

REORGANIZATION PLAN

RSU 16

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SAU Submitting: SCHOOL UNION 90, OLD TOWN SCHOOL DEPARTMENT,
ORONO SCHOOL DEPARTMENT

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[Note: Introductory statutory excerpts in the Department of Education's form have been removed from this working template.]

In the following pages, model language is set forth in plain type. Explanatory notes, which should be removed from the final document, are in *italics*.

Statutory Citations: Citations to “Section _____” (e.g., “Section XXXX-36”) refer to the school reorganization law, P.L. 2007 Ch. 240, unless otherwise indicated.

1. The units of school administration to be included in the proposed reorganized regional school unit.

The proposed regional school unit includes the following school administrative units:

1. SCHOOL UNION 90

2. OLD TOWN SCHOOL DEPARTMENT

3. SCHOOL UNION 87

Note: 1) Collect and review organizational documents of participating school administrative units to ensure that the legally correct name of each unit is used.

2) Review proposed reorganization plans of all participating school administrative units to be sure that all participating school administrative units are listed correctly in the reorganization plan.

2. The size, composition and apportionment of the governing body. NO ACTION

3. The method of voting of the governing body. NO ACTION

Note: Elements 2 and 3 are closely related and are probably most easily addressed together, as follows.

Note: In our experience, municipalities that are members of school units containing more than one municipality generally prefer to have representatives elected by municipality, leading them to Option B – weighted voting. One problem with this method, however, is that it can result in unreasonably large boards due to the one

person, one vote requirement and the restriction on individual members' voting power. As an alternative, Reorganization Planning Committees may want to consider Option D, which is any method that complies with the one person, one vote principle. This would allow development of a hybrid approach that may involve both subdistricts and weighted voting, while preserving municipal representation to some degree. Population should be based on the most recent Federal Decennial Census or the most recent estimated Federal Census.

Choose one of the following options:

Option A

Subdistrict Representation

The regional school unit board shall be composed of ___ members. The voters in each of ___ subdistricts of approximately equal population shall elect a resident of the subdistrict to the board. The subdistricts and their populations are as follows:

Note: As far as practicable, subdistricts should be whole municipalities. Deviations in representation should not exceed 16%. The list below is an example only. The number of subdistricts should be decided by the RPC. List fewer or more subdistricts as appropriate.

Example:

A [map OR detailed description] of the subdistrict boundaries is attached as Exhibit 1-A.

Each board member shall serve a 3-year term, except that the initial terms of the members of the first regional school unit board shall be staggered as provided by Section XXXX-40.

Each member of the regional school unit board shall have one vote.

Option B

Weighted Voting

Note: How weighted voting works. The purpose of weighted voting is to assign different voting power to individual board members to achieve compliance with the

one person, one vote requirement. The statute prescribes how weighted voting is to be structured. First, 1,000 votes (+ or – 5 to ensure use of whole numbers) are apportioned among all members of the board. Each municipality is assigned a share of votes based on the proportion that the municipality’s population bears to the population of the entire regional school unit. If a municipality has two or more directors, the votes cast by them must be divided equally among them.

While weighted voting allows different members to have different voting power, the law places a restriction on how big that difference may be. It does so by stating that the voting power of any one member may not exceed by more than 2% the percentage of voting power the director would have if all 1,000 votes were apportioned equally among all members.

The regional school unit board shall be composed of ___ members. Each municipality in the RSU shall elect the following number of its residents to serve on the Board and their votes shall be weighted as follows:

Note: As nearly as possible, the number of representatives from each municipality shall be proportional to the population of the municipality relative to the population of the RSU.

Note: List all municipalities below. Each municipality should have at least one member.

The regional school unit board shall use weighted voting as follows:

Example:

Each board member shall serve a 3-year term, except that the initial terms of the members of the first regional school unit board shall be staggered as provided by Section XXXX-40.

Option C

At Large

The regional school unit board shall be composed of ___ members. All members shall be elected at-large by all of the voters of the RSU. Each board member shall have one vote.

Each board member shall serve a 3-year term, except that the initial terms of the members of the first regional school unit board shall be staggered as provided by Section XXXX-40.

Option D

Any Other Method

Any other method that complies with the one person, one vote principle.

Note: Option D permits regional planning committees to develop creative alternatives that may combine two or more of the above methods, as long as the one person, one vote principle is adhered to. In light of the unwieldy size that some boards will be if municipal representation with weighted voting is used, regional planning committees should not rule out alternative solutions.

4. The composition, powers and duties of any local school committees to be created. NO ACTION

Note: If there are to be no local school committees, insert “Not Applicable” here. If there are to be local school committees, consider the following language and list all towns:

Local school committees are to be created in the following municipalities, and each shall have the composition indicated:

<u>Town</u>	<u>Local School Committee Composition</u>
Town of _____	_____ members
Town of _____	_____ members
Town of _____	_____ members

The local school committee members shall be:

Note: select option A or B as follows, or select another alternative.

Option A: Elected in accordance with the procedures applicable to the election of school committee members in municipal school units.

Option B: Appointed by the regional school unit board.

To the extent permitted by law, the powers and duties of the local school committees are as follows:

Note: Select from the following list and include others as may be applicable.

Caution: *The legally permissible scope of authority that may be delegated to a local school committee is unclear, and in any case may be the subject of future legislation.*

Applicable	Not Applicable	
_____	_____	A. They shall adopt the courses of study in accordance with 20-A M.R.S.A. §1001(6).
_____	_____	B. Where more than one school is maintained within the municipality, they shall determine which students shall attend each school, classify them and transfer them from school to school, in accordance with 20-A M.R.S.A. §1001(8).
_____	_____	C. They shall suspend or expel students in accordance with 20-A M.R.S.A. §1001(9), (9-A) and (9-B).
_____	_____	D. They shall adopt a policy governing the selection of educational materials and may approve educational materials in accordance with 20-A M.R.S.A. §1001 (19-A).
_____	_____	E. They shall prepare, and submit to the municipal officers, an annual budget for funds to be raised and expended for their schools and shall direct the spending of those funds in accordance with 20-A M.R.S.A. § 1481(2) and other applicable law.
_____	_____	F. They may employ teachers and other school employees. If a teacher is employed by a local school committee, the local school committee shall perform the duties of the school board pursuant to Section 13201 of Title 20-A and other provisions of state law.
_____	_____	G. They shall be responsible to repair, maintain and replace equipment and improvements purchased from

their budget.

_____ _____ H. They shall have custody and care of all equipment or supplies purchased from their budget.

Applicable

Not

Applicable

_____ _____ I. They shall submit proposals for school renovations and school construction projects to the regional school unit for approval in accordance with applicable law. They shall consult with the regional school unit board regarding school construction projects and renovation projects for their schools.

_____ _____ J. They may accept and expend gifts in accordance with 20-A M.R.S.A. § 1476(6).

_____ _____ K. They may establish and expend reserve funds in accordance with 20-A M.R.S.A. § 1491 and 20-A M.R.S.A. § 4001(5).

_____ _____ L. They may adopt rules and policies that govern their schools not inconsistent with the rules and policies of the regional board.

_____ _____ M. Through the municipal officers, the local school committee may submit to the voters of the municipality an article for the voters of the municipality to determine whether the local school committee should be eliminated or an article to curtail or eliminate one or more of its powers and duties.

Note: If local school committees are created with authority to prepare and submit annual budgets, the reorganization plan should include provisions describing the procedures for integrating the local school committee's budget process with the budget process of the regional school unit.

In addition to local school committees created by this reorganization plan, the regional school unit board may establish local school committees and specify their powers and duties in accordance with 20-A M.R.S.A. § 1478.

5. The disposition of real and personal school property. NO ACTION

Note: This plan assumes all property is transferred unless listed as an exception.

A. Real Property and Fixtures. Except as listed below, all real property interests, including without limitation land, buildings, other improvements to realty, easements, option rights, first refusal rights, and purchase rights, and all fixtures, of the school administrative units [*Note: If property of school unions is included, add: “and of any school unions of which they are members”*] shall be property of the region. The regional school unit board may require such deeds, assignments or other instruments of transfer as in its judgment is necessary to establish the region’s right, title and interest in such real property and fixtures.

The following real property interests and associated fixtures shall not be transferred:

Note: List below property not transferred to region. Care should be taken to accurately describe property that is not being transferred to the regional school unit.

<u>Name of SAU</u>	<u>Description of Excluded Property</u>
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All real property and fixtures not described in the above list shall be transferred to the regional school unit.

Note: The next provision specifies disposition of the SAU property, listed above, that is NOT transferred to the region.

The disposition of the above non-transferred property, if any, shall be as follows:

Note: If Option A below is not selected, consult with legal counsel regarding legal implications. Also, before selecting Option A, the municipality should be consulted on whether it wishes to accept the property. Particularly in the case of older buildings, a municipality may not want ownership, such as in the case of a building whose maintenance and remediation costs are excessive.

Option A: Any excepted real property and fixtures shall become the property of the municipality in which it is located.

B. Personal Property. All other tangible school personal property, including movable equipment, furnishings, textbooks and other curriculum materials, supplies

and inventories shall become property of the region as successor of the SAUs, except as listed below:

Name of SAU Description of Excluded Personal Property

The regional school unit board may require such assignments, bills of sale or other instruments of transfer as in its judgment is necessary to establish the region's right, title and interest in such personal property.

C. Agreements to Share or to Jointly Own Property. In cases where real or personal school property is shared or is jointly used by an SAU with a municipality or other party, the regional school unit shall be the successor in interest to the SAU, unless that shared or jointly used property has been excepted in the above list of excepted real property or, as applicable, the above list of excepted personal property.

Note: In cases an SAU shares or jointly uses property with a municipality, close attention must be paid to transfer the same relationship to the region. The other party may not wish to provide the same benefits. In the case of a municipal school unit where title is in the municipality, it may not be clear whether or not such shared or jointly used property should be considered school property (such that legal title is subject to transfer to the region), or instead, non-school property of the municipality. Legal advice should be sought in these situations.

6. The disposition of existing school indebtedness and lease-purchase obligations if the parties elect not to use the provisions of Section 1506 regarding the disposition of debt obligations. NO ACTION

Note: It is important to address the disposition of debt and not to simply elect to rely upon the provisions of Section 1506. That section itself contains elections to be made, which would leave the parties' intentions in doubt.

Note: If an SAU has been divided between regions, consult with legal counsel regarding assumption or non-assumption of its debt. Other options and language to fit the desired plan for debt assumption/non-assumption not addressed below should also be discussed with legal counsel.

A. Bonds, Notes and Lease Purchase Agreements That the Region Will Assume.

The region shall assume liability to pay the following bonds, notes and lease purchase agreements:

Note: Include in this list all bonds, notes and lease purchase agreements to be assumed by the region. Include current principal balance as of operational date:

Name of SAU	Year Issued	Original Principal Amount	Asset Acquired, Constructed or Renovated	Principal Balance as of July 1, 20__	Final Maturity Date
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Additionally, other bonds, notes and lease purchase agreements issued by an SAU before the operative date of the region shall be assumed by the region, provided the SAU issued the bond, note or lease purchase agreement in the normal course of its management of the schools for an essential purpose to replace its existing facilities and existing items of equipment that are not longer serviceable or to keep them in normal operating condition.

Note: The sentence above should be considered if the intention is to have the region also assume debt that SAUs need to issue after the list is created, such as in cases of unexpected needs or in the normal course of business.

B. Bonds, Notes and Lease Purchase Agreements That the Region Will Not Assume. Pursuant to 20-A M.R.S.A. § 1506(4), the region does not assume the following bonds, notes and lease purchase agreements, which shall continue to be paid by the original members of the SAU indicated, and the region shall serve as fiscal agent for the SAU for that purpose:

Note: Include in the following list all bonds, notes and lease purchase agreements that the region will not assume. Include current principal balance as of date indicated. The region will serve as fiscal agent to determine the amount of debt service due, and to charge and collect that debt service from each member of the original SAU in addition to that member's share of the region's expenses.

Name of	Year	Original	Asset	Principal	Final
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SAU	Issued	Principal Amount	Acquired, Constructed or Renovated	Balance as of July 1, 20__	Maturity Date
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C. New Capital Project Debt that Region Will Issue and Assume. If the voters or other applicable legislative body of an SAU has authorized the issuance of bonds for a school construction or a minor capital project, but the SAU has not issued all of the authorized permanent bonds for that project, the regional school unit board shall issue bonds or notes to finance the completion of that project and to refund any temporary notes that the SAU issued for that project, as required by 20-A M.R.S.A. § 1506(5). With respect to such new project debt, the region shall assume liability to pay the following bonds, notes and lease purchase agreements:

Note: Include in this list all New Capital Project bonds, notes and lease purchase agreements authorized by an SAU but not yet issued as of the region's operative date that will be issued by the region and that the region will assume. Include the principal balance to be issued.

SAU	Project Description	Principal Amount	Date Authorized by SAU Legislative Body
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D. New Capital Project Debt that the Region Will Issue But Will Not Assume. If the voters or other applicable legislative body of an SAU has authorized the issuance of bonds for a school construction or a minor capital project, but the SAU has not issued all of the authorized permanent bonds for that project, the regional school unit board shall issue bonds or notes to finance the completion of that project and to refund any temporary notes that the SAU issued for that project, as required by 20-A M.R.S.A. § 1506(5). With respect to such new project debt, the region will not assume liability to pay the following bonds, notes and lease purchase agreements:

Note: Include in this list all New Capital Project bonds, notes and lease purchase agreements to be issued by the region but that the region will not assume. Include the principal balance to be issued. The region will serve as fiscal agent to determine the amount of debt service due, and to charge and collect that debt service from each member of the original SAU in addition to that member's share of the region's expenses.

SAU	Project Description	Principal Amount	Date Authorized by SAU Legislative Body
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E. Defaulted Debt is Excluded from Being Assumed. Notwithstanding anything in this Plan to the contrary, except where legally required to do so, the region will not assume any bond, note or lease purchase agreement as to which the SAU is in breach or has defaulted.

F. Other Debt Not Assumed. Except as provided in this section of the Plan, the region will not assume liability for any bonds, notes or lease purchase agreements issued by an SAU prior to the operative date of the region.

7. The assignment of school personnel contracts, school collective bargaining agreements and other school contractual obligations. NO ACTION

A. School Personnel Contracts. A list of all written individual employment contracts to which each of the existing SAUs is a party is attached as Exhibit 7-A. Pursuant to Section XXXX-43(5), individuals on the list who are employed on the day before the operational date shall become employed by the RSU as of the operational date, and their contracts shall be assumed by the RSU on the operational date. This provision does not prevent the existing SAUs from terminating or nonrenewing the contracts of employees in accordance with applicable law before the operational date of the RSU. The list shall be updated and made final no later than the day before the operational date of the RSU.

Note: Independent contractors are not employees and need not be transferred to the RSU. Contracts with independent contractors that do not expire before the operational date should be addressed as provided in subsection C below.

A list of all employees of the existing SAUs who do not have written individual employment contracts is attached as Exhibit 7-B. Pursuant to Section XXXX-43(5), individuals on the list who are employed on the day before the operational date shall become employed by the RSU as of the operational date. This provision does not prevent the existing SAUs from terminating employment of the employees in accordance with applicable law before the operational date of the RSU. The list shall be updated and made final no later than the day before the operational date of the RSU.

The duties and assignments of all employees transferred to the RSU shall be determined by the Superintendent of the RSU or his/her designee.

B. School Collective Bargaining Agreements. The following collective bargaining agreements to which the SAUs are a party shall be assumed by the regional school unit board as of the operational date:

Note: All collective bargaining units, including those with expired contracts, must be listed.

Example:

All of the employer's rights and responsibilities with respect to collective bargaining shall be fully assumed by the regional school unit board as of the operational date.

C. Other School Contractual Obligations. A list of all contracts to which the existing SAUs are a party and that will be in effect as of the operational date is attached as Exhibit 7-C.

The RSU shall assume the following contracts as of the operational date:

Example:

The SAU Board and superintendent shall seek to terminate or negotiate for termination of the following contracts prior to the operational date:

Example:

8. The disposition of existing school funds and existing financial obligations, including undesignated fund balances, trust funds, reserve funds and other funds appropriated for school purposes. NO ACTION

A. Existing Financial Obligations. Pursuant to Section XXXX-36(5) the disposition of existing financial obligations is governed by this plan.

Existing financial obligations shall include the following:

- i. all accounts payable;
- ii. to the extent not included as accounts payable, any financial obligations which under generally accepted accounting principles would be considered expenses of the SAU for any year prior to the year the RSU becomes operational, whether or not such expenses were budgeted by the SAU in the year the obligations were incurred, including for example summer salaries and benefits; and
- iii. all other liabilities arising under generally accepted accounting principles that can be reasonably estimated and are probable.

Each SAU shall satisfy its existing financial obligations from all legally available funds. If an SAU has not satisfied all of its existing financial obligations, the SAU shall transfer sufficient funds to the region to satisfy its remaining existing financial obligations, and the regional school unit board shall be authorized to satisfy those existing financial obligations on behalf of the SAU. If the SAU does not transfer to the region sufficient funds to satisfy its existing financial obligations, then to the extent permitted by law, the regional school unit board may satisfy those obligations from balances that the SAU transfers to the region. If the available balances transferred are insufficient to satisfy the SAU's existing financial obligations, or are not legally available for that purpose, the regional school unit board may take any action permitted by law so that all of the municipalities of the region are treated equitably with respect to the unsatisfied existing financial obligations of an SAU. For example, to the extent permitted by law, the regional school unit board may satisfy the unpaid existing financial obligations of an SAU in the same manner and with the same authority as for unassumed debt under the provisions of 20-A M.R.S.A. § 1506(4).

Additionally, to the extent permitted by law, if in the judgment of the regional school unit board it must raise funds from all its members to satisfy existing financial obligations of an SAU, the regional school unit board also shall be authorized to raise additional amounts for the purpose of making equitable distributions (which may be made in the form of credits against assessed local shares of the region's approved budget) to those region members that would otherwise bear costs attributable to unsatisfied existing financial obligations of an SAU for which they had no financial responsibility. The intent of the preceding sentence is that financial responsibility for

unsatisfied existing financial obligations of an SAU be borne by its members and not by the other members of the region.

B. Remaining Balances. The balance remaining in the SAU's school accounts after the SAU has satisfied existing financial obligations in accordance with this plan shall be paid to the treasurer of the regional school unit, verified by audit and used to reduce that SAU's contribution as provided by Section XXXX-43(4). Unless the Legislature otherwise provides, in the case of a school administrative district, community school district or other regional school district (collectively, "district"), the school board of the district shall specify in writing to the regional school unit board how the region shall allocate transferred remaining balances between district members. Unless the Legislature otherwise provides, if the district board has not specified in writing to the regional school unit board how this allocation shall occur, then the transferred remaining balances shall be credited to the district's members in proportion to their respective shares of that portion of the total local costs of the region allocable to all of the district's members for the operational year.

Transfers of remaining balances may occur within the period specified by Section XXXX-43(4), or, as may be preferable in the case of a district, at any time before the district has closed its accounts and ceased normal operations.

C. Reserve Funds. SAUs shall transfer remaining balances of reserve funds to the regional school unit. Unless otherwise provided by applicable law, a transferred reserve fund shall be used in accordance with its original purpose to benefit a school or schools of the SAU. Transferred reserve funds shall be subject to Title 20-A M.R.S.A. § 1491, except that the transfer of funds in a reserve fund or a change in purpose of the fund may only occur in such manner that the funds continue to benefit the members of the SAU that transferred that reserve fund to the region.

D. Scholarship Funds. SAUs shall transfer remaining balances of scholarship funds to the region. Scholarships shall be limited to the original pool of potential recipients unless otherwise provided by the donor or by applicable law.

E. Trust Funds. SAUs shall transfer trust funds to the region. The regional school union board shall be deemed the successor trustee for all purposes, except as provided by the trust or by applicable law.

9. A transition plan that addresses the development of a budget for the first school year of the reorganized unit and interim personnel policies. NO ACTION

(See section 13-C of this working template for plan provisions dealing with election of initial board of directors)

A. Transition Plan for Budget Development. The regional school unit board shall establish interim rules of procedure and shall elect interim officers who shall serve until officers are elected at a meeting following the operational date of the region.

The regional school unit board shall select a superintendent of schools in accordance with Section 1051 of Title 20-A. During the interim period, the salary, office and other expenses of the superintendent, as well as the cost of the regional school unit board, including insurance, shall be allocated to the school administrative units as provided below.

If a region is formed to become operational as of July 1, 2008, then following the issuance of a certificate of organization by the State Board of Education, the school boards and superintendents of the SAUs within the region shall begin a process for developing proposed budgets for educational programs and services within their SAUs for the fiscal year beginning July 1, 2008. In developing their proposed budgets, the SAUs shall consider potential cost savings and additional costs that may result from reorganization. The SAUs also shall consider changes in operations that may be necessary in order to reduce costs of administration, special education, building and maintenance and transportation without adversely affecting the educational program. During the months of February and March, the school boards of the SAUs and their superintendents shall conduct joint meetings and budget workshops as necessary to develop a proposed budget for the first operational year of the regional school unit. Specific duties may be assigned to existing personnel with the approval of the employing SAU.

A proposed budget with supporting documentation shall be developed in time for its presentation to and consideration by the initial regional school unit board of directors. The regional school unit board shall complete the budget development process and recommend a budget for consideration by the voters.

The regional school unit board shall propose and approve a recommended budget in accordance with 20-A M.R.S.A. § 1482 for the first operational year for submission to the voters of the region. The budget format, approval procedures and assessments for the regional school unit's first operational year budget shall be in accordance with 20-A M.R.S.A. §§ 1482-1489. The regional school unit board shall have all necessary authority for those purposes. This shall be considered the first year of use of the budget validation referendum process for purposes of determining the continued use of the budget validation referendum process every three years pursuant to Section 1486(1).

The regional school unit board shall be authorized to take all other actions and shall have all other authority provided under state law to prepare for the regional school unit to become operational on July 1 of the first operational year; including the authority to open and maintain accounts, to incur expenses not to exceed \$ _____ to be allocated among the regional school units' member SAUs in accordance with their [most recent April and October resident pupil count] or [their respective most recent state valuation] or [other method of allocation] *select one*; and to file applications for school construction projects and revolving renovation fund loans and other available funding.

Note: Add any other applicable _____ powers for educational purposes.

B. Transition Plan for Personnel Policies. All personnel policies existing in the previous school administrative units shall continue to apply to the same employment positions after they become part of the regional school unit. After the operational date, the regional school unit board and superintendent will develop and adopt region-wide policies in accordance with applicable law.

Note: The law provides that the RSU will assume all collective bargaining obligations of the previous school administrative units. Since one of those obligations is to negotiate or, in the case of educational policy, meet and consult with respect to changes in wages, hours and working conditions of represented employees, it is questionable whether such policies may be unilaterally changed by means of the reorganization plan. Therefore, this template contemplates that all policies will stay in place, and that the regional school unit board and administration will take on the project of adopting uniform policies after the formation of the RSU.

10. Documentation of the public meeting or public meetings held to prepare or review the reorganization plan. NO ACTION

Minutes of the following public meeting(s) held to prepare or review the reorganization plan are attached as Exhibit 10-A:

Note: Attach minutes of each meeting listed below.

Date of Public Meeting	Time	Location

11. An explanation of how units that approve the reorganization plan will proceed if one or more of the proposed members of the regional school unit fail to approve the plan. NO ACTION

If one or more of the proposed members of the region fail to approve the plan, the SAUs that approve the plan shall proceed as follows:

If despite rejection by one or more proposed members of the region, the plan is approved by each of the applicable school administrative units pursuant to Section XXXX-36(9), the plan is approved for all proposed members of the region in accordance with Section XXXX-36(9).

Note: Select one of the following options or develop another alternative.

Note: Select Option A if rejection by one or more SAUs is intended to have the effect that the region not be created.

Option A: If the plan is rejected by one or more SAUs, the region shall not be formed under this plan, and the SAUs shall re-start the process to form a regional school unit with the same or other school administrative units and may seek assistance from the Department of Education to form another reorganization plan pursuant to Section XXXX-36(11).

Select Option B if the intention is to create the region from approving SAUs that have the specified minimum percentages of resident pupils and fiscal capacities, despite rejection of the plan by the other proposed members.

Option B: If the plan is rejected by one or more SAUs, but is accepted by SAUs representing at least _____% of the average number of resident pupils within all of the SAUs in the proposed region, as measured by the average of the most recent April and October resident pupil counts; and by SAUs representing at least _____% of the aggregate fiscal capacity of the SAUs in the proposed region, then in such case the membership of the regional school unit shall include those SAUs that approved the plan; except that the Commissioner may determine the necessity for reapportionment pursuant to 20-A M.R.S.A. § 1475.

Caution: Approval of a region when less than 100% of the SAUs approve the plan may affect board composition, cost sharing, available schools and facilities, levels of indebtedness, student population and other aspects of the regional school unit.

Conversely, failure to include such a provision will result in a failure of the plan if it is disapproved by the voters of any school administrative unit within the proposed regional school unit.

12. An estimate of the cost savings to be achieved by the formation of a regional school unit and how these savings will be achieved. NO ACTION

We estimate that the formation of the regional school unit will result in the following cost savings during the first three years of operation:

Note: While the formation of the RSU should save money in some areas, it is also possible that the formation of the RSU will result in additional costs above the aggregate costs in the previous school administrative units. Although the law does not require that the plan list cost increases as well as savings, an accurate report of anticipated cost savings can only be given by offsetting cost increases against savings. Itemize each area of savings or additional cost.

First year – 20__ - 20__:

Estimated savings:

Estimated additional costs:

Net savings (or costs):

Second year – 20__ - 20__:

Estimated savings:

Estimated additional costs:

Net savings (or costs):

Third year – 20__ - 20__:

Estimated savings:

Estimated additional costs:

Net savings (or costs):

Total estimated savings (or costs):

13. Such other matters as the governing bodies of the school administrative units in existence on the effective date of this chapter may determine to be necessary. NO ACTION

13-A. Plans to reorganize administration, transportation, building and maintenance and special education. NO ACTION

Note: Under Section XXXX-36(6)(F) each reorganization plan and alternate plan is required to include provisions showing how the school administrative unit will respond to the Legislature's reductions in various non-instructional EPS allocations without having an adverse impact on the instructional program.

Paragraph F provides:

F. The plan must address how the school administrative unit will reorganize administrative functions, duties and non-instructional personnel so that the projected expenditures of the reorganized school unit in fiscal year 2008-09 for system administration, transportation, special education and facilities and maintenance will not have an adverse impact on the instructional program.

The legislative background to this provision, is that in adopting the State budget for the FY 2008-2009 biennium, the Legislature reduced the state-wide EPS allocations for school administration by 50% and the state-wide EPS allocations for transportation, special education and facilities and maintenance by 5% each. The reduction of these EPS allocations for FY 2008-09 resulted in total reductions in non-instructional EPS allocations of approximately \$70 million dollars. The school reorganization plan developed by a subcommittee of the Appropriations Committee contained a provision which appeared to require each school administrative unit to reduce its administrative costs by 50% and to reduce its transportation costs, special education costs, and building and maintenance costs by 5% each. This provision was revised in amendments to the school reorganization legislation which were adopted in the final hours before the school reorganization legislation was passed.

The language finally included in Section XXXX-36(6)(F) requires that reorganization and alternative plans address the changes in administration,

transportation, special education and buildings and maintenance that each school unit plans to make so that its projected expenditures in these areas will not adversely affect its educational program.

Although the Department of Education has not yet issued any written guidance as to what standards the Commissioner will apply in reviewing this aspect of the plans, it appears that the purpose of Paragraph F was to require school administrative units to develop plans for reducing costs in these four areas so that the Legislature's reductions in EPS allocations in these areas would not adversely affect the instructional program.

With this in mind, the first step in developing plans to meet the requirements of Paragraph F would be for each school administrative unit to determine how much it is actually spending for administration, transportation, special education and buildings and maintenance, and how those amounts compare to the SAU's allocations for those functions under the Essential Programs and Services Funding Law. For these comparisons to be meaningful, it will be necessary for each school administrative unit to calculate its costs in these areas using the Department of Education's new chart of accounts under the Maine Education Data Management System (MEDMS). If the unit has not yet converted its reporting of school expenditures to the new chart of accounts under MEDMS, a plan and timeline for making that conversion should be the first section of its proposed plan.

The second section of the proposed plan should be a detailed comparison of the SAU's actual expenditures in each of the four areas as reported under the new chart of accounts with its EPS allocations in those four areas.

Where the unit's actual expenditures (as reported using the new chart of accounts) exceed the unit's EPS allocations for those four functions, the third element of the plan should be an analysis of the reasons why the unit's actual costs are in excess of its EPS allocation in each of the four areas.

The fourth element of the plan should describe the steps that the school administrative unit plans to take to bring its level of expenditures for administration, transportation, special education and buildings and maintenance more into line with its EPS allocations for those functions. The actual content of the plan will vary from unit to unit depending on the levels of expenditures, the EPS allocations, and the reasons for variance in each of the four areas.

With respect to administrative costs, the formation of a new RSU may result in a closer alignment between the unit's level of expenditures for administration and its EPS allocation for administration. Other aspects of a plan might include shared service collaboratives for certain functions such as accounting and payroll, shared service arrangements between school departments and other municipal departments,

improved financial and accounting software, reductions in administrative personnel and the like.

With respect to transportation, Paragraph F plans might include use of bus routing software being acquired by the Department, shared service arrangements for maintenance and repair of buses, changes in policy concerning school bus routes and stops, and changes in the level of transportation service. The Paragraph F plan might suggest similar changes with respect to expenditures for buildings and maintenance.

With respect to special education, a school unit's Paragraph F plan might include greater use of regional programs, use of regional employees as opposed to contracted services, examination and review of identification rates, and similar changes in the delivery of special education services. In preparing Paragraph F plans to bring special education expenditures more into line with a unit's EPS allocation for special education, however, school units would be well advised to consult with counsel to make sure that their plans do not run afoul of Federal or State special education mandates or "maintenance of effort" requirements.

13-B. Cost Sharing in Regional School Units - NO ACTION

Note: For reorganization plans that include school administrative units with cost sharing agreements in existence on June 7, 2007 that were adopted pursuant to P. L. 2005, Chapter 2 (a.k.a. L.D. 1) or pursuant to a private and special law, the reorganization plan should address the continuing status of the cost sharing formula. The plan should include the following provisions:

The cost sharing agreement of (*name of SAU*) in existence on June 7, 2007 and adopted pursuant to (*include reference to applicable law*) [shall/shall not] (*select one*) remain in effect after the formation and operative date of the regional school unit.

Note: If the cost sharing formula is to remain in effect, the following provision should be included in the plan:

For those municipalities within the regional school unit which remain subject to the cost sharing formula adopted pursuant to (*insert reference to applicable law*) their respective required local contributions, and their respective shares of additional local funds, non-state funded debt service and other regional school unit assessments shall be combined and then reallocated for assessment by the regional school unit in accordance with that cost sharing formula.

Note: Alternate cost sharing agreements other than those in existence on June 7, 2007 and adopted pursuant to L.D. 1 or private and special law, are not currently permitted by 20-A M.R.S.A. § 1481. A private and special law or a change in general law will be required in order for a regional school unit to employ an alternate cost sharing formula.

For reorganization plans that include cost sharing agreements applicable to funds raised in addition to the required local contribution pursuant to Title 20-A M.R.S.A. Section 15690, subsection 1 which are not based on the same local share percentages for each municipality as the required local contribution under Section 15688, the following provision or a similar provision should be included in the plan:

The regional school unit may raise money, in addition to the required local contribution pursuant to Title 20-A, Section 15690, subsection 1 for educational purposes. The additional local costs of operating the regional school unit shall be shared among all the municipalities within the regional school unit on the basis of the following formula:

- a) _____% shall be shared on the basis of the fiscal capacity of each member municipality; and
- b) _____% shall be shared on the basis of the number of resident pupils in each member municipality.

This local cost sharing formula applies only to the amount, if any, of additional local funds and non-state funded debt service raised by the regional school unit. It does not apply to the required local contributions raised by each municipality pursuant to 20-A M.R.S.A. § 15688.

Caution: If a reorganization plan is developed which includes an alternate cost sharing formula, such as the one above, the reorganization plan should include a provision making approval and implementation of the reorganization plan subject to the passage of a private and special law or general legislation authorizing or permitting an alternate cost sharing agreement such as that contained in the plan. The necessary provision of the reorganization plan could be worded as follows:

Approval of this reorganization plan by the Commissioner of Education and the voters is subject to the condition that the Maine Legislature enact a Private and Special Law or a general law authorizing or permitting an alternate cost sharing arrangement such as that contained in this reorganization plan prior to the operational date of the proposed regional school unit.

Note: Other financial barriers to school reorganization which may require special legislation.

In the course of developing reorganization plans, school administrative units may encounter one or more fiscal barriers to school reorganization. It may become necessary to negotiate special cost sharing arrangements or cost sharing transition provisions or other fiscal arrangements which require private and special legislation or a change in general law in order to facilitate or encourage reorganization of existing school administrative units into regional school units.

Some of the situations where legislation may become necessary to remove financial barriers to reorganization include the following:

(1) The Two Mill Minimum Contribution.

20-A M.R.S.A. § 15688(3-A)(B-1) requires a minimum local contribution of two mills from each municipality within a regional school unit. In the case of municipalities or plantations with high valuations and a small number of pupils, this 2 mill minimum contribution may constitute a significant barrier to reorganization. In the case of one plantation which has come to our attention, it appears that the 2 mill minimum contribution which would result from joining an RSU would approximately double the plantation's cost per pupil. In this case, the additional costs that would result from the 2 mill minimum contribution would greatly exceed the financial penalties which would be incurred for failing to join the RSU. We understand that the Department intends to introduce legislation to remove this financial disincentive to reorganization, either by reducing the minimum contribution or by requiring school units to raise the same minimum contribution whether or not they join an RSU.

(2) Significant Differences in Levels of School Expenditure.

Another situation in which there may be a financial barrier to reorganization is where there is a significant difference in per pupil expenditures among SAUs considering the formation of an RSU, particularly in the case of municipalities whose total cost of education under EPS is below the State's uniform mill rate. If the existing level of per pupil expenditure is \$8,000 per pupil in one SAU and \$10,000 in another, for example, reorganization into an RSU may result in an instant cost shift from the SAU with the higher per pupil expenditures to the SAU with lower per pupil

expenditures. In this situation, it may be necessary to negotiate a special cost sharing arrangement or cost sharing transition provision to facilitate school reorganization. Any such special cost sharing arrangements or transition provisions, however, will require authorization by private and special law or a change in the general law applicable to cost sharing among municipalities within regional school units.

(3) A similar financial barrier to reorganization may arise in a situation where a school administrative unit that receives minimum State subsidy proposes to reorganize into a regional school unit with other school administrative units that are not minimum receivers. If the resulting RSU is no longer eligible to receive minimum subsidy, the loss of minimum State subsidy may result in significant increases in local costs. In such situations, the additional local costs resulting from reorganization may exceed the penalties that would be assessed for failure to join an RSU.

In any of the situations described above, affected school units should consult with the Department of Education and their counsel as soon as the financial barrier to reorganization or the need for a special cost sharing arrangement comes to their attention. The general cloture deadline for submitting bills to the second regular session of the Legislature is October 3, 2007, although the Department of Education may be able to submit legislation after this date.

13-C. Election of initial board of directors. NO ACTION

Note: The school reorganization law does not make any statutory provision for electing the board of directors of a new RSU before the date that the RSU becomes operational. For that reason school administrative units should address this statutory gap in their reorganization plans. The following sample provisions may be used for this purpose:

Within 30 days of the issuance of a certificate of organization for the regional school unit by the State Board of Education, the members of the school boards of the school administrative units within the regional school unit shall conduct a joint meeting for the purpose of electing an interim secretary of the regional school unit and determining a date for the election of the initial board of directors of the regional school unit.

The interim secretary shall notify the municipal officers of the member municipalities of the regional school unit of the date of the election. The election shall be conducted in accordance with Title 30-A Chapter 121 of the Maine Revised Statutes, as amended by Section 1473(2) of Chapter 103-A of Title 20-A of the Maine Revised Statutes, except that the election duties of the secretary and board of directors of the regional school unit shall be performed by the interim secretary. The duties of the interim secretary shall include:

- 1) notification of the municipal officers of the date of the election;
- 2) furnishing nomination papers at least 10 days before the deadline for filing nomination papers;
- 3) receipt of completed nomination papers in accordance with 20-A M.R.S.A. §1473;
- 4) preparation and distribution of election ballots in accordance with 20-A M.R.S.A. §1473;
- 5) receipt of town clerk's certification of the results of the voting in each member municipality;
- 6) tabulation of the town clerk's certification of the results of the voting in each municipality;
- 7) accepting any recount petitions that may be filed pursuant to 20-A M.R.S.A. §1473; and
- 8) totaling the votes cast for each candidate and notifying the clerks in each municipality, the candidates, and the Commissioner of Education of the final results of the voting and the names and addresses of the persons elected as directors.

In accordance with 20-A M.R.S.A. §1473(1), the clerk of each municipality within the regional school unit shall forward the name(s) and address(es) of the director(s) elected to represent that municipality to the State Board of Education with such other data with regard to their election as the State Board of Education may require. On receipt of the names and addresses of all of the directors, the State Board of Education shall set a time, place and date for the first meeting of the directors and give notice to the directors in writing, sent by registered or certified mail, return receipt requested, to the address provided by the municipalities.

13-D. Tuition Contracts and School Choice - NO ACTION

Note: In its current form, the law will require the RSU to maintain any tuition contract between a previous school administrative unit and any other school administrative unit or private school that is in effect on the operational date. Likewise, opportunities for school choice provided by a previous school unit must be maintained by the RSU for students in those municipalities that offered choice. Although these requirements could be complicating factors in reorganization planning, the law does not give the RPC the authority to change or eliminate existing tuition contracts and school choice options. Absent a change in the law, the RPC should accept any such contracts or choice options as a given.

With respect to financial planning for tuition contracts, such contracts usually prescribe the tuition rate. With regard to school choice, the issue is more complicated. For students exercising a right to choose a public school in a different school unit, the RSU must pay tuition not to exceed its own secondary tuition rate. If the tuition payable to the choice school exceeds the RSU's tuition rate, the additional expense must be paid by the responsible municipality in equal monthly amounts.

1. Tuition Contracts

The following tuition contracts are in existence as of the date of this Plan:

Example:

Each of the above tuition contracts will be assumed by the RSU unless terminated prior to the operational date.

2. School Choice

The following SAUs offer some or all of their students a choice of which school to attend:

Example:

Grade levels in the existing SAUs that have choice of schools as of the operational date shall continue to have the same choices in the RSU.

13-E. Claims and Insurance - NO ACTION

Note: Claims. Existing school administrative units will have claims pending against them when they cease operation and are replaced by the new RSUs. These claims may be lawsuits, Human Rights Commission complaints, special education due process proceedings, workers compensation claims and other types of claims or proceedings. The reorganization statute provides no direction about the handling of lawsuits, complaints and other legal claims pending at the time the RSU is formed. We believe that all such pending claims should be disclosed by the SAUs, but the handling of such claims should be addressed on a case-by-case basis.

Disclosure of claims

The parties are aware of the following lawsuits, administrative complaints, due process proceedings, notices of claim and other claims existing as of _____(insert date).

Example:

Note: Insurance. The SAUs should also identify all of their existing property, casualty, liability and errors and omissions insurance policies. Each insurance carrier should be notified of the impending reorganization, and there should be a thorough discussion with an insurance agent and/or carriers addressing the following issues:

- *Pending claims: Will the insurance company continue to provide coverage of claims that continue after the RSU is formed?*

- *Claims arising before reorganization but asserted after reorganization: The RSU should acquire insurance, effective no later than the operational date, that will cover claims that arise before the operational date but are asserted after that date.*

13-F. Vote to submit reorganization plan to Commissioner. **NO ACTION**

Before submitting a reorganization plan to the Commissioner of Education the governing body of each school administrative unit shall adopt the following vote:

Vote to be Adopted by [School Committee/Board] to Submit Reorganization Plan to Commissioner:

VOTED: That the provisions included in the school reorganization plan prepared by the _____ Reorganization Planning Committee to reorganize (*insert legally correct names of affected school administrative units*) into a regional school unit with an operational date of July 1, 20__, are determined to be necessary within the meaning of Section XXXX-36(5)(M) and that the Superintendent of Schools be, and hereby is, authorized and directed to submit the school reorganization plan to the Commissioner of Education on behalf of this school administrative unit by December 1, 2007.

Note: Adoption of this vote does not necessarily mean that the governing body of the school administrative unit endorses the school reorganization plan. This vote is required in order for the school reorganization plan to include “such other matters as the governing bodies . . . determine to be necessary” under Section XXXX-36(5)(M) of the school reorganization law and in order for the plan to be submitted to the Commissioner of Education by the school administrative unit as required by Section XXXX-36(4).

13-G. Section for RSUs with fewer than 2,500 students - N/A

Note: RSUs that will have fewer than 2,500 but more than 1,200 students must demonstrate that the departure from the 2,500 minimum is justifiable based on the following statutory criteria. Any school unit in this category should provide evidence and reasons relevant to these criteria as part of its reorganization plan:

(a) Geography, including physical proximity and the size of the current school administrative unit;

(b) Demographics, including student enrollment trends and the composition and nature of communities in the regional school unit;

(c) Economics, including existing collaborations to be preserved or enhanced and opportunities to deliver commodities and services to be maximized;

(d) Transportation;

(e) Population density; or

(f) Other unique circumstances including the need to preserve existing or developing relationships, meet the needs of students, maximize educational opportunities for students and ensure equitable access to rigorous programs for all students.

Note: We have not developed model language with regard to the above criteria because it is very important that each school unit develop its own unique case, based on its own unique circumstances. The development of an effective case must include at least the following elements: (1) thorough research to collect data relevant to the factors listed above; (2) analysis of how the data supports approval of the alternative plan; (3) explanation of why a larger regional school unit will be costly or impractical; (4) explanation of how the regional school unit will maximize efficiencies in management and by collaboration with other school units or municipalities; (5) analysis of the effect on the ability of nearby units to comply with the reorganization law, such as “doughnut holes.”

COLLABORATIVE AGREEMENTS – NO ACTION

Collaborative agreements are agreements to share the responsibility for and cost of the delivery of certain administrative, instructional and non-instructional functions. “Collaborative agreements” includes, but is not limited to:

- A. Shared purchasing or contract agreements;
- B. Agreements for shared staff or staff training;
- C. Agreements to share technology or technology support;
- D. Agreements to provide special education programs and support services;
- E. Agreements to share accounting, payroll and financial management services;
- F. Agreements to coordinate transportation routing and vehicle maintenance;
- G. Agreements to share food service planning and purchasing; and
- H. Agreements to coordinate energy and facilities management.

A school administrative unit may enter into collaborative agreements with other school administrative units and, whenever possible, with local and county governments and State Government, to achieve efficiencies and reduce costs in the delivery of administrative, instructional and non-instructional functions.

A collaborative agreement between 2 or more previous education units may remain in effect after July 1, 2008. Notwithstanding any other provision of law to the contrary, collaborative agreements in existence on the effective date of this section may be extended or modified by the parties to the collaborative agreement.

Note: Describe any collaborative agreements proposed by the RSU.