

**Summary of Non-Budgetary Changes
to
School Reorganization Law**

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By

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1. **LD 2323 Eliminates Financial Barriers to Consolidation**

LD 2323 eliminates the following three financial barriers to school consolidation:

- A) **Provides Additional Cost Sharing Flexibility.** LD 2323 eliminates the requirement in the original school consolidation law that municipalities share additional local costs using the same percentages as each municipality's respective percentage of the RSUs total required local contribution to EPS costs. Under LD 2323, the reorganization plan for an RSU may include any cost sharing method for additional local costs, whether that cost sharing method is based on valuation, number of students, historic costs, or some other combination of factors.
- B) **Eliminates 2 Mill Minimum Contribution.** The amendments eliminate the mandatory 2 mill minimum contribution for municipalities in RSUs. There is now no minimum contribution for municipalities with high State valuations per pupil and very low mill rates.
- C) **Preserves Minimum State Subsidies.** Under LD 2323 high valuation municipalities which are minimum receivers under the current school finance law will not lose their minimum State subsidy when they join an RSU. Under LD 2323, school units which qualified for minimum State subsidy prior to consolidation, will continue to receive minimum State subsidy after joining an RSU or becoming part of alternative organizational structure ("AOS").

2. **LD 2323 Reduces the Minimum Size of RSUs (and AOSs) from 1200 to 1000 Students**

LD 2323 creates a new exception to the requirement that each RSU serve at least 1200 students. The Commissioner may allow an RSU to serve not less than 1000 students upon a showing that the proposed RSU meets any one of the following three criteria:

- A) the RSU includes 3 or more existing SAUs; or
- B) the municipalities in the RSU are surrounded by other RSUs and have no other available partner (a "doughnut hole"); or
- C) the RSUs member towns include 2 or more "isolated small schools."

In cases where the Commissioner turns down an application for this exception, an appeal may be taken to the State Board of Education.

3. **LD 2323 Changes the Final Deadline for Submitting School Reorganization Plans**

Under LD 2323, the last date for conducting a referendum on a reorganization plan is extended from November 4, 2008 until January 30, 2009. As a practical matter, this means that the latest date for submitting a reorganization plan to the Commissioner for approval is November 1, 2008, leaving 30 days for the Commissioner to review and approve the plan and 60 days to conduct the referendum. It would be preferable, however, to submit a school reorganization plan to the Commissioner by

October 1, 2008 in order to leave time for her to recommend changes to the plan, for the reorganization planning committee to make those changes, and for the participating SAUs to conduct the referendum vote by the January 30, 2009 deadline.

4. LD 2323 Changes the Referendum Question for Approving School Reorganization Plans

Under LD 2323 the question presented to the voters at the referendum to approve a school reorganization plan is as follows:

Article __: Do you favor approving the school administrative reorganization plan prepared by the [insert name] Reorganization Planning Committee to reorganize [insert names of affected school administrative units] into a regional school unit, with an effective date of _____?

LD 2323 eliminates the mandatory explanations required by the original school consolidation law which seemed to be worded so as to create a bias in favor of approval of the plan.

5. LD 2323 Clarifies the Statutory Provisions which Protect School Choice

LD 2323 corrects an error in the original school reorganization law concerning the protection of school choice. If an existing school administrative unit does not currently maintain a secondary school nor contract for school privileges, when that school unit joins an RSU, the RSU remains obligated to pay tuition at the public school or approved private school of the parents choice at which the student is accepted. The RSU must pay the State approved tuition rate for the receiving school unit. If that tuition rate is higher than the RSUs tuition rate, the municipality in which the student resides is responsible for the additional cost.

6. LD 2323 Simplifies One of the Penalties for Failing to Comply with the School Consolidation Law

LD 2323 has also simplified one of the penalties for failing to conform to the school consolidation law. LD 2323 repeals the penalty requiring the use of 43.86% rather than 45% to calculate the required local share of EPS costs in non-conforming school units. The new penalty is calculated as a 2% increase in the mill rate used to calculate the non-conforming SAUs required local contribution. If the State-wide mill rate were 6.55 mills, for example, the new penalty would increase the State mill rate for a non-conforming SAU by 2% to 6.68 mills.

7. LD 2323 Includes New Transition Provisions for RSU School Boards

LD 2323 contains a number of transition provisions for RSUs which were omitted from the original school reorganization law. These transition provisions include:

A) LD 2323 Establishes New Procedures for electing the Initial RSU Board.

The original school reorganization law did not include any procedures for electing the initial RSU board. As a result, Drummond Woodsum developed a procedure which was included in the template for reorganization plans which we distributed at our DWM reorganization seminars last spring. LD 2323 enacts that procedure into law and, for that reason, the election procedures no longer need to be included in a reorganization plan.

B) LD 2323 Clarifies the Authority of the Initial RSU Board before RSU becomes Operational.

LD 2323 also authorizes the initial RSU board to carry out certain necessary functions before the RSU becomes operational. The initial RSU board is authorized to:

- (1) hire a Superintendent for the RSU;
- (2) prepare a budget for the RSUs first operational year and submit it to the voters for approval; and
- (3) take all other necessary actions in order for the RSU to become operational.

The member SAUs of an RSU are authorized to expend funds as necessary for the transition to the new RSU and any one of them is authorized to act as the fiscal agent for the others.

* 8. LD 2323 Clarifies the Status of RSU Employees Who are Transferred to a Different Bargaining Unit Before the RSU Negotiates a Uniform Collective Bargaining Agreement

LD 2323 clarifies what happens if an RSU employee is transferred from a position in one bargaining unit to a position in a different bargaining unit before the RSU has adopted a single uniform collective bargaining agreement. In that situation, the employee becomes subject to the collective bargaining agreement applicable to the school to which the employee is transferred, provided that the employee may not experience any decrease in salary or health insurance benefits.

9. LD 2323 Clarifies the Budget Authority of School Boards and City or Town Councils in Charter Municipalities

LD 2323 clarifies the budget authority of the school board and the city council or other legislative body in a municipality where the municipal charter provides that the legislative body has authority over the total amount of the school budget, but the school board has authority to direct the expenditure of school funds. For municipalities with such charters, LD 2323 makes it clear that the municipal council or other legislature body does not have line item authority over the school budget. In those charter municipalities, the council or other legislative body retains authority to determine the total amount of the school budget, but the school board retains authority to allocate the total approved school budget among the cost centers in the summary budget format.

10. LD 2323 Includes New RSU Budget Meeting Procedures

LD 2323 now includes procedures for calling and conducting the budget meeting for an RSU. These procedures are modeled on the existing procedures for conducting a budget meeting in an SAD. As in an SAD, each article must be voted on by written ballot if 10% of those present at the meeting vote to do so.

11. LD 2323 Clarifies the Authority of Local School Committees within RSUs

LD 2323 also clarifies the authority that can be granted to local school committees within an RSU. Local school committees can be established either by a school reorganization plan at the time an RSU is formed, or subsequently, by the RSU board. The local school committees may be delegated any authority which is not reserved to the RSU board as a "core function." The core functions of the RSU which cannot be delegated to the local school committees include: employment of a

superintendent; performance of business functions; administration of special education and transportation; adoption of a core curriculum, the RSU budget, school calendars and school policies; and functioning as the employer of all employees of the RSU. Local school committees are permitted to develop budgets for local schools within an RSU and the member municipalities are permitted to fund those portions of the local school budget which are not approved by the RSU.

12. LD 2323 Authorizes Alternate Organizational Structure as a New Method of School Reorganization

LD 2323 establishes a new method of school reorganization which permits municipalities to establish an "alternate organizational structure" instead of a "regional school unit." An "alternate organizational structure" is similar in concept to a so-called super-union.

In order to be approved by the Commissioner, an AOS must meet the following requirements:

- 1) it must consolidate system administration, special education administration, transportation administration, and most business functions under one superintendent of schools and central office;
- 2) it must adopt a core curriculum and uniform procedure for testing and assessment which is aligned with learning results; and
- 3) it must adopt consistent school policies and school calendars and include a plan for developing consistent collective bargaining agreements.

The plan for an AOS must also include an interlocal agreement under Title 30-A Chapter 115 and a K-12 school budget approval process. School administrative units participating in an AOS may adopt separate local school budgets, but must conduct their budget validation referendums on the same day. The Department will treat the school units in an AOS as one school unit for purposes of calculating State subsidy, which means that the plan for an AOS will have to include a formula for distributing its State subsidy to its member units.

13. Part C of the State Budget Reenacted Procedures for Conducting a School Closing Referendum

The original school reorganization law repealed the statutory provisions establishing the procedures for conducting a school closing referendum in an SAD or CSD. As a result, there was no statutory procedure for conducting a referendum to close an elementary school in an SAD or CSD. Part C of the budget legislation provides that the school closing procedures for an RSU, now also apply to SADs and CSDs. The new provisions require a voter referendum to close an elementary or secondary school in an SAD or CSD. If students from more than one municipality in an SAD or CSD attend the school to be closed, the referendum vote must be conducted in each municipality whose students attend that school.

14. LD 2323 Changes the Size of Municipal School Committees and Sets the Length of RSU Board Members' Terms

LD 2323 authorizes municipal school units in municipalities without a charter to increase the maximum size of their school committees from 5 members to 7 members. The law also includes provisions requiring that the terms of RSU board members be staggered. In municipalities with

annual elections, RSU directors generally serve 3 year terms, but 1/3 of the initial directors are required to serve one year terms, 1/3 of the initial directors are required to serve two year terms and 1/3 are required to serve 3 year terms. In municipalities with biennial municipal elections, RSU directors generally serve 4 year terms, but half of the initial directors serve 2 year terms and half serve four year terms.

15. LD 2323 Eliminates the 2% Limitation on Weighted Voting in RSUs

LD 2323 modifies the requirements applicable to weighted voting on RSU boards. Under the weighted voting procedures in the prior law, no director could have a weighted vote which would exceed by more than 2% the percentage of voting power that director would have if all the votes on the board were apportioned equally among the directors. The 2% limit in the prior law has been increased to 5% by LD 2323. Although it is somewhat complicated to explain, the effect of this change is to permit larger municipalities in RSUs to be represented by a smaller number of board members, each with a greater weighted vote. In some situations, this will permit an RSU to have a smaller and more manageable number of board members.

16. LD 2323 Makes Other Technical Corrections to the School Reorganization Law

A. Definition of "school administrative unit." The original school consolidation law limited the definition of "school administrative unit" after July 1, 2009 to "regional school units" and "municipal school units." No provision was made for CSDs or school administrative units created by Private and Special law whose voters did not approve a school reorganization plan. This problem has been corrected so that all existing forms of SAU may continue to exist after July 1, 2009.

B. Definition of "existing debt." The original school consolidation law defined "existing debt" for purposes of the school consolidation law as debt issued prior to July 1, 2008. The law made no provision for the payment by an RSU of debt issued by a member SAU after July 1, 2008 but before the operational date of the RSU. This problem has been corrected by defining "existing debt" as any debt issued by a member SAU prior to July 1st of the first operational year of the RSU.