pursuant to section  
35 1473, subsection 2, paragraph C; and

36        H. Totaling the votes cast for each candidate and notifying the clerk in each  
37 municipality, the candidates and the commissioner of the final results of the voting  
38 and the names and addresses of the persons elected as directors.

1        **2. Initial meeting.** In accordance with section 1473, subsection 1, the clerk of each  
2        municipality within the regional school unit shall forward the names and addresses of the  
3        directors elected to represent that municipality to the state board with other data regarding  
4        their election as the state board may require. On receipt of the names and addresses of all  
5        of the directors, the state board shall set a time, place and date for the first meeting of the  
6        directors and give notice to the directors in writing, sent by registered or certified mail,  
7        return receipt requested, to the addresses provided by the municipalities.

8        **Sec. 7. 20-A MRSA §1472-B** is enacted to read:

9        **§1472-B. Staggered initial terms**

10        Notwithstanding section 1471, subsection 2, the initial directors elected to a regional  
11        school unit board shall meet and draw lots for their term lengths as specified in this  
12        section.

13        **1. Municipalities with annual elections.** In municipalities with annual elections,  
14        1/3 of the directors serve one-year terms, 1/3 of the directors serve 2-year terms and 1/3  
15        of the directors serve 3-year terms. If the number of directors is not evenly divisible by 3,  
16        the first remaining director serves a 3-year term and the 2nd remaining director serves a  
17        2-year term.

18        **2. Municipalities with biennial elections.** In municipalities with biennial elections,  
19        half of the directors serve 4-year terms and half of the directors serve 2-year terms. If the  
20        number of directors is not divisible by 2, the remaining director serves a 4-year term.

21        The directors shall serve their terms as determined under this section and any  
22        additional period until the next regular election of the municipalities. Thereafter, the  
23        directors' terms of office are as established in section 1471.

24        **Sec. 8. 20-A MRSA §1478,** as enacted by PL 2007, c. 240, Pt. XXXX, §13, is  
25        repealed and the following enacted in its place:

26        **§1478. Local school committees**

27        **1. Formation.** A reorganization plan under section 1461 or a regional school unit  
28        board may authorize the formation of a local school committee for a member  
29        municipality established in accordance with chapter 111, subchapter 1.

30        **2. Delegation of functions.** A reorganization plan that has been approved in  
31        accordance with subchapter 2 or a regional school unit board may delegate a local school  
32        committee to perform any duties, functions and services other than those reserved to the  
33        regional school unit under subchapter 1. The core functions provided by a regional  
34        school unit pursuant to section 1452 may be supplemented at the expense of any member  
35        municipality.

36        **3. Budget responsibility.** A reorganization plan that has been approved in  
37        accordance with subchapter 2 or a regional school unit board may authorize a local school  
38        committee to present to the board a proposed budget for the local school in a form that is  
39        consistent with section 1485. The proposed local school budget must be submitted in

1 time to be included in the budget for the regional school unit. Proposed expenditures that  
2 are not included in the regional school unit budget may be separately appropriated by the  
3 municipality to be expended by the regional school unit in accordance with the  
4 appropriation. Supplemental municipal appropriations for education are not subject to  
5 section 1486.

6 **4. Title to property.** School property overseen by a local school committee may be  
7 owned either by the municipality or by the regional school unit as long as there is a clear  
8 allocation of responsibilities for management of all of the school property in the regional  
9 school unit.

10 **Sec. 9. 20-A MRSA §1481,** as enacted by PL 2007, c. 240, Pt. XXXX, §13, is  
11 repealed.

12 **Sec. 10. 20-A MRSA §1481-A** is enacted to read:

13 **§1481-A. Finances**

14 **1. Apportionment of costs for regional school unit.** A regional school unit may  
15 raise money, in addition to the local contribution pursuant to section 15690, subsection 1,  
16 for establishing and maintaining public schools, erecting buildings and providing  
17 equipment for educational purposes. The additional costs of operating a regional school  
18 unit must be shared among all municipalities within the regional school unit by the same  
19 local share percentages for each municipality resulting from the determination of the local  
20 contribution under section 15688.

21 **2. Existing cost-sharing agreement.** Notwithstanding subsection 1, a cost-sharing  
22 agreement in existence on June 7, 2007 that was adopted pursuant to Public Law 2005,  
23 chapter 2 or pursuant to a private and special law remains in existence unless the parties  
24 to the agreement modify or terminate the agreement:

25 A. As part of a reorganization to regional school units under this chapter; or

26 B. As a result of a negotiated agreement between the parties to the cost-sharing  
27 agreement.

28 **3. Method included in reorganization plan.** Notwithstanding subsection 1, a  
29 regional school unit may use a method of cost sharing that was included in a  
30 reorganization plan developed pursuant to section 1461 or Public Law 2007, chapter 240,  
31 Part XXXX, section 36 as long as the method complies with this subsection.

32 A. The costs of operating a regional school unit must be shared among all  
33 municipalities within the unit in one of the following ways.

34 (1) Under a property valuation method, municipalities in a unit shall share costs  
35 in the same proportion as each municipality's property fiscal capacity as defined  
36 in section 15672, subsection 23 is to the unit's property fiscal capacity.

37 (2) Under an alternate method of cost sharing, municipalities in a unit shall share  
38 costs based on:

39 (a) The number of resident pupils in each town;



1                   (b) The property fiscal capacity of each member municipality as defined in  
2                   section 15672, subsection 23;

3                   (c) Any combination of divisions (a) and (b); or

4                   (d) Any other factor or combination of factors that may, but need not,  
5                   include divisions (a) or (b).

6                   B. A process of amending the cost-sharing formula must be included in the  
7                   reorganization plan.

8                   Notwithstanding any provision of law to the contrary, a cost-sharing agreement in  
9                   existence on June 7, 2007 that was adopted pursuant to Public Law 2005, chapter 2 or  
10                  pursuant to a private and special law may not be construed to preempt the formation of a  
11                  regional school unit under this chapter. Notwithstanding any provision of law to the  
12                  contrary, a cost-sharing agreement between 2 or more municipalities in existence on June  
13                  7, 2007 that was adopted prior to June 7, 2007 may not be construed to preempt the  
14                  formation of a regional school unit under this chapter.

15                  Notwithstanding any provisions of law to the contrary, a municipality within a  
16                  regional school unit may raise money and direct the spending of the funds to any school  
17                  within the regional school unit.

18                  **Sec. 11. 20-A MRSA §1482-A** is enacted to read:

19                  **§1482-A. Budget meeting**

20                  A regional school unit board shall hold a regional school unit budget meeting at a  
21                  time it determines.

22                  **1. Warrant.** The budget meeting must be called by a warrant. The warrant must:

23                  A. Be signed by a majority of the regional school unit board;

24                  B. Specify the time and place of the meeting;

25                  C. Include the proposed school budget and other articles the regional school unit  
26                  board chooses to place before the voters, excluding authorization to borrow money  
27                  for school construction purposes;

28                  D. Specify the state and local shares of the state-local allocation and local leeway  
29                  and additional expenditures without state participation; and

30                  E. Be directed to a resident of the regional school unit by name ordering the resident  
31                  to notify all voters within the regional school unit to assemble at the time and place  
32                  appointed.

33                  **2. Notice.** An attested copy of the warrant must be posted by the person to whom it  
34                  is directed in some conspicuous public place in each of the municipalities within the  
35                  regional school unit at least 7 days before the meeting. The person who gives notice of  
36                  the meeting shall make a return of the posting on the warrant stating the manner of notice  
37                  in each municipality and the time when it was given.

1           **3. Requested articles.** If requested by a written petition of at least 10% of the  
2 number of voters voting for the gubernatorial candidates in the last gubernatorial election  
3 in each municipality within the regional school unit, the regional school unit board shall  
4 place specific articles, not in conflict with existing state statutes, in the warrants for  
5 consideration at the next annual regional school unit budget meeting. To be included in  
6 the warrant, a petition must be received by the regional school unit board at least 15 days  
7 before the date set for the budget meeting. When placed on the warrant, the articles must  
8 be considered before action relating to the appropriation of money for the operation of  
9 schools may be taken.

10           **Sec. 12. 20-A MRS §1482-B** is enacted to read:

11           **§1482-B. Annual budget meeting procedures**

12           The following procedures must be used at a regional school unit annual budget  
13 meeting.

14           **1. Election of moderator.** The secretary of the regional school unit board or the  
15 chair of the regional school unit board when the secretary is absent shall open the annual  
16 budget meeting and call for the election of a moderator, receive and count votes for the  
17 moderator and swear in the moderator.

18           **2. Appointing ballot clerks.** The moderator shall appoint from the certified voting  
19 list the ballot clerks necessary for the efficient operation of the annual budget meeting.  
20 The moderator shall swear in the clerks.

21           **3. Budget consideration.** The superintendent of the regional school unit shall  
22 thoroughly explain the budget. The voters must have an opportunity to be heard. The  
23 voters may change only items dealing with:

24           A. The expenses necessary to operate the regional school unit;

25           B. Appropriations for the reserve fund; and

26           C. Appropriations for the contingency fund and school construction purposes.

27           **4. Approval.** A majority vote of those voters present and voting is necessary for the  
28 approval of the annual budget.

29           **5. Voting lists.** Registration of voters for the annual budget meeting must be held in  
30 each member municipality in accordance with Title 21-A, section 122.

31           A. Prior to the annual budget meeting, the municipal clerks of the member  
32 municipalities shall supply to the regional school unit board certified corrected copies  
33 of the registered voters of their municipalities.

34           B. The certified corrected copies under paragraph A must be used in determining the  
35 voters who are eligible to vote at the annual budget meeting.

36           **6. Written ballot.** An article must be voted on by written ballot if at least 10% of  
37 those present and voting vote to use a written ballot. The department, in consultation  
38 with municipal and school officials and with organizations representing those officials,

1 shall develop and distribute guidelines to assist regional school unit annual budget  
2 meeting moderators in explaining and implementing this subsection.

3 **Sec. 13. 20-A MRSA §1506, sub-§1, ¶A,** as enacted by PL 2007, c. 240, Pt.  
4 XXXX, §13, is amended to read:

5 A. "Existing debt" means any bond, note, loan agreement, lease-purchase agreement  
6 or other debt instrument issued prior to July ~~1, 2008~~ 1st of the first operational year of  
7 the new unit for the purposes of funding public schools, or for refinancing such debt,  
8 that remains outstanding at the time of a reorganization pursuant to this chapter.  
9 "Existing debt" does not include routine payables or commercial contract obligations.

10 **Sec. 14. 20-A MRSA §1506, sub-§4,** as enacted by PL 2007, c. 240, Pt. XXXX,  
11 §13, is amended to read:

12 **4. Debt of original education units.** After July ~~1, 2008~~, 1st of the first operational  
13 year of the new unit for each original education unit with existing debt that has  
14 reorganized into a new unit, if the new unit has not agreed to assume liability to pay that  
15 existing debt, the regional school unit board shall serve as agent for purposes of that  
16 existing debt and has full authority to:

17 A. Sue and be sued in the name of the original education unit with respect to the  
18 existing debt;

19 B. Determine the debt service due each fiscal year on any existing debt;

20 C. As applicable, allocate to each member of the original education unit the  
21 member's share of the annual debt service for the existing debt of the original  
22 education unit in addition to each member's share of costs of the new unit;

23 D. Collect the allocation for debt service on the existing debt from the original  
24 education unit or, as applicable, from each member of the original education unit in  
25 addition to each member's share of costs of the new unit;

26 E. Pay the debt service on the existing debt of the original education unit when due;  
27 and

28 F. Take all other actions necessary and proper with respect to the existing debt.

29 Allocations between members of the original education unit to pay the debt service for  
30 the existing debt must be made on the basis of the cost-sharing formula of the original  
31 education unit in effect on July 1, 2007, as applied to the year of allocation. In the case of  
32 state-subsidized debt service, the provisions of subsection 3 apply. Amounts to pay the  
33 debt service on the existing debt of the original education units must be included in the  
34 budget that the regional school unit board of a new unit submits for approval. If the  
35 original education unit is divided between different new units that have not agreed to  
36 assume liability to pay the existing debt, the commissioner shall require that the  
37 reorganization plan of one of those new units provide for that new unit to serve as agent  
38 for purposes of the existing debt of the original education unit. That new unit, as agent,  
39 has the authority provided by this subsection, except that the new unit shall notify the  
40 other new units containing members of the original education unit of the amounts they  
41 must assess and collect from their members who were members of the original education

1 unit, and those other new units shall perform the functions in subsection 4, paragraphs C  
2 and D with respect to their members, and shall pay the appropriate amounts over to the  
3 new unit serving as agent.

4 **Sec. 15. 20-A MRSA §1512, sub-§6**, as enacted by PL 2007, c. 240, Pt. XXXX,  
5 §13, is amended to read:

6 **6. Multiple municipalities.** If a school proposed for closure is ~~an elementary~~ a  
7 school that serves students from more than one municipality, the article set forth in  
8 subsection 1 must be submitted to the voters in each of the municipalities that sent all  
9 ~~elementary~~ students from that municipality to the school. If the article is approved by a  
10 majority of the voters in each of the municipalities, the school is not closed and the  
11 municipalities share in the costs under this section in the same proportion as they share  
12 the current operating costs of the school.

13 **Sec. 16. 20-A MRSA §1701-C**, as enacted by PL 2007, c. 240, Pt. XXXX, §16, is  
14 amended to read:

15 **§1701-C. Mandatory budget validation and cost center summary budget form**

16 Notwithstanding any other law, community school district budgets developed after  
17 January 1, 2008 must conform to the format and referendum procedures for regional  
18 school units as set forth in sections 1701-A and 1701-B 1485 and 1486. A community  
19 school district is deemed to be a regional school unit solely for the purpose of developing  
20 a budget pursuant to sections 1485 and 1486.

21 **Sec. 17. 20-A MRSA §2303**, as amended by PL 1987, c. 737, Pt. C, §§52 and 106  
22 and PL 1989, c. 6; c. 9, §2; and c. 104, Pt. C, §§8 and 10, is further amended to read:

23 **§2303. Additional school committee members**

24 Notwithstanding section 2302, a municipality may vote at its annual meeting to have  
25 5 up to 7 members on the school committee.

26 **1. Vote.** The municipality may vote to ~~have a 5 member board~~ expand its school  
27 committee at:

28 A. Its annual meeting; or

29 B. ~~At a~~ A special town meeting held at least 30 days before the annual meeting, if a  
30 municipality has accepted Title 30-A, section 2528, relative to secret ballot.

31 **2. Election of additional members.** The municipality may, at its annual meeting,  
32 elect by ballot ~~3~~ additional school committee members to serve with the ~~2~~ members  
33 whose terms have not expired.

34 **Sec. 18. 20-A MRSA §2307**, as enacted by PL 2007, c. 240, Pt. XXXX, §21, is  
35 amended to read:

1     **§2307. School budgets**

2             Notwithstanding any other law, municipal school budgets developed after January 1,  
3     2008 must follow the same school budget requirements as regional school units pursuant  
4     to chapter 103-A, except as described in subsections 1 and 2. A municipal school unit is  
5     deemed to be a regional school unit solely for the purpose of developing a budget  
6     pursuant to chapter 103-A.

7             **1. Budget meeting.** In charter municipalities the budget meeting required by section  
8     1485, subsection 3 must be a meeting of the municipal council or other municipal  
9     legislative body established by the charter with authority to approve the budget.

10            **2. Municipal charter.** In charter municipalities where the municipal charter confers  
11     upon a municipal council or other municipal legislative body the authority to determine  
12     the total amount of the school budget and confers upon the school committee or school  
13     board the authority to direct the expenditure of those funds for school purposes, the  
14     municipal council or other municipal legislative body shall determine the total amount of  
15     the school budget to be submitted to a budget validation referendum and the school  
16     committee or school board shall determine the allocation of the approved school budget  
17     among the cost centers of the cost center summary budget format.

18            **Sec. 19. 20-A MRSA §5203, sub-§4,** as enacted by PL 1981, c. 693, §§5 and 8,  
19     is repealed and the following enacted in its place:

20            **4. Exception; no elementary school.** A school administrative unit that neither  
21     maintains an elementary school nor contracts for elementary school privileges pursuant to  
22     chapter 115 shall pay the tuition, in accordance with chapter 219, at the public school or  
23     the approved private school of the parent's choice at which the student is accepted.

24            **Sec. 20. 20-A MRSA §5204, sub-§4,** as amended by PL 1985, c. 797, §32, is  
25     further amended to read:

26            **4. No secondary school.** ~~Secondary students whose parents reside in a~~ A school  
27     administrative unit which that neither maintains a secondary school nor contracts for  
28     secondary school privileges may attend a private school approved for tuition purposes, a  
29     public school in an adjoining unit which accepts tuition students, or a school approved for  
30     tuition purposes in another state or country upon permission of officials of the receiving  
31     school. The school administrative unit where the students' parents reside shall pay tuition  
32     in the amount up to the legal tuition rate as defined in chapter 219 pursuant to chapter 115  
33     shall pay the tuition, in accordance with chapter 219, at the public school or the approved  
34     private school of the parent's choice at which the student is accepted.

35            **Sec. 21. 20-A MRSA §6051, sub-§1, ¶C,** as enacted by PL 1985, c. 797, §36, is  
36     amended to read:

37            C. A determination of whether or not the annual financial ~~report~~ data submitted to  
38     the department is correct;

39            **Sec. 22. 20-A MRSA §6051, sub-§4,** as amended by PL 2005, c. 683, Pt. A, §25,  
40     is further amended to read:

1       **4. Initial report to commissioner.** On or before ~~December~~ November 1st, the  
2 school board shall provide the commissioner with:

3           C. Written determination of whether or not proper budgetary controls are in place;

4           D. A written determination of whether or not the annual financial ~~report data~~  
5 submitted to the department is correct, including submission of an audited  
6 reconciliation of the annual financial ~~report data~~ prepared and certified by the auditor;  
7 and

8           E. A written determination as to whether the school administrative unit has  
9 complied with applicable provisions of the Essential Programs and Services Funding  
10 Act.

11       **Sec. 23. 20-A MRSA §6051, sub-§6**, as enacted by PL 2001, c. 344, §9, is  
12 amended to read:

13       **6. Report to commissioner.** Within ~~9~~ 6 months after the end of the audit period, the  
14 school board shall provide the commissioner with:

15           A. A copy of the audit report;

16           B. Accountability of all revenues and expenditures;

17           C. Written assurance that the audit has been conducted in accordance with  
18 applicable state and federal laws relating to financial and compliance audits; and

19           D. Any other information that the commissioner may require.

20       **Sec. 24. 20-A MRSA §15672, sub-§25-A** is enacted to read:

21       **25-A. School administrative unit.** "School administrative unit" means a school  
22 administrative unit as defined by section 1, subsection 26 except that for those school  
23 administrative units that are members of an alternative organizational structure, the  
24 alternative organizational structure is the school administrative unit for the purposes of  
25 this chapter.

26       **Sec. 25. 20-A MRSA §15688, sub-§3-A, ¶B-1**, as enacted by PL 2007, c. 240,  
27 Pt. XXXX, §30, is repealed.

28       **Sec. 26. 20-A MRSA §15688, sub-§3-A, ¶C**, as amended by PL 2007, c. 240,  
29 Pt. XXXX, §30, is further amended to read:

30           C. For a school administrative district, community school district or regional school  
31 unit composed of more than one municipality, the unit's contribution to the total cost  
32 of education is the lesser of:

33               (1) The total cost as described in subsection 1; and

34               (2) The sum of the totals calculated for each member municipality pursuant to  
35 paragraph B, subparagraph (2), ~~plus the total calculated pursuant to paragraph B-~~  
36 ~~1 if applicable.~~

37       **Sec. 27. 20-A MRSA §15689, sub-§1-B** is enacted to read:

1 **1-B. Adjustments to state contributions to member municipalities in regional**  
2 **school units or alternative organizational structure.** The minimum state allocation  
3 **provisions of subsection 1, paragraph B are applicable for each case in which the school**  
4 **administrative units in existence prior to the operational date of the new regional school**  
5 **unit or alternative organizational structure received an adjustment under subsection 1,**  
6 **paragraph B for fiscal year 2007-08 or fiscal year 2008-09. For each regional school unit**  
7 **or alternative organizational structure eligible under this subsection, the minimum state**  
8 **allocation provisions of subsection 1, paragraph B are applicable for each member**  
9 **municipality that was a member of the eligible school administrative units in existence**  
10 **prior to the operational date of the new regional school unit or alternative organizational**  
11 **structure.**

12 **Sec. 28. PL 2007, c. 240, Pt. XXXX, §36, sub-§2** is amended to read:

13 **2. Notice of intent.** ~~By August 31, 2007, each~~ Each school administrative unit shall  
14 file with the Commissioner of Education:

15 A. ~~A~~ By August 31, 2007, a notice of intent to engage in planning and negotiations  
16 with other school administrative units for the purpose of developing a reorganization  
17 plan to form a regional school unit under this Part and Title 20-A, chapter 103-A; ~~or~~

18 B. ~~A~~ By August 31, 2007, a notice of intent to submit an alternative plan that meets  
19 the requirements of subsection 6, paragraph F. An alternative plan may be submitted  
20 only by a unit that is:

21 (1) An offshore island;

22 (2) A school operated by a tribal school committee pursuant to the Maine  
23 Revised Statutes, Title 30, section 6214;

24 (3) A school administrative unit that serves more than 2,500 students, or 1,200  
25 students where circumstances justify an exception to the requirement of 2,500  
26 students under subsection 6, paragraph A, where expansion of the unit would be  
27 inconsistent with the policies set forth in Title 20-A, section 1451; or

28 (4) A school administrative unit that is designated as an efficient, high-  
29 performing district. For purposes of this subparagraph, a school administrative  
30 unit is designated an "efficient, high-performing district" if:

31 (a) It contains at least 3 schools identified as "higher performing" in the May  
32 2007 Maine Education Policy Research Institute report "The Identification of  
33 Higher and Lower Performing Maine Schools"; and

34 (b) Its reported 2005-2006 per-pupil expenditures for system administration  
35 represent less than 4% of its total per-pupil expenditures; ~~or~~

36 C. A notice of intent to engage in planning and negotiations with other school  
37 administrative units for the purpose of developing a reorganization plan to form an  
38 alternative organizational structure in accordance with this paragraph.

39 (1) A school administrative unit may be designated by the commissioner as part  
40 of an alternative organizational structure. The commissioner may designate a

1 school administrative unit as part of an alternative organizational structure if the  
2 commissioner finds that the proposed organizational structure will result in:

3 (a) Consolidation of system administration;

4 (b) Consolidation of special education administration, transportation  
5 administration and administration of business functions including accounting,  
6 reporting, payroll, financial management, purchasing insurance and auditing;

7 (c) Adoption of a core curriculum and procedures for standardized testing  
8 and assessment aligned with the system of learning results established in  
9 Title 20-A, section 6209; and

10 (d) Adoption of consistent school policies and school calendars and a plan  
11 for consistent collective bargaining agreements.

12 A plan for an alternative organizational structure may include a collaborative  
13 agreement under chapter 114 and must include an interlocal agreement under  
14 Title 30-A, chapter 115. The plan must include procedures for conducting a  
15 kindergarten through grade 12 budget approval pursuant to subparagraph (2).

16 (2) The budget procedures of members of an alternative organizational structure  
17 must conform to the format and referendum procedures set forth in sections 1485  
18 and 1486 for regional school units except for the time limits pursuant to section  
19 1486, subsection 2. The budget validation referendum for all members of the  
20 alternative organizational structure must be conducted on the same day.

21 **Sec. 29. PL 2007, c. 240, Pt. XXXX, §36, sub-§3** is amended to read:

22 **3. Reorganization planning committee.** Municipalities that intend to engage in  
23 planning and negotiation to create a regional school unit or alternative organizational  
24 structure shall form a reorganization planning committee.

25 A. For each proposed regional school unit, the Commissioner of Education shall  
26 provide guidelines for the formation of a reorganization planning committee  
27 including representation from the school administrative units in existence on the  
28 effective date of this Part, member municipalities and members of the general public  
29 who are residents of the proposed regional school unit. The guidelines must include  
30 roles and responsibilities of the committee, timelines for submission of the plan, the  
31 format for reporting the reorganization plan and evaluation criteria for approval of the  
32 plan.

33 B. Reorganization planning committees shall hold one or more public meetings to  
34 gather input from community members and to determine the sentiment of the public.

35 **Sec. 30. PL 2007, c. 240, Pt. XXXX, §36, sub-§4** is amended to read:

36 **4. Submission of plans.** ~~By December 1, 2007, each~~ Each school administrative  
37 unit shall submit to the Commissioner of Education ~~either:~~

38 A. ~~its~~ By December 1, 2007, its proposed reorganization plan for consolidation into a  
39 regional school unit that meets the requirements of subsections 5 and 6; ~~or~~



1 B. ~~Its~~ By December 1, 2007, its proposed plans for reducing the cost of services  
2 within the school administrative unit to meet the requirements of subsection 6,  
3 paragraph F; or

4 C. Its proposed plan for an alternative organizational structure that is consistent with  
5 the notice of intent filed and approved pursuant to subsection 2, paragraph C,  
6 subparagraph 1 and meets the requirements of subsections 5 and 6.

7 Each school administrative unit shall exercise due diligence and act in good faith in  
8 developing a plan that meets the requirements of this Part and furthers the intent of the  
9 Legislature to achieve sustainable, long-term administrative efficiencies.

10 **Sec. 31. PL 2007, c. 240, Pt. XXXX, §36, sub-§6, ¶A-1** is enacted to read:

11 A-1. Notwithstanding the requirements of paragraph A, the Commissioner of  
12 Education may authorize a unit to serve 1,200 or fewer students but not less than  
13 1,000 students in an isolated rural community if the proposed regional school unit  
14 meets at least one of the following criteria:

15 (1) The proposed regional school unit comprises 3 or more school administrative  
16 units in existence prior to July 1, 2008;

17 (2) The member municipalities of the proposed regional school unit are  
18 surrounded by approved regional school units and there are no other school  
19 administrative units available to join the proposed regional school unit; or

20 (3) The member municipalities of the proposed regional school unit include 2 or  
21 more isolated small schools that are eligible for an isolated small school  
22 adjustment pursuant to the Maine Revised Statutes, Title 20-A, section 15683,  
23 subsection 1, paragraph F.

24 In cases where the Commissioner of Education denies the creation of a regional  
25 school unit that serves 1,200 or fewer students but not less than 1,000 students, the  
26 school administrative units may appeal to the State Board of Education.

27 **Sec. 32. Retroactivity.** Those sections of this Act that amend the Maine Revised  
28 Statutes, Title 20-A, sections 1305-C, 1701-C and 2307 apply retroactively to January 1,  
29 2008.

30 **Emergency clause.** In view of the emergency cited in the preamble, this  
31 legislation takes effect when approved.

## 32 SUMMARY

33 1. The bill corrects a cross-reference for the cost center summary budget format and  
34 the budget validation referendum process that school administrative districts and  
35 community school districts must comply with for budgets developed after January 1,  
36 2008.

37 2. The bill articulates, without limitation, the core functions for which a regional  
38 school unit is responsible.

1           3. The bill provides regional school unit boards with the legal authority to receive and  
2 spend state and local funds, including funds for the election of regional school unit board  
3 members and to hire a superintendent prior to the operational date of the new regional  
4 school unit on July 1, 2009.

5           4. The bill clarifies the "Method B" apportionment process of weighted votes for  
6 regional school unit boards.

7           5. The bill provides for the election and staggered terms of the initial regional school  
8 unit board.

9           6. The bill replaces the law authorizing the formation of a local school committee for  
10 a member municipality and provides greater guidance in delegating functions and  
11 responsibilities to local school committees.

12          7. The bill clarifies the relationship between a regional school unit board and a local  
13 school committee that seeks to raise additional funds for an elementary school or a  
14 secondary school that is owned or managed by the member municipality.

15          8. The bill clarifies the authorization provided to regional planning committees to  
16 negotiate a cost-sharing agreement for those costs of a proposed regional school unit that  
17 are in addition to the local contribution required pursuant to the Maine Revised Statutes,  
18 Title 20-A, section 15690.

19          9. The bill clarifies the roles of the municipal officers and the school committee for  
20 municipal school units whose municipal charters give authority to approve the school  
21 budget to the municipal officers.

22          10. The bill establishes the requirements for calling a budget meeting and the  
23 procedures for the budget meeting.

24          11. The bill clarifies the assumption of existing debt that is transferred from an  
25 original education unit to a new regional school unit that is formed after July 1, 2008.

26          12. The bill removes references to "elementary" schools in the school closure  
27 provisions to clarify that secondary schools are also subject to these requirements.

28          13. The bill authorizes a municipal school committee to expand its membership from  
29 5 members to as many as 7 members.

30          14. The bill clarifies the provisions governing tuition when there is no elementary  
31 school or no secondary school in a school administrative unit.

32          15. The bill clarifies the content and timing of the audit provisions.

33          16. The bill repeals a unit of law, and corrects a cross-reference to it, regarding the  
34 requirement that each municipality that is a member of a new regional school unit  
35 contribute a minimum of 2 mills of the municipality's property fiscal capacity to the total  
36 cost of education of the new regional school unit.

1       17. The bill grandfathers the special education adjustment for so-called minimum  
2       subsidy receivers.

3       18. The bill permits the Commissioner of Education to authorize so-called "doughnut  
4       hole" school units that have 1,200 or fewer students and no other available  
5       reorganization partners to form a regional school unit that serves at least 1,000 students if  
6       these isolated, rural school units meet certain criteria.

7       19. The bill authorizes the Commissioner of Education to approve plans for  
8       alternative organizational structures under the school reorganization law. To approve a  
9       plan for an alternative organizational structure, the commissioner must find that the plan  
10      will satisfy the purposes of the school reorganization law including: consolidation of  
11      system administration; consolidation of administration of special education,  
12      transportation and business functions; adoption of a core curriculum; and adoption of  
13      consistent school policies, school calendars and collective bargaining agreements.

14  
15

**FISCAL NOTE REQUIRED**  
**(See attached)**



# 123rd MAINE LEGISLATURE

LD

LR 3653(01)

## An Act To Remove Barriers to the Reorganization of School Administrative Units

**Fiscal Note for Original Bill**  
**Sponsor: Sen. Bowman of York**  
**Committee: Not Referred**  
**Fiscal Note Required: Yes**

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### Fiscal Note

No State fiscal impact

#### **Fiscal Detail and Notes**

Although this legislation will not impact the total state and local cost of funding K-12 public education, beginning in fiscal year 2008-09 it may affect the distribution of subsidy to local school administrative units with some units receiving more subsidy and some units receiving less subsidy. The impact to individual school administrative units can not be determined at this time.