

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting the following:

PART A

Sec. A-1. 20-A MRSA §1, sub-§26, as amended by PL 2007, c. 240, Pt. XXXX, §5, is further amended to read:

26. School administrative unit. "School administrative unit" means the state-approved unit of school administration and includes a municipal school unit, school administrative district, community school district, regional school unit or any other municipal or quasi-municipal corporation responsible for operating or constructing public schools, except that it does not include a career and technical education region. ~~Beginning July 1, 2009, "school administrative unit" means the state-approved unit of school administration and includes only a municipal school unit and a regional school unit formed pursuant to chapter 103-A.~~

Sec. A-2. 20-A MRSA §1201, as repealed by PL 2007, c. 240, Pt. XXXX, §6, is reenacted to read:

§ 1201. Criteria for establishing a school administrative district

The following criteria shall apply to establishing a school administrative district.

- 1. Number of municipalities.** The district shall have 2 or more member municipalities.
- 2. Number of students.** The district shall have, as recorded in the last return under section 6004:

- A. Three hundred or more resident public secondary school students;
- B. One hundred or more resident public secondary school students, if the state board determines the formation of a larger district is educationally, economically or geographically not feasible;
- C. Fifty or more resident public secondary school students if:

(1) The proposed district has on file with the state board a duly authorized and executed 2-year to 10-year contract offer from a municipality having 100 or more resident public secondary school students; and

(2) If the combined number of resident public secondary school students in these 2 school administrative units exceeds 300; and

D. Any number of secondary school students, if the new district is composed in whole or in part of a community school district:

(1) Offering a program of education for grades 9 through 12; and

(2) Formed on or before, and operating on April 1, 1957.

Sec. A-3. 20-A MRSA §1202, as repealed by PL 2007, c. 240, Pt. XXXX, §7, is reenacted to read:

§ 1202. Formation of district

The residents of 2 or more municipalities may form a school administrative district which shall be a body politic and incorporate by completing the following steps.

1. Application vote. At a duly called special or regular meeting or city election the voters of a municipality may instruct its school board to file an application with the state board. The article to be inserted in the warrant for the meeting shall be in the following form:

"To see if the municipality will vote to instruct its school board to file an application with the State Board of Education for the purpose of forming a school administrative district with the following towns: (naming them)"

2. Initial application. If the article is approved, the school board shall file an initial application with the state board.

A. The application shall include a list of the names of the municipalities that propose to form the school administrative district, an adequate study outlining the desirability and the educational feasibility of the proposed district and whatever other information the state board may deem necessary and proper.

B. In municipalities which have less than 300, but more than 99 resident pupils, the application shall state in detail the educational, economic and geographic reasons for the formation of the proposed school administrative district.

C. An application shall be filed on a form prepared by the state board.

3. Calling of a joint meeting. If the state board finds the proposed school administrative district eligible and approves its initial application, the state board shall notify the municipal officers and the members of the school boards in the municipalities within the proposed district of a date, time and place of a joint meeting of the municipal officers and the school board members from each municipality.

A. The notice shall be in writing and sent by registered or certified mail, return receipt requested, to the addresses as shown on the application.

B. The notice shall be mailed at least 10 days prior to the date set for the meeting.

4. Joint meeting. The following shall govern the joint meeting.

A. At least 1/2 of the total number of municipal officers and school committee members eligible to vote at the joint meeting shall be present to constitute a quorum. If there is no quorum, those present shall report to the state board that a quorum was not present and request the state board to issue a new notice.

B. The school boards and municipal officers of each municipality shall each caucus and select 3 of their members to represent their municipality in the joint meeting. Other members may not vote in the joint meeting.

C. Those with voting rights shall, by majority vote:

(1) Elect a chairman and a secretary;

(2) Determine the total number of school directors to represent each municipality and the method of apportioning voting power among directors consistent with this section and sections 1251 and 1252;

(3) Determine the method of sharing costs under section 1301; and

(4) Determine the date when all the municipalities in the proposed district shall vote on the articles of district formation. The date shall be at least 60 days from the date on which it is determined.

D. The chairman and secretary shall prepare a report describing the number of directors and the representation from each municipality. They shall sign and forward that report to the state board.

5. Calling municipal elections. If the state board finds the report of the joint meeting to be in order, the state board shall order the municipal officers of the municipalities involved to call town meetings or city elections on the date established pursuant to subsection 4, paragraph C, subparagraph (4) for the purpose of voting on the questions required by this subchapter relating to the formation of a school administrative district.

A. Municipalities voting on the questions of district formation under Title 30-A, sections 2528 to 2531-A shall open the polls at 10 a.m. and shall close the polls at 7 p.m.

B. In other municipalities the municipal officers shall direct that the town meeting or city election shall open at 7:30 p.m.

C. All school administrative units shall vote upon the questions of school district information in the same fashion as the units conduct other business at regular or special town meetings, except that school administrative units electing municipal officers by secret ballot may use that method for electing school board directors.

6. Articles to be voted on. The articles to be voted on shall be in the following form.

A. "Article ..: To see if the municipality will vote to join with the municipalities of (naming them) to form a school administrative district."

B. "Article ..: To see if the municipality will vote to approve the allocation of representation within the district on the Board of School Directors as recommended by the school committees and municipal officers as follows: The total number of directors shall be (number)"

C. "Article ..: To choose (number) school director(s) to represent the municipality (or subdistrict) on the board of school directors of the school administrative district."

D. If the state board has authorized an alternative method of sharing costs, the municipality shall vote on the following article.

Article ..: To see if the costs of operating "School Administrative District (number)" shall be shared among the towns of (naming them) in accordance with (per pupil, state valuation, a combination thereof or any other formula authorized by the Legislature).

E. If coterminous school districts exist or there is outstanding indebtedness for school construction or other school property in any of the municipalities concerned, the following additional article must also be acted on.

"Article ..: To see if the municipality will vote to authorize the district to assume full responsibility for amortizing the following listed indebtedness now outstanding in the school administrative units planning to form the school administrative district."

(The list must include the name of the obligated school administrative unit, type of obligation, amount unpaid, interest rate and the payment schedule for all outstanding school indebtedness of all the school administrative units comprising the school administrative district under consideration.)

F. If a school administrative district is to be formed under this section, or if the proposed school administrative district plans to contract with a designated private school for the education of its students in grades 9 through 12, voters shall act on the following article.

"Article ..: To see if the municipality will vote to join with the municipalities of (naming them) to form a school administrative district, which district is hereby authorized and directed to accept the contract offer of for the schooling of pupils in grades 9 through 12."

7. Majority vote. Approval of each article shall be by a majority vote of those voting in each municipality on each article.

8. Special provision for community school districts. A community school district may be changed to a school administrative district if each municipality within the district acts affirmatively on the following articles.

A. Existing community school districts may become school administrative districts on approval of the state board and may suspend operation as a community school district if each of the participating municipalities acts affirmatively on an article similar in form to the following, prior to accepting the other articles required in this section.

"Article ..: To see if the municipality will vote to authorize the (name) Community School District, of which this municipality is a part, to suspend operation as a community school district and organize and operate as a school administrative district in accordance with action on the following article."

B. Municipalities, including all of those participating in an existing community school district, may form a school administrative district on approval of the state board and suspend the operation of the community school district if each of the participating municipalities acts affirmatively on an article similar in form to the following, and acts affirmatively on each of the other articles required in this section.

"Article ..: To see if the municipality will vote to authorize the suspension of the (name) Community School District in order to organize and operate as a part of a larger school administrative district."

C. In approving one of these articles, all acts of a community school district in contracting their indebtedness shall be ratified and confirmed.

D. The board of directors of the school administrative district shall pay to the trustees of the former community school district within their jurisdiction sufficient funds each year to amortize all outstanding capital indebtedness existing at the time the community school district was suspended.

Sec. A-4. 20-A MRSA §1203, as repealed by PL 2007, c. 240, Pt. XXXX, §8, is reenacted to read:

§ 1203. Issuance of a certificate of organization

Certificates of organization shall be issued as follows.

1. Report of vote. The clerks of the municipalities which have voted on the questions regarding the formation of the school administrative district shall report to the state board the results of the vote in a manner determined by the state board.

2. Finding recorded. If the state board finds that a majority of voters in each school administrative unit forming the school administrative district have voted in favor of each of the articles of formation, elected the necessary school directors and taken all other necessary steps in the formation of the proposed school administrative district in conformity with law, the state board shall make and record its finding that the school administrative district is in compliance.

3. School administrative district number assigned. The state board, having made its finding, shall assign a number to each school administrative district in the order of their formation. The official title of the school administrative district shall be "School Administrative District No..... ."

4. Certificate of organization. The state board shall, immediately after making its finding, issue a certificate of organization.

5. Certificate issued, filed and recorded. The original certificate shall be delivered to the school directors on the day that they organize and a copy, attested by the secretary of the state board, shall be filed and recorded in the office of the Secretary of State.

6. Issuance of certificate evidence of organization. The issuance of the certificate shall be conclusive evidence of the lawful organization of the school administrative district.

Sec. A-5. 20-A MRSA §1204, as repealed by PL 2007, c. 240, Pt. XXXX, §9, is reenacted to read:

§ 1204. Transfer of property and assets

The transfer of school property and assets shall be as follows.

1. Board of directors. The directors of a school administrative district shall determine what school property of the municipalities and former school administrative units in their district are necessary to carry out the functions of their district and:

- A. Request in writing that the school board of each school administrative unit or the municipal officers transfer title of their school property and buildings to the school administrative district; or
- B. Assume all the duties and liabilities under lease agreements with the Maine School Building Authority if the title is held by the authority.

2. Transfer. The school board or municipal officers shall make the transfer notwithstanding any other provision in the charter of the school administrative unit or municipality or other provision of law.

3. Maine School Building Authority. The Maine School Building Authority, on the completion of all rental payments and other conditions in the lease, shall transfer the title to the school administrative district notwithstanding any provision in the lease or other provision of the law.

4. Financing assumed debts. If a school administrative district has assumed the outstanding indebtedness of a former school administrative unit:

- A. The directors of the school administrative district may, notwithstanding any other statute or any provision of any trust agreement, use any sinking fund or other money set aside by the school administrative unit to pay off the indebtedness for which the money was dedicated;
- B. The municipality within a school administrative district may, by vote of its voters, raise, appropriate and transfer money to the school administrative district solely for school construction purposes; and
- C. A municipality, within a proposed school administrative district that has applied to the state board, may, by vote of its voters, raise and appropriate money for school construction purposes to be transferred to the proposed school administrative district, if and when the district takes over the operation of the public school within its jurisdiction.

The municipality may only withdraw this appropriation:

- (1) If the formation of the district fails to be approved by the municipalities within the district or by the state board; or
- (2) If 9 months or more after the original vote, the electorate of the town vote to withdraw the appropriation.

Sec. A-6. 20-A MRSA §1205, as repealed by PL 2007, c. 240, Pt. XXXX, §10, is reenacted to read:

§ 1205. Operational date and transfer of authority

The operational date and transfer of authority of a school administrative district shall be as follows.

1. Operational date. A school administrative district shall become operative on the date set by the state board as provided in section 1253.

2. Transfer of governing authority. The school directors shall, on the date established in subsection 1, assume responsibility for the management and control of the public schools within the former school administrative units within the district and these former school administrative units on that date have no further responsibility for the operation or control of the public schools within the district.

3. Transfer of school accounts. Notwithstanding section 15004 or any charter of a community school district or coterminous district, the balance remaining in the school accounts of the municipalities, community school district or coterminous school districts within the school administrative district shall be paid to the treasurer of the district in equal monthly installments over the remainder of the fiscal year in which the district is formed.

4. Teacher contracts. The contracts between the municipalities within the district and all teachers shall automatically be assigned to the school administrative district as of the date the district becomes operative. The district shall assign teachers to their duties and make payments upon their contracts.

5. Superintendent contracts. The contracts between the superintendents and municipalities within the district shall be transferred to the school administrative district. The board of directors shall determine the superintendents' duties within the district and pay that proportion of the salaries paid for by the former school administrative units in the district.

Sec. A-7. 20-A MRSA c. 103, sub-c. 6, as repealed by PL 2007, c. 240, Pt. XXXX, §12, is reenacted to read:

SUBCHAPTER 6

REORGANIZATIONS

§ 1401. Additions

A municipality not originally in a school administrative district may be included as follows.

1. Application. The board of directors of the municipality wishing to join with an existing school administrative district may file an application with the commissioner on a form to be provided by him.

A. The commissioner shall study the need for the municipality to join the school administrative district and recommend an agreement by which the municipality may become a member.

B. The agreement may contain a new method of sharing costs among the member municipalities of the district in accordance with section 1301. The article set out in section 1202, subsection 6, paragraph D, authorizing units to vote on alternate methods of sharing costs shall be used if the agreement recommended by the commissioner contains a provision for using one of the alternate methods of sharing costs.

C. This agreement shall be forwarded to the secretary of the school administrative district and to the clerk of the municipality desiring to join the district.

2. First meeting. Within 45 days after receipt of the agreement by the municipal clerk, a regular or special town meeting or city election in the joining municipality, shall vote on the agreement. The vote shall conform to the following procedure.

A. The article voted on shall be:

"Article ..: Shall the municipality vote to join School Administrative District No..... as a participating municipality of the district subject to the terms and conditions of the agreement prepared by the commissioner dated 19..?"

Yes ... No ..."

(A copy of the agreement shall be posted with each warrant.)

B. The election of the directors and the vote on the agreement shall be conducted on the same day. This election shall follow the procedures used for the election of municipal officials by the municipality.

C. The vote on the agreement shall be called using the same methods as the municipality uses in conducting its business at regular or special town meetings or city elections.

D. If the municipality is organized under a special legislative charter, it shall call a referendum following the procedures outlined in its charter.

E. The municipal clerk shall send a certified copy of the results of the vote to the secretary of the school administrative district.

3. Second meeting. If the board of directors finds that the vote was in the affirmative, the board shall call a district referendum within 45 days in accordance with sections 1351 to 1354 to vote on the following article.

Article ...: Shall the district vote to admit the municipality of(name the municipality) into School Administrative District No..... as a participating municipality of the district subject to the terms and conditions of the agreement prepared by the commissioner dated 19.....?"

Yes .. No .."

(A copy of the agreement shall be posted with each warrant.)

A. The municipal clerks within the district shall forward to the commissioner a certified report of the total number of affirmative and negative votes cast on the article.

B. On receipt of the results of the voting from all municipalities, the commissioner shall compute and record the result of the voting.

4. Commissioner finding. If the commissioner finds that a majority of the voters of the district and a majority of the voters of the municipality favor admission of the municipality into the district, he shall make a finding to that effect.

A. The commissioner shall notify by registered mail the clerk of the municipality seeking to join the school administrative district and the secretary of the school administrative district of the results of the vote.

B. If the commissioner's finding is that a majority is for joining, he shall issue an amended certificate for the school administrative district, which shall be filed in the same manner as the original certificate.

5. Certificate. The issuance of an amended certificate shall be conclusive evidence of the admission of that municipality to the school administrative district.

§ 1402. Combining of districts

If one school administrative district wishes to join with another school administrative district, the following procedure shall be used.

1. Application. Each district's board of directors shall file an application with the commissioner on a form to be prepared by him.

A. The commissioner shall receive the applications, make a study of the necessity for combining the districts and recommend an agreement by which the districts may combine.

B. This agreement shall be forwarded to the secretary of each school administrative district.

2. Meeting. Within 45 days after receipt of the agreement each district's board of directors shall call a district meeting in accordance with sections 1351 to 1354 to vote on the following article.

"Article .. To see if School Administrative District No.... will vote to join School Administrative District No.... in a merger to form a larger district subject to the terms and conditions of the agreement prepared by the commissioner dated 19.....

Yes .. No .."

(A copy of the agreement shall be posted with each warrant.)

3. Return. The secretary of each school administrative district shall file a return with the commissioner immediately following the votes in the district on the question of merger.

4. Commissioner's finding. If the commissioner finds that a majority of the voters in each district have voted in favor of the merger, he shall make a finding to the effect.

5. Notice. The commissioner shall notify by registered mail the secretary of each district of the results of the vote.

6. Certificate. If the commissioner's finding is that a majority is for merging, he shall issue a new certificate for the enlarged school administrative district and assign a number. The certificate shall be filed in the same manner as the original certificate.

7. Evidence. The issuance of the certificate by the commissioner shall be conclusive evidence of the merger of the school administrative districts.

§ 1403. Dissolution of a district

1. Ten percent petition. Upon receipt of a petition which seeks to dissolve a school administrative district and establishes a maximum figure for the cost of preparing a dissolution agreement signed by 10% of the number of voters in a municipality who voted at the last gubernatorial election, the municipal officers shall call and hold a special election, in the manner provided for the calling and holding of town meetings or city elections to vote on the dissolution of the school administrative district.

A. At least 10 days before the election, a posted or otherwise advertised public hearing on the petition shall be held by the municipal officers.

B. The petition must be approved by secret ballot by a 2/3 vote of the voters present and voting before it may be presented to the board of directors and the commissioner. Voting in towns shall be conducted in accordance with Title 30-A, sections 2528 and 2529, even if the towns have not accepted the provisions of Title 30-A, section 2528, and voting in cities shall be conducted in accordance with Title 21-A.

2. Form. The question to be voted upon shall be in substantially the following form:

"Article ..: Be it resolved by the residents of the Town of that a petition for dissolution be filed with the directors of School Administrative District No. and with the commissioner, that the dissolution committee be authorized to expend \$..... and that the (municipal officers; i.e. selectmen, town council, etc.) be authorized to issue notes in the name of the Town of or otherwise pledge the credit of the Town of in an amount not to exceed \$..... for this purpose?

Yes No"

3. Notice of vote; finding by commissioner. If residents of a participating municipality vote favorably on a petition for dissolution, the clerk shall immediately give written notices, by registered mail, to the secretary of the school administrative district and the commissioner which shall include:

A. The petition adopted by the voters, including the positive and negative votes cast; and

B. An explanation by the municipal officers, stating to the best of their knowledge, the reason or reasons why the municipality seeks to dissolve the district.

4. Agreement for dissolution; notice; changes in agreement; final agreement.

The agreement for dissolution shall comply with the following.

A. The commissioner, after consultation with the district board of directors, municipal officers of the participating municipalities, and representatives of the group which filed the petition with the municipality, shall direct the municipal officers of each municipality to select representatives to a committee as follows: One member from the municipal officers, the group filing the petition; and one member from the general public; and one member from the group filing the petition if the group is represented in the municipality, otherwise an additional one member of the general public. The commissioner shall also direct the directors representing each municipality to select one member of the board of directors who represents that municipality to serve on the committee. The municipal officer and the member of the board of directors shall serve on the committee only so long as they hold their respective offices. Vacancies will be filled by the municipal officers and board of directors. The chairman of the board of directors shall call a meeting of the committee within 30 days of the filing of the notice of the vote in subsection 3. The chairman of the board shall open the meeting by presiding over the election of a chairman of the committee. The responsibility for the preparation of the agreement shall rest with the committee, subject to the approval of the commissioner. The committee may draw upon the resources of the department for information not readily available at the local level and employ competent advisors within the fiscal limit authorized by the voters. The agreement shall be submitted to the commissioner within 90 days after the committee is formed. Extensions of time may be granted by the commissioner upon the request of the committee.

(1) The agreement shall contain provisions to provide educational services for all students in the district. The agreement shall provide that during the first year following the dissolution, students may attend the school they would have attended if the district had not dissolved. The allowable tuition rate for students sent from one municipality to another in the former school administrative district shall be determined under section 5805, subsection 1, except that it shall not be subject to the state per pupil average limitation in section 5805, subsection 2.

(2) The agreement shall establish the dissolution to take effect at the end of the district's fiscal year.

(3) The agreement shall establish that the dissolution will not cause a need within 5 years from the effective date of dissolution for school construction projects which would be eligible for state funds. This limitation does not apply where a need for school construction existed prior to the effective date of the dissolution or where a need for school construction would have arisen even if the district had not dissolved.

(4) The agreement shall establish how transportation services will be provided.

(5) The agreement shall provide for administration of the new administrative units, which should not include the creation of new supervisory units if at all possible.

(6) The agreement shall make provision for the distribution of financial commitments arising from outstanding bonds, notes and any other contractual obligations that extend beyond the proposed date of dissolution.

(7) The agreement shall make appropriate provision for the distribution of any outstanding financial commitments to the superintendent of the school administrative district.

(8) The agreement shall provide for the continuation and assignment of collective bargaining agreements as they apply to the new or reorganized school administrative unit for the duration of those agreements and shall provide for the continuation of representational rights.

(9) The agreement shall provide for the continuation of continuing contract rights under section 13201, subsection 2.

(10) The agreement shall provide for the disposition of all real and personal property and other monetary assets.

(11) The agreement shall provide for the transition of administration and governance of the schools to properly elected governing bodies of the newly created administrative units and shall provide that the governing bodies shall not be elected simultaneously with the vote on the article to dissolve unless the commissioner finds there are extenuating circumstances which necessitate simultaneous elections.

B. Within 60 days of the receipt of the agreement, the commissioner shall either give it conditional approval or recommend changes. The changes shall be based upon the standards set forth in paragraph A and the commissioner's findings of whether the contents of the plan will provide for appropriate educational and related services to the students of the district and for the orderly transition of assets, governance, and other matters related to the district.

C. If the commissioner gives conditional approval of the agreement, he shall notify the directors and the municipal officers by registered mail of the time and place of a public hearing at least 20 days prior to the date set for the hearing, to discuss the merits of the proposed agreement of dissolution. The chairman of the board of directors will conduct the hearing.

(1) The directors shall post a public notice in each municipality of the time and location of the hearing at least 10 days before the hearing.

(2) Within 30 days following the hearing, the committee shall forward the final agreement to the commissioner.

D. If the commissioner recommends changes he shall:

(1) Send the agreement back to the committee for necessary corrections;

(1-A) Establish a maximum time within which to make the corrections; and

(2) Indicate that the corrected agreement shall be returned to the commissioner for conditional approval before it goes to public hearing as set forth in paragraph C.

5. Date of vote; notice; warrant; polling hours. The date and time for voting shall be established as follows.

A. The commissioner shall determine the date upon which all municipalities shall vote upon the dissolution agreement submitted to them. The election shall be held as soon as practicable and the commissioner shall attempt to set the date of the vote to coincide with a statewide election.

B. At least 35 days before the date set in paragraph A, the board of directors shall give written notice by registered or certified mail to the town or city clerk of each municipality having a right to vote on the dissolution agreement.

C. The town or city clerk shall immediately notify the municipal officers upon receipt of the notice, and the municipal officers shall meet and immediately issue a warrant for a special town meeting or city election, as the case may be, to be held on the date designated by the commissioner. No other date may be used.

D. In the respective warrants, the municipal officers shall direct that the polls shall be open at 10 o'clock in the forenoon and shall remain open until 8 o'clock in the afternoon.

6. Public hearing; voting procedures. The following requirements apply to the voting procedures.

A. At least 10 days before the election, a posted or otherwise advertised public hearing on the dissolution question shall be held by the municipal officers.

B. Except as otherwise provided in this section, the voting at the meetings held in towns shall be conducted in accordance with Title 30-A, sections 2528 and 2529, even if the towns have not accepted the provisions of Title 30-A, section 2528.

C. The voting at the meeting held in cities shall be conducted in accordance with Title 21-A.

7. Article. The article shall be in the following form.

"Article: Shall School Administrative District No. be dissolved subject to the terms and conditions of the dissolution agreement dated 19?"

Yes No"

8. Ballots; posting of agreement. The dissolution agreement need not be printed on the ballot. Copies of the agreement shall be posted in each participating municipality in the same manner as specimen ballots are posted under Title 30-A, section 2528.

9. Restriction on dissolution petitions. No participating municipality within a district may petition for dissolution within 2 years after the date of:

A. A municipal vote on a petition for dissolution if the petition received less than 60% of the votes cast; or

B. A district vote on a dissolution agreement if the agreement received less than 45% of the votes cast.

10. Costs of dissolution agreements. If the school administrative district votes to permit dissolution, then the district shall reimburse the petitioning municipality for the authorized expenses incurred by the dissolution committee. If the district votes not to permit dissolution, then the district will not be required to reimburse the petitioning municipality for those expenses.

11. Determination of vote. The town and city clerks shall, within 24 hours of determination of the result of the vote in their respective municipalities, certify the total number of votes cast in the affirmative and the total number of votes cast in the negative on the article to the board of directors.

12. Determination of results; notification of commissioner; execution of agreement. Determination of results shall comply with the following.

A. Upon receipt of the results of the voting from all municipalities, the board of directors shall meet and shall compute and record the total number of votes cast in the municipalities in the affirmative and in the negative on the dissolution article.

B. The board of directors shall notify the commissioner by registered mail or by hand delivery of the results of the vote.

C. If the commissioner finds that a majority of the voters voting on the article have voted in the affirmative, he shall notify the directors of the district to take steps to dissolve the district in accordance with the terms of the agreement for dissolution.

13. Recount; checklists and ballots; disputed ballots. The following provisions apply to recounts, checklists, ballots and disputed ballots.

A. If, within 7 days of the computation and recording of the results of the voting from all municipalities, the municipal officers of any participating municipality request to the commissioner in writing a recount of the votes in the district, the commissioner shall immediately cause the checklists and all the ballots cast in all of the participating municipalities to be collected and kept at the commissioner's office so they may be recounted by interested municipalities.

B. The town clerks of the participating municipalities are authorized to deliver the checklists and ballots to the commissioner, notwithstanding any other provision of law to the contrary.

C. The commissioner shall resolve any question with regard to disputed ballots.

14. Execution of agreement; certified record; certificate of withdrawal. When the agreement for dissolution has been put in effect by the directors of the school administrative district, the directors shall notify the commissioner by certified mail that the agreement of dissolution has been executed.

A. A complete certified record of the transaction involved in the dissolution shall be filed with the commissioner.

B. The commissioner shall immediately issue a certificate of dissolution to be sent by certified mail for filing with the directors of the school administrative district and shall file a copy in the office of the Secretary of State.

15. Indebtedness; indebtedness defined; indebtedness after dissolution. The following provisions apply to outstanding indebtedness.

A. Whenever a district having outstanding indebtedness dissolves, the district shall remain intact for the purpose of securing and retiring the indebtedness; the dissolution agreement may provide for alternate means for retiring outstanding indebtedness.

B. "Outstanding indebtedness" means bonds or notes for school construction projects issued by the board of directors pursuant to the authorization established under chapter 609 or Title 20, sections 3457 to 3460 or obligations to the Maine School Building Authority pursuant to any contract, lease or agreement made by the board of directors pursuant to approval thereof in a district meeting of the school administrative district, but does not include any indebtedness of any municipality assumed by the school administrative district at the time of formation nor any contract, lease or agreement of the Maine School Building Authority to which by operation of law the school administrative district has become the assignee.

16. General purpose aid. When a school administrative district dissolves, the general purpose aid for the individual municipalities must be computed in accordance with chapter 606-B.

17. Committee recall. If the commissioner determines that the dissolution committee has failed to comply with the requirements of this section, he may authorize the municipal officers and the district's board of directors to recall their representatives and to appoint new representatives to the committee.

§ 1404. Reorganization of a school administrative district as a community school district

1. Petition for reorganization. The residents of a municipality within a school administrative district may petition for dissolution of the school administrative district and reorganization as a community school district, which will operate grades 9 to 12 and any combination of kindergarten through grade 8 in accordance with chapter 105, in the manner authorized by section 1403 for dissolution of a district. The articles to be voted upon shall clearly set forth that a community school district will be formed upon the dissolution of the school administrative district.

2. Vote required. If the commissioner is petitioned pursuant to the authority of subsection 1, the board of directors of the school administrative district shall require the member municipalities of the district to vote on an article which shall be substantially as follows.

"Article : Shall School Administrative District No. be dissolved subject to the terms and conditions of the dissolution agreement dated 19, and the towns of form a community school district which shall be responsible for the operation of grades?"

Yes No"

3. Governing body of community school district. A school administrative district which dissolves and simultaneously forms a new community school district pursuant to this section shall have a single governing body which shall consist of a school committee performing all of the duties of the school committee and the board of trustees set forth in chapter 105.

4. Commissioner. The commissioner shall carry out his duties under sections 1403 and 1602 regarding the dissolution of a school administrative district and the creation of a new community school district, except that the municipal officers and the board of directors shall be responsible for developing a plan to provide for the continuity of the educational program for each municipality to be included within the dissolution agreement.

5. Outstanding indebtedness of the school administrative district and liability of the community school district. If a school administrative district is dissolved and a community school district is formed, the community school district shall become liable for the school administrative district's outstanding indebtedness as defined in section 1403, except as otherwise provided for in subsection 6.

6. Outstanding indebtedness of school administrative district; liability of individual municipalities. If the school administrative district is dissolved and the ensuing community school district does not include all grades kindergarten through 12, each member municipality shall be individually liable for any outstanding indebtedness which the school administrative district had relative to the grades which will be operated exclusively by that municipality or as otherwise provided for in the dissolution agreement.

7. General purpose aid. When a school administrative district dissolves and a new community school district is formed, the general purpose aid for the community school district and the individual municipalities shall be computed in accordance with chapter 605.

§ 1405. Withdrawal of a single municipality from a school administrative district

1. Petition. The residents of a participating municipality within a school administrative district composed of 3 or more municipalities may petition to withdraw from the district in the same manner as they would petition for the dissolution of a school administrative district in accordance with section 1403, except that only a simple majority vote of those casting valid ballots in the municipality is required before the petition may be presented to the board of directors and to the commissioner.

2. Procedure. The steps set forth in section 1403 for dissolution apply to the withdrawal of a member municipality from a school administrative district, except that:

A. The responsible committee for preparing the withdrawal agreement shall be limited to individuals from the municipality;

B. Instead of a district election, a municipal election shall be conducted and a 2/3 vote of those casting valid ballots in the municipality is required before it may withdraw;

C. Wherever there is reference in section 1403 to the term "dissolution," or other terms not consistent with withdrawal, the term "withdrawal" or other appropriate language shall be substituted;

D. All public hearings required under section 1403 shall be conducted by the municipal officers; and

E. A municipality may not petition for withdrawal within 2 years after the date of:

(1) A municipal vote on a petition for withdrawal if the petition received less than 45% of the votes cast; or

(2) A municipal vote on a withdrawal agreement if the agreement received less than 60% of the votes cast.

3. Cost of advisors. The expense of employing competent advisors by the municipality petitioning to withdraw shall be borne by the municipality and the expense of employing competent advisors by the district shall be borne by the district with the municipality bearing its share according to the district's cost-sharing agreement.

4. Commissioner recommended dissolution. The commissioner's responsibilities to initiate dissolution proceedings are as follows.

A. If a member town representing more than 50% of the total population in a district votes to withdraw from the district, then the commissioner shall analyze the educational impact of the town's withdrawal upon the district. The district's board of directors and the municipal officers from the remaining towns shall be consulted.

B. If the commissioner finds that it is impractical for the remaining towns to continue as a district, then he shall initiate the dissolution process set out in section 1403 by having the district submit the following article to the voters at a district meeting called in accordance with sections 1351 to 1354.

"Article: Be it resolved by the voters of School Administrative District No. that a dissolution committee be appointed and authorized to expend \$....., and the directors of School Administrative District No. be authorized to issue notes or otherwise pledge the credit of School Administrative District No. in an amount not to exceed \$..... for this purpose?

Yes No"

C. If the voters approve the article by a majority vote of those voting and present, then the rest of the dissolution process set forth in section 1403 shall apply except:

(1) A 2nd member from the general public shall be selected by the municipal officers to fill the position on the dissolution committee normally held by a representative of the group which would have filed the dissolution petition; and

(2) Costs of preparing a dissolution agreement shall be borne solely by the district.

5. Transfer of property. The district's board of directors may negotiate with the withdrawal committee regarding an equitable division of the district's property between the district and the municipality represented by the committee and transfer title of the property to the municipality following withdrawal. The board of directors shall determine that the district's educational program shall not be disrupted solely because of the transfer of any given property before it may complete the transfer.

§ 1406. Transfer of a municipality from one school administrative district to another

1. Petition to commissioner. The board of directors of 2 school administrative districts may petition the commissioner by joint resolution to permit a municipality to transfer from one school administrative district to another, provided that that municipality is being transferred to a district contiguous to the municipality.

2. Transfer agreement. The boards of directors of the 2 districts and the municipal officers of the municipality involved shall form a committee to prepare a transfer agreement within 60 days after being notified by the commissioner to prepare the agreement. Extensions of time may be granted by the commissioner.

A. The committee shall consider the standards set forth in section 1403, subsection 4, paragraph A in preparing the agreement.

B. The approval process for the agreement shall follow the steps set forth in section 1403, subsection 4 to subsection 16.

C. The following question shall appear on the ballot when the transfer of a municipality is considered.

"Article: Shall School Administrative District No. vote to permit the municipality of to transfer into School Administrative District No. as a participating municipality of that district subject to the terms and conditions of the agreement of transfer approved by the commissioner dated 19?"

Yes No"

(A copy of the agreement shall be posted with each warrant which directs the citizens to vote upon the question.)

D. The article must be approved by a majority of votes cast in both districts and by a majority of votes cast in the municipality to be transferred before the agreement may take effect.

E. A complete certified record of the transaction involved in the transfer shall be filed with the commissioner. He shall issue immediately a certificate of transfer to the secretary of each school administrative district by registered mail to be filed with the directors of the districts involved and shall file a copy of the certificate of transfer in the office of the Secretary of State.

3. Outstanding indebtedness. Whenever a municipality, or a part of a municipality, is detached from a district having outstanding indebtedness, the municipality or part of a municipality shall remain as part of the district from which it was detached for the purposes of paying its proper portion of such indebtedness until the indebtedness shall be redeemed. The municipality or part of a municipality shall not be part of the district from which it was detached for the purpose of any outstanding indebtedness incurred subsequent to the date of the certificate of transfer.

§ 1407. Closing an elementary school

1. Vote; cost of election. An elementary school in a member municipality of a school administrative district may not be closed pursuant to section 4102, subsection 3 unless the voters in the member town vote on the following article in accordance with the procedure set forth in sections 1351 to 1354.

"Article: Shall the board of directors of School Administrative District No. be authorized to close (name of school)?"

Yes No"

(The election must be conducted only within that member municipality, and the costs of the election are borne by the district.)

2. Expense of keeping the school open. If the voters vote to keep the school open, the member municipality is liable for some additional expense for actual local operating costs and transportation operating costs as defined in section 15672. The determination of costs is subject to the approval of the commissioner. The cost to be borne by the town voting to keep an elementary school open is the amount that would be saved if the school were closed. Any additional costs that must be borne by the member municipality must be part of the article presented to the voters at the meeting to determine whether the school should remain open.

3. Costs and procedures during subsequent years. During any year subsequent to the year during which an elementary school remains open contrary to the school administrative district board of director's vote to close that elementary school, as a result of a municipal referendum, the elementary school will be open without any additional cost to the municipality except as described in paragraphs A and B.

A. If the school administrative district board of directors again vote to close the elementary school and the voters of the member municipality again vote to keep the elementary school open, as described in this paragraph, then the elementary school will remain open and the member municipality will be obligated to pay the additional costs as described in subsection 2.

B. If the school administrative district board of directors again votes to close the elementary school and the voters of the member municipality fail to vote to keep the elementary school open, then the elementary school is closed. In this event, the elementary school may be reopened only if the school administrative district board of directors vote to reopen the school.

4. Definition of elementary school closing. In this section, an elementary school closing shall be any action or actions by the school administrative district that have the effect of providing no instruction for any students at that elementary school.

5. Method of payment by liable municipality. If a municipality is liable for additional expenses as determined in subsection 1, paragraph B, then the amount of this additional expense shall be subtracted from the school administrative district budget before each member municipality's assessment is computed. This additional expense shall be paid by the member municipality which is liable in equal monthly amounts, unless the school administrative district and that member municipality mutually agree to another method of payment.

§ 1408. State board review of commissioner's decisions

A school administrative unit or other interested parties may request that the state board reconsider decisions made by the commissioner under this subchapter. The state board may have the authority to overturn decisions made by the commissioner. In exercising this power, the state board is limited by this subchapter.

§ 1409. Rules

The state board may adopt rules to carry out this subchapter.

Sec. A-8. 20-A MRS §1461, sub-§1, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

1. Notice of intent. Each school administrative unit that intends to form a regional school unit shall file with the commissioner a notice of intent to engage in planning and negotiations with other school administrative units for the purpose of developing a reorganization plan to form a regional school unit under this chapter. The commissioner shall respond to each notice of intent providing information regarding the process and whether the intended action complies with the requirements of this chapter.

Sec. A-9. 20-A MRS §1461, sub-§3, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

3. Submission of plans. Each school administrative unit that intends to form a regional school unit shall submit to the commissioner its proposed reorganization plan for consolidation into a regional school unit that meets the requirements of paragraphs A and B.

A. A reorganization plan must include:

- (1) The units of school administration to be included in the proposed reorganized regional school unit;
- (2) The size, composition and apportionment of the governing body;
- (3) The method of voting of the governing body;
- (4) The composition, powers and duties of any local school committees to be created;
- (5) The disposition of real and personal school property;
- (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;
- (7) The assignment of school personnel contracts, school collective bargaining agreements and other school contractual obligations;
- (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;

(9) A transition plan that addresses the development of a budget for the first school year of the reorganized unit and interim personnel policies;

(10) Documentation of the public meeting or public meetings held to prepare or review the reorganization plan;

(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;

(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; and

(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.

B. In order for the plan to be approved by the commissioner, the governing bodies of school administrative units shall work within the following parameters.

(1) The proposed regional school unit must serve not fewer than 2,500 students, except where circumstances relating to the following factors justify an exception:

(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.

When circumstances justify an exception to the size requirement of 2,500 students, the unit must serve as close to 2,500 students as possible and in no case, except for coastal islands and schools operated by tribal school committees, may it serve fewer than 1,200 students.

(2) The plan must provide comprehensive programming for all students from kindergarten to grade 12 and must include at least one publicly supported secondary school.

(3) The plan must be consistent with the policies set forth in section 1451.

(4) The plan may not displace teachers or students or close any schools existing and operating during the school year immediately preceding reorganization, except as permitted under section 1512.

Sec. A-10. 20-A MRSA §1461, sub-§5, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

5. Referendum on reorganization plan. The municipal officers of each municipality in a proposed reorganized school administrative unit shall place a warrant article substantially as follows on the ballot of a municipal referendum conducted in accordance with the referendum procedures applicable to the school administrative unit of which the municipality is a member.

"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 (insert date)?"

Yes No"

The following statement must accompany the article:

"Explanation:

A "YES" vote means that you approve of the (municipality or school administrative unit) joining the proposed regional school unit. The financial penalties under the Maine Revised Statutes, Title 20-A, section 15696 to the existing school administrative units will no longer apply to the proposed regional school unit."

Sec. A-11. 20-A MRSA §1461, sub-§6, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

6. Results of referendum. Each school administrative unit that proceeds with a referendum pursuant to subsection 5 shall report the results of the referendum to the department following the referendum election.

A. A reorganization plan is approved by a kindergarten to grade 12 school administrative district or kindergarten to grade 12 community school district if the majority of votes cast in the district is in favor of approval of the plan.

B. A reorganization plan is approved by the member municipalities of a community school district that does not provide public education for the entire span of kindergarten to grade 12 if the majority of votes cast in the member municipalities is in favor of approval of the plan. Approval results in all member municipalities joining the regional school unit for all purposes for kindergarten to grade 12.

C. A municipal school unit, including a municipal school unit that is a member of a school union, approves a reorganization plan if the majority of the votes cast in that municipality is in favor of approval of the plan.

D. If a reorganization plan is approved by all of the affected school administrative units, or by the school administrative units considered sufficient under the proposed units' reorganization plan, the commissioner shall file notice of approval of the unit with the state board.

Sec. A-12. 20-A MRSA §1602, as repealed by PL 2007, c. 240, Pt. XXXX, §14, is reenacted to read:

§ 1602. Formation

A community school district may be formed by the residents of 2 or more municipalities only if the voters of each of those municipalities have voted to create the district.

1. Municipal vote. If the school board of each municipality's school administrative unit votes to join with another municipality to form a community school district, then the municipal officers of each municipality shall call a meeting of the voters of their respective municipality in a manner provided by law for the calling of town meetings. Those meetings shall vote to either favor or oppose articles in substantially the following forms.

A. "Article ...: To see if the municipality of (name) will vote to join with the municipalities of (naming them) to form a community school district to be known as Community School District which shall be responsible for the operation of grades (naming them)."

B. "Article ...: To see if the costs of operating Community School District shall be shared among the municipalities of (naming them) in accordance with (per student, state valuation, a combination thereof or any other formula authorized by the Legislature)."

C. "Article ...: To see if the municipality of (name) will vote to have the community school district's school committee perform the duties of the board of trustees."

2. State board declaration. Each municipal clerk shall file a return of the votes cast at the meeting with the state board. If the state board determines that a majority of those voting in each of the municipalities favored the articles in subsection 1, paragraphs A and B, then the state board shall so

declare. With the declaration, the commissioner shall issue to the community school district a certificate of organization which shall be conclusive evidence of its lawful organization. The community school district shall bear the name voted on.

3. Petition to reorganize to rename. The district school committee may petition the state board to change the name of the community school district or to change the number of grades which the community school district is responsible for operating.

A. The state board shall authorize the change if it finds the change to be in the best interest of the community school district.

B. If the State Board of Education authorizes the change, then the governing body of the community school district shall notify the municipal officers in each of the member towns who shall call a meeting of the inhabitants of their respective towns in the manner provided by law for calling of town meetings and those meetings shall vote to favor or oppose articles in substantially the following forms.

(1) "Article ... : To see if the town will vote to authorize the Community School District to change its name to Community School District."

(2) "Article...: To see if the town will vote to authorize the Community School District to be responsible for the operation of grades" "

C. The clerk in each of the member towns shall file a return of the votes cast in the town meeting with the state board. If the state board finds that a majority of those voting in each of the towns favor the articles, then the community school district shall be reorganized accordingly.

4. Board to file return. Whenever the community school district is reorganized in the manner authorized in subsection 3 or under section 1751, the board of trustees shall file a return to that effect with the state board. A copy, certified by the commissioner, of the return shall be conclusive evidence of the reorganization of the community school district.

Sec. A-13. 20-A MRSA §1604, as repealed by PL 2007, c. 240, Pt. XXXX, §15, is reenacted to read:

§ 1604. Transition to new district

1. Transfer of contracts. At the start of the school year after organization:

A. The contracts between the municipalities within the community school district and all teachers shall automatically be assigned to the community school district and the district shall be responsible for assigning teachers to their duties and making payments on their contract; and

B. The contracts between the superintendents and municipalities within the community school district shall automatically be assigned to the district.

(1) The superintendents' duties with regard to the community school district shall be determined by the district school committee.

(2) The community school district shall thereafter pay the proportionate part of the superintendents' salary that the municipalities were liable to pay.

2. Transfer of assets. Each municipality within the community school district, at the same time, shall transfer to the district:

A. All school supplies and equipment purchased for and in use by the school grades encompassed by the community school district formation; and

B. All real property, as requested by the district school committee, which was formerly used for the school grades encompassed by the district formation. The municipal officers shall execute quitclaim deeds for the transfer of real property requested by the district school committee.

3. Initial budget. The district school committee shall be responsible for preparing and submitting a budget to the voters, as authorized by section 1701, prior to the start of the first year.

4. Operational date. At the start of the school year after organization, the community school district shall become operative and the district school committee shall assume the sole management and control of the operation of all the public schools within the community school district for the authorized grade levels. It shall also adopt bylaws and an official seal.

Sec. A-14. 20-A MRSA §1751, as repealed by PL 2007, c. 240, Pt. XXXX, §17, is reenacted to read:

§ 1751. Additions to, dissolution of and withdrawal from a district

1. Additions. The inhabitants of any territory within any town, not originally in the district, may be included upon vote of all towns concerned in a manner similar to that prescribed for establishing the community school district in section 1602 under such terms and arrangements as may be recommended by the community school district's school committee.

2. Dissolution. The residents of a participating municipality within a community school district may petition and vote to dissolve the district in the same manner as a participating municipality within a school administrative district may petition and vote to dissolve a school administrative district in accordance with section 1403.

3. Withdrawal. The residents of a participating municipality within a community school district may petition and vote to withdraw from the district in the same manner as a participating municipality within a school administrative district may petition to withdraw in accordance with section 1405.

4. Transfer. The school committees of 2 community school districts may permit the transfer of a municipality from one community school district to another in the same manner the boards of directors of 2 school administrative districts may permit a transfer in accordance with section 1406.

5. Closing elementary school. If a community school district includes elementary grades, the closing of an elementary school in a member municipality pursuant to section 4102, subsection 3 must follow the procedures established in section 1407 for closing an elementary school in a member municipality in a school administrative district.

6. Substitution of terms. Whenever there is reference in sections 1403 and 1405 to 1407 to a school administrative district, for purposes of this section, the term "community school district" shall be substituted. Other terms consistent with the intent of subsections 2 to 5, to allow municipalities to withdraw or transfer from or to dissolve the district or keep a municipal elementary school open, may also be substituted as necessary.

Sec. A-15. 20-A MRSA §1901, as repealed by PL 2007, c. 240, Pt. XXXX, §18, is reenacted to read:

§ 1901. Formation

1. Commissioner's authority. The commissioner shall adjust the grouping of school administrative units within the State in accordance with this section.

2. Size. A school union shall include not less than 35 nor more than 75 teachers unless the commissioner, upon request of a school board, finds that because of geographic location or other reasons, it is to the advantage of the State and the municipalities that a school union shall include fewer than 35 or more than 75 teachers.

3. Combining unions. On presentation of a written plan of organization which has been approved by the school boards involved, the commissioner may combine 2 or more school unions, or their parts, into a larger school union.

A. The new school union shall be administered by a superintendent of schools and staff assistants, who may be employed by the union committee as provided in section 1051.

B. The commissioner may adjust disbursements for supervision so that there will be no loss in state support because of the reorganization.

4. Exception for existing school unions with over 35 teachers. Existing school unions employing over 35 teachers shall not be regrouped unless the proposed regrouping has been approved by a majority of the school board members in the school administrative units involved.

5. School administrative units with more than 75 teachers. A school administrative unit with more than 75 teachers may employ a superintendent of schools without uniting with other school administrative units for this purpose.

A. The school administrative unit shall elect a superintendent in the same manner and for the same term, fix the salary and discharge the superintendent under the same conditions as superintendents employed under sections 1051 to 1054.

B. Annually and whenever a new superintendent is elected, the chairman and secretary of the school board shall certify to the commissioner, on the prescribed forms, all facts relative to the employment of the superintendent, including the amount of the salary to be paid.

6. Removal. If a school administrative unit having more than 75 teachers removes itself from an existing school union composed of not more than 2 units, the remaining unit shall, with the consent of its school board and the commissioner, be treated as though it had more than 75 teachers, provided that the remaining unit has more than 40 teachers.

7. Exception for remote administrative units. If the commissioner finds that a school administrative unit is remotely situated and that it is not practicable to combine it with other school administrative units for the purpose of employing a superintendent, the commissioner may place at the service of the school board of that unit the general agent for the schooling of the children in unorganized townships, or any other agent of the commissioner.

A. That agent shall, when assigned, serve as the superintendent of the school administrative unit. The agent shall have the same powers and shall perform the same service as superintendents of schools of municipalities. The agent's visits to the schools of the school administrative unit shall be at intervals as directed by the commissioner.

B. The treasurer of the school administrative unit shall pay to the agent a sum agreed upon by the agent and that school administrative unit. In case of dispute, the commissioner shall determine the amount to be paid.

8. Exception for school administrative unit with fewer than 35 teachers. If, because of geographic location or other circumstances, it is not practicable to combine a school administrative unit or a school union employing less than 35 teachers with other school administrative units to form a school union, the school board may provide supervisory service, when approved by the commissioner. The school administrative unit or school union may provide for supervisory services by:

A. Employing a qualified person to serve as superintendent and as a supervising principal;

B. Contracting with another school administrative unit or school union for supervisory services; or

C. Employing a qualified agent to fulfill supervisory needs.

Sec. A-16. 20-A MRSA §2101, sub-§1, as repealed by PL 2007, c. 240, Pt. XXXX, §19, is reenacted to read:

1. Establishment. If a union school is desired, the municipalities shall apply to the commissioner. The commissioner shall prepare an agreement setting out the terms and conditions under which a union school may operate.

Sec. A-17. 20-A MRSA §2101, sub-§2, as repealed by PL 2007, c. 240, Pt. XXXX, §20, is reenacted to read:

2. Approval. Before a union school may operate, each municipality shall approve the agreement by an affirmative vote acting under an appropriate article at a regular or special town meeting or city election.

Sec. A-18. 20-A MRSA §15671-A, sub-§2, ¶B, as amended by PL 2007, c. 539, Pt. C, §5, is further amended to read:

B. For property tax years beginning on or after April 1, 2005, the commissioner shall calculate the full-value education mill rate that is required to raise the statewide total local share. The full-value education mill rate is calculated for each fiscal year by dividing the applicable statewide total local share by the applicable statewide valuation. The full-value education mill rate must decline over the period from fiscal year 2005-06 to fiscal year 2008-09 and may not exceed 9.0 mills in fiscal year 2005-06 and may not exceed 8.0 mills in fiscal year 2008-09. The full-value education mill rate must be applied according to section 15688, subsection 3-A, paragraph A to determine a municipality's local cost share expectation. Full-value education mill rates must be derived according to the following schedule.

(1) For the 2005 property tax year, the full-value education mill rate is the amount necessary to result in a 47.4% statewide total local share in fiscal year 2005-06.

(2) For the 2006 property tax year, the full-value education mill rate is the amount necessary to result in a 46.14% statewide total local share in fiscal year 2006-07.

(3) For the 2007 property tax year, the full-value education mill rate is the amount necessary to result in a 45.56% statewide total local share in fiscal year 2007-08.

(4) For the 2008 property tax year, the full-value education mill rate is the amount necessary to result in a 45.99% statewide total local share in fiscal year 2008-09.

(4-A) ~~Except as provided in subparagraph (6), for~~ For the 2009 property tax year and subsequent tax years, the full-value education mill rate is the amount necessary to result in a 45.0% statewide total local share in fiscal year 2009-10 and after.

(6) ~~For school administrative units that do not conform to the requirements of chapter 103-A for the 2009 property tax year, the full-value education mill rate is the amount necessary to result in a 46.14% statewide total local share in fiscal year 2009-10 and after.~~

Sec. A-19. 20-A MRSA §15688, sub-§3-A, as amended by PL 2007, c. 240, Pt. XXXX, §30, is further amended to read:

3-A. School administrative unit; contribution. For each school administrative unit, the commissioner shall annually determine the school administrative unit's required contribution, the required contribution of each municipality that is a member of the unit, if the unit has more than one member, and the State's contribution to the unit's total cost of education in accordance with the following.

A. For a school administrative unit composed of only one municipality, the contribution of the unit and the municipality is the same and is the lesser of:

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

(2) The total of the full-value education mill rate calculated in section 15671-A, subsection 2 multiplied by the property fiscal capacity of the municipality.

~~B. Except as provided in paragraph B-1, for~~ For a school administrative district, community school district or regional school unit composed of more than one municipality, each municipality's contribution to the total cost of education is the lesser of:

(1) The municipality's total cost as described in subsection 2; and

(2) The total of the full-value education mill rate calculated in section 15671-A, subsection 2 multiplied by the property fiscal capacity of the municipality.

~~B-1. For a regional school unit, if the amount calculated pursuant to paragraph B is less than 2 mills multiplied by the property fiscal capacity of the municipality, the municipality's contribution to the total cost of education is an amount equal to 2 mills multiplied by the property fiscal capacity of the municipality. The difference in the amount calculated pursuant to paragraph B and the amount calculated pursuant to this paragraph, which amount may not be less than zero, must be used to proportionally lower the local contribution in the remaining municipalities.~~

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

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

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

D. The state contribution to the school administrative unit's total cost of education is the total cost of education calculated pursuant to subsection 1 less the school administrative unit's contribution calculated pursuant to paragraph A or C, as applicable. The state contribution is subject to reduction in accordance with section 15690, subsection 1, paragraph C.

Sec. A-20. 20-A MRSA §15696, as enacted by PL 2007, c. 240, Pt. XXXX, §33, is repealed.

Sec. A-21. 20-A MRSA §15697 is enacted to read:

§ 15697. Incentives

1. Authorized adjustments. The following adjustments to the calculation of subsidy under this chapter are required beginning July 1, 2009 for a school administrative unit that becomes a member of an approved regional school unit or has an approved alternative plan:

A. The local cost share expectation pursuant to 15671-A, subsection 2 must be lowered as follows:

(1) For school administrative units with alternative plans approved by the commissioner with not fewer than 2,500 students in accordance with Public Law 2007, chapter 240, Part XXXX, the local cost share expectation must be lowered by 2%. This adjustment is effective for the 2009-10, 2010-11 and 2011-12 fiscal years for funding calculations under this chapter.

(2) For school administrative units that become members of a regional school unit that is based on a plan approved by the commissioner; has no fewer than 1,000 but no more than 1,599 students; and has been approved by the voters in that region in accordance with Public Law 2007, chapter 240, Part XXXX, the local cost share expectation must be lowered by 5%. The adjustment is effective for the first operational year of the regional school unit to fiscal year 2011-12 for funding calculations under this chapter.

(3) For school administrative units that become members of a regional school unit that is based on a plan approved by the commissioner; has no fewer than 1,600 students; and has been approved by the voters in that region in accordance with Public Law 2007, chapter 240, Part XXXX, the local cost share expectation must be lowered by 10%. The adjustment is effective for the first operational year of the regional school unit to fiscal year 2011-12 for funding calculations under this chapter.

For regional school units that qualify under this paragraph, the local cost share expectations for fiscal years following 2011-12 are adjusted by these percentages.

(a) For fiscal year 2012-13, the local cost share expectation must be lowered by 8%.

(b) For fiscal year 2013-14, the local cost share expectation must be lowered by 6%.

(c) For fiscal year 2014-15, the local cost share expectation must be lowered by 4%.

(d) For fiscal year 2015-16, the local cost share expectation must be lowered by 2%.

(e) For fiscal year 2016-17 and thereafter, the local cost share expectation is not adjusted.

Sec. A-22. PL 2007, c. 240, Pt. XXXX, §36 is amended to read:

Sec. XXXX-36. Legislative intent and policy. This Part establishes the process for increasing the efficiency and effectiveness of school administrative units by providing a process for ~~reorganizing them into 80~~ to enable school administrative units to exercise the option of reorganization into regional school units that meet the policies set forth in the Maine Revised Statutes, Title 20-A, section 1451 and by assisting units to develop more efficient structures for providing administrative services.

1. Meetings to be convened in each career and technical education region. Not later than July 15, 2007, the Commissioner of Education, or the commissioner's designee, shall convene one or more meetings in each of the career and technical education regions in the State to present information about the requirements of this Part regarding consolidation and collaboration among school administrative units.

A. The Commissioner of Education shall provide notice of the meeting or meetings to municipal officials and school officials from the municipalities and school administrative units within the region, as well as to the general public.

B. In addition to other information presented at the meeting, the Commissioner of Education shall provide one or more maps showing the suggested alignment of municipalities and other school administrative units designed to increase efficiency and improve educational quality and to meet the requirements of subsection 6.

C. Maps presented by the Commissioner of Education and alignment options considered by school administrative unit representatives must reflect:

(1) The intent and goals set forth in Title 20-A, section 1451; and

(2) The intent that sustainable, long-term administrative efficiencies be achieved by consolidating the current number of school units existing on the effective date of this Act into 80 regional units or into a number of units that meets the administrative efficiencies established by this Part. Regional units of at least 2,500 resident students must be created except where circumstances justify an exception to that size requirement. When circumstances justify an exception to the requirement of 2,500 students, the unit must serve as close to 2,500 students as possible and in no case, except for offshore islands and schools operated by tribal school committees, may it serve fewer than 1,200 students.

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

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

B. A notice of intent to submit an alternative plan that meets the requirements of subsection 6, paragraph F. An alternative plan may be submitted only by a unit that is:

(1) An offshore island;

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

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

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

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

(b) Its reported 2005-2006 per-pupil expenditures for system administration represent less than 4% of its total per-pupil expenditures.

3. Reorganization planning committee. Municipalities that intend to engage in planning and negotiation to create a regional school unit shall form a reorganization planning committee.

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

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

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

A. Its proposed reorganization plan for consolidation into a regional school unit that meets the requirements of subsections 5 and 6; or

B. Its proposed plans for reducing the cost of services within the school administrative unit to meet the requirements of subsection 6, paragraph F.

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

5. Content. A reorganization plan must include:

- A. The units of school administration to be included in the proposed regional school unit;
- B. The size, composition and apportionment of the governing body;
- C. The method of voting of the governing body;
- D. The composition, powers and duties of any local school committees to be created;
- E. The disposition of real and personal school property;
- F. 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;
- G. The assignment of school personnel contracts, school collective bargaining agreements and other school contractual obligations;
- H. 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;
- I. A transition plan that addresses the development of a budget for the first school year of the reorganized unit and interim personnel policies;
- J. Documentation of the public meeting or public meetings held to prepare or review the reorganization plan;
- K. 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;
- L. An estimate of the cost savings to be achieved through formation of a regional school unit and how costs will be reduced; and
- M. Such other matters as the governing bodies of the school administrative units in existence on the effective date of this Part may determine to be necessary.

6. Parameters. In developing a reorganization plan for school administrative units in existence on the effective date of this Part, the governing bodies of school administrative units shall work within the following parameters.

- A. The proposed regional school unit must serve not fewer than 2,500 students, except where circumstances relating to the following factors justify an exception:
 - (1) Geography, including physical proximity and the size of the current school administrative unit;
 - (2) Demographics, including student enrollment trends and the composition and nature of communities in the regional school unit;
 - (3) Economics, including existing collaborations to be preserved or enhanced and opportunities to deliver commodities and services to be maximized;

(4) Transportation;

(5) Population density, including the rural nature of our communities;

(6) 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; or

(7) If, after performing due diligence to develop a regional plan that meets the 2,500 students enrollment requirement, a school administrative unit is unable to achieve the enrollment goal due to the decision of geographically proximate school administrative units to participate in a different regional unit.

When circumstances justify an exception to the requirement of 2,500 students, the unit must serve at least 1,200 students, except for offshore islands and schools operated by tribal school committees, which may serve fewer than 1,200 students.

B. The proposed unit, viewed in conjunction with surrounding proposed units, may not result in one or more municipalities being denied the option to join a regional school unit.

C. The plan must provide comprehensive programming for all students from kindergarten to grade 12 and must include at least one publicly supported secondary school;

D. The plan must be consistent with the policies set forth in Title 20-A, section 1451;

E. The plan may not displace teachers or students or close any schools existing and operating during the school year immediately preceding reorganization, except as permitted under section 1512; and

F. The plan must address how the school administrative unit will reorganize administrative functions, duties and noninstructional 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.

7. Review plans. If the Commissioner of Education finds that a plan for reorganization meets the requirements of this Part, the commissioner shall notify the municipalities and school administrative units and they shall proceed with referendum.

A. If the Commissioner of Education finds that a plan for reorganization is not consistent with subsection 6 and the purposes and goals of this Part, or that it has not adequately addressed the matters set forth in subsection 6, the commissioner shall return the plan to the governing bodies of those school administrative units by December 15, 2007 with specific suggestions for modification of the plan and written findings providing the specific reasons why the plan did not meet with the requirements in this Part.

B. Upon the return of a reorganization plan by the Commissioner of Education, the governing body of the school administrative unit ~~shall~~ may revise the proposed plan for reorganization to address the commissioner's findings and submit a revised plan for reorganization not more than 30 days after the commissioner returns the plan for revision.

C. The Commissioner of Education shall make a determination whether the revised plan for reorganization meets the requirements of this Part not more than 14 days after it is refiled by the unit.

~~D. The Commissioner of Education may not find that a plan for reorganization does not meet the requirements of this Part solely on the ground that a finding that it meets the requirements would cause the number of regional school units in the State to exceed 80.~~

8. Referendum on reorganization plan. The municipal officers of each municipality in a proposed reorganized school administrative unit shall place a warrant article substantially as follows on the ballot of a municipal referendum conducted in accordance with the referendum procedures applicable to the school administrative unit of which the municipality is a member. A referendum must be held on or before January 15, 2008 for a reorganization plan that was submitted by December 15, 2007 and that the Commissioner of Education found meets the requirements of this Part. A referendum must be held on June 10, 2008 or on or before November 15, 2008 for any plan received or revised after December 15, 2007 and subsequently found by the Commissioner of Education to meet the requirements of this Part.

"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 _____?"

Yes/No"

The following statement must accompany the article:

"Explanation:

~~A "YES" vote means that you approve of the (municipality or school administrative unit) joining the proposed regional school unit, which will be provided with the following incentives:~~

~~More favorable consideration in approval and funding of school construction projects; and~~

~~Eligibility for additional financial support for reorganization costs.~~

~~A "NO" vote means that you do not approve of the (municipality or school administrative unit) joining a regional school unit, which will result in the existing (municipality or school administrative unit) receiving the following penalties:~~

~~Less favorable consideration in approval and funding of school construction projects; and~~

~~A reduction in state funding of education costs in an amount estimated to be \$_____ for school year 200_ and \$_____ for school year 200_, with the possibility of ongoing penalties for continued failure to join an approved regional school unit. Reductions in state education funding will likely result in an increased mill rate expectation to meet the local share of education costs."~~

The Department of Education shall pay the cost of a referendum conducted before or on January 15, ~~2008~~30, 2009.

9. Results of referendum. Each school administrative unit that holds a referendum pursuant to subsection 8 shall report the results of the referendum to the Department of Education.

A. A reorganization plan is approved by a kindergarten to grade 12 school administrative district or a kindergarten to grade 12 community school district if the majority of votes cast in the district are in favor of approval of the plan.

B. A reorganization plan is approved by the member municipalities of a nonkindergarten to grade 12 community school district if the majority of votes cast in the member municipalities is in favor of approval of the plan. Approval results in all member municipalities joining the regional school unit for all purposes for kindergarten to grade 12.

C. A municipal school unit, including a municipal school unit that is a member of a school union, approves a reorganization plan if the majority of the votes cast in that municipality are in favor of approval of the plan.

D. If a reorganization plan is approved by all of the affected school administrative units, or by the school administrative units considered sufficient under the proposed units' reorganization plan, the Commissioner of Education shall file notice of approval of the unit with the State Board of Education.

10. Certificate of organization. If a plan or revised plan for reorganization has been approved by the Commissioner of Education and approved by voters at the referendum, the State Board of Education shall issue a certificate of organization to the school administrative units that are reorganized into regional school units.

11. Result of disapproval at referendum. A school administrative unit that rejects a proposed reorganization plan at the ~~January 15, 2008 referendum or at a subsequent referendum on or before November 4, 2008~~ may restart 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 prepare another reorganization plan.

~~A. Subsequent reorganization plans must meet the same requirements as for reorganization plans filed prior to the January 2008 referendum, except that the timelines are adjusted to reflect a July 1, 2009 reorganization date.~~

~~B. The penalties set forth in Title 20-A, section 15696 apply to any school administrative unit that fails to approve a reorganization plan on or before November 4, 2008 and to implement that plan by July 1, 2009.~~

~~**12. Reformulation of SAD as RSU.** Not later than December 1, 2008, the Commissioner of Education shall notify any school administrative district that has not voted to form a regional school unit on or before November 4, 2008 that the school administrative district must be recreated as a regional school unit under Title 20-A, chapter 103-A, effective July 1, 2009. Notwithstanding any other provision of law, a school administrative district may be changed to a regional school unit upon notice to the State Board of Education without dissolving the school administrative district.~~

Sec. A-23. PL 2007, c. 240, Pt. XXXX, §44 is repealed.

Sec. XXXX-44. State board rules; construction rating process. The State Board of Education shall modify the rules establishing the rating process for school construction to include language to implement the penalty provision under the Maine Revised Statutes, Title 20-A, section 15696, subsection 1, paragraph E.

Sec. A-24. Legislative intent; report; additional necessary legislation.

1. It is the intent of the Legislature to repeal those provisions of the law that require school administrative units to reorganize into regional school units and that impose penalties on school administrative units that do not reorganize into regional school units and to instead provide school administrative units with the option of reorganizing as regional school units. Notwithstanding any provision of law to the contrary, a provision of law that requires a school administrative unit to reorganize as a regional school unit or imposes penalties for failure to reorganize as a regional school unit may not be given effect.

2. No later than January 31, 2009, the Commissioner of Education shall submit to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs a report that contains recommendations and any proposed legislation necessary to fully repeal those provisions of the law that require school administrative units to reorganize into regional school units and that impose penalties on school administrative units that do not reorganize into regional school units. Following receipt and review of the report, the joint standing committee of the Legislature having jurisdiction over education and cultural affairs may submit a bill to the First Regular Session of the 124th Legislature.

PART B

Sec. B-1. 20-A MRSA §1305-C, as enacted by PL 2007, c. 240, Pt. XXXX, §11, is amended to read:

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

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

Sec. B-2. 20-A MRSA §1452, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

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

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

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

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

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

4. Transportation. Administration of transportation;

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

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

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

8. Employment. Functioning as the employer of all employees working within the regional school unit for collective bargaining purposes and for all other purposes, including but not limited to those contained in section 1464, in Title 26, chapter 9-A and in all state and federal laws regulating the rights and duties of employers and employees;

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

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

Sec. B-3. 20-A MRSA §1461-A is enacted to read:

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

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

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

2. Budget preparation and approval. The regional school unit board shall prepare the annual budget for the first operational year of the regional school unit in time for its presentation to and consideration by the regional school unit board in accordance with subchapter 4. Specific duties may be assigned to existing personnel with the approval of the employing school administrative unit.

The regional school unit board shall complete the budget development process and recommend a budget for consideration by the legislative body responsible for final budget approval and the residents of the regional school unit. The budget format, approval procedures and assessments for the regional school unit's first operational year budget must be in accordance with this chapter.

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

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

Sec. B-4. 20-A MRSA §1472-A is enacted to read:

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

1. Election; interim secretary; duties. Within 30 days of the issuance of a certificate of organization for the regional school unit by the state board pursuant to section 1461, subsection 7, the members of the school boards of the school administrative units within the regional school unit shall conduct a joint meeting for the purposes of electing an interim secretary of the regional school unit and determining a date for the election of the initial regional school unit board. 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 must be conducted in accordance with section 1473, subsection 2, except that the election duties of the secretary and the regional school unit board must be performed by the interim secretary. The duties of the interim secretary include:

- A. Notifying the municipal officers of the date of the election;
- B. Furnishing nomination papers at least 10 days before the deadline for filing nomination papers;
- C. Receiving completed nomination papers in accordance with section 1473, subsection 2;
- D. Preparing and distributing election ballots in accordance with section 1473, subsection 2;
- E. Receiving the town clerk's certification of the results of the voting in each member municipality;
- F. Tabulating the town clerk's certification of the results of the voting in each member municipality;
- G. Accepting any recount petitions that may have been filed pursuant to section 1473, subsection 2, paragraph C; and

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

2. Initial meeting. In accordance with section 1473, subsection 1, the clerk of each municipality within the regional school unit shall forward the names and addresses of the directors elected to represent that municipality to the state board with other data regarding their election as the state board may require. On receipt of the names and addresses of all of the directors, the state board 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 addresses provided by the municipalities.

Sec. B-5. 20-A MRSA §1472-B is enacted to read:

§ 1472-B. Staggered initial terms

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

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

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

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

Sec. B-6. 20-A MRSA §1478, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is repealed and the following enacted in its place:

§ 1478. Local school committees

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

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

3. Budget responsibility. A reorganization plan that has been approved in accordance with subchapter 2 or a regional school unit board may authorize a local school committee to present to the board a proposed budget for the local school in a form that is consistent with section 1485. The proposed local school budget must be submitted in time to be included in the budget for the regional school unit. Proposed expenditures that are not included in the regional school unit budget may be separately appropriated by the municipality to be expended by the regional school unit in accordance with the appropriation. Supplemental municipal appropriations for education are not subject to section 1486.

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

Sec. B-7. 20-A MRSA §1481, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is repealed.

Sec. B-8. 20-A MRSA §1481-A is enacted to read:

§ 1481-A. Finances

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

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

- A. As part of a reorganization to regional school units under this chapter; or
- B. As a result of a negotiated agreement between the parties to the cost-sharing agreement.

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

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

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

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

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

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

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

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

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

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

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

Sec. B-9. 20-A MRSA §1482-A is enacted to read:

§ 1482-A. Budget meeting

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

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

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

B. Specify the time and place of the meeting;

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

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

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

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

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

Sec. B-10. 20-A MRSA §1482-B is enacted to read:

§ 1482-B. Annual budget meeting procedures

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

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

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

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

- A. The expenses necessary to operate the regional school unit;
- B. Appropriations for the reserve fund; and
- C. Appropriations for the contingency fund and school construction purposes.

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

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

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

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

6. Written ballot. An article must be voted on by written ballot if at least 10% of those present and voting vote to use a written ballot. The department, in consultation with municipal and school officials and with organizations representing those officials, shall develop and distribute guidelines to assist regional school unit annual budget meeting moderators in explaining and implementing this subsection.

Sec. B-11. 20-A MRSA §1506, sub-§1, ¶A, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

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

Sec. B-12. 20-A MRSA §1506, sub-§4, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

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

- A. Sue and be sued in the name of the original education unit with respect to the existing debt;
- B. Determine the debt service due each fiscal year on any existing debt;
- C. As applicable, allocate to each member of the original education unit the member's share of the annual debt service for the existing debt of the original education unit in addition to each member's share of costs of the new unit;
- D. Collect the allocation for debt service on the existing debt from the original education unit or, as applicable, from each member of the original education unit in addition to each member's share of costs of the new unit;
- E. Pay the debt service on the existing debt of the original education unit when due; and
- F. Take all other actions necessary and proper with respect to the existing debt.

Allocations between members of the original education unit to pay the debt service for the existing debt must be made on the basis of the cost-sharing formula of the original education unit in effect on July 1, 2007, as applied to the year of allocation. In the case of state-subsidized debt service, the provisions of subsection 3 apply. Amounts to pay the debt service on the existing debt of the original education units must be included in the budget that the regional school unit board of a new unit submits for approval. If

the original education unit is divided between different new units that have not agreed to assume liability to pay the existing debt, the commissioner shall require that the reorganization plan of one of those new units provide for that new unit to serve as agent for purposes of the existing debt of the original education unit. That new unit, as agent, has the authority provided by this subsection, except that the new unit shall notify the other new units containing members of the original education unit of the amounts they must assess and collect from their members who were members of the original education unit, and those other new units shall perform the functions in subsection 4, paragraphs C and D with respect to their members, and shall pay the appropriate amounts over to the new unit serving as agent.

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

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

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

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

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

Sec. B-15. 20-A MRSA §5203, sub-§4, as enacted by PL 1981, c. 693, §§5 and 8, is repealed and the following enacted in its place:

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

Sec. B-16. 20-A MRSA §5204, sub-§4, as amended by PL 1985, c. 797, §32, is further amended to read:

4. No secondary school. ~~Secondary students whose parents reside in a~~ A school administrative unit which ~~that~~ neither maintains a secondary school nor contracts for secondary school privileges ~~may attend a private school approved for tuition purposes, a public school in an adjoining unit which accepts tuition students, or a school approved for tuition purposes in another state or country upon permission of officials of the receiving school. The school administrative unit where the students' parents reside shall~~

~~pay tuition in the amount up to the legal tuition rate as defined in chapter 219 pursuant to chapter 115 shall pay the tuition, in accordance with chapter 219, at the public school or the approved private school of the parent's choice at which the student is accepted.~~

Sec. B-17. 20-A MRSA §6051, sub-§1, ¶C, as enacted by PL 1985, c. 797, §36, is amended to read:

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

Sec. B-18. 20-A MRSA §6051, sub-§4, as amended by PL 2005, c. 683, Pt. A, §25, is further amended to read:

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

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

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

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

Sec. B-19. 20-A MRSA §6051, sub-§6, as enacted by PL 2001, c. 344, §9, is amended to read:

6. Report to commissioner. Within 96 months after the end of the audit period, the school board shall provide the commissioner with:

A. A copy of the audit report;

B. Accountability of all revenues and expenditures;

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

D. Any other information that the commissioner may require.

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

1-B. Adjustments to state contributions to member municipalities in regional school units. The minimum state allocation provisions of subsection 1, paragraph B are applicable for each case in which the school administrative units in existence prior to the operational date of the new regional school unit received an adjustment under subsection 1, paragraph B for fiscal year 2007-08 or fiscal year 2008-09. For each regional school unit eligible under this subsection, the minimum state allocation provisions of subsection 1, paragraph B are applicable for each member municipality that was a member of the eligible school administrative units in existence prior to the operational date of the new regional school unit.

Sec. B-21. PL 2007, c. 240, Pt. XXXX, §36, sub-§6, ¶A-1 is enacted to read:

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

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

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

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

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

Sec. B-22. Retroactivity. Those sections of this Part that amend the Maine Revised Statutes, Title 20-A, sections 1305-C and 1701-C apply retroactively to January 1, 2008.

PART C

Sec. C-1. 20-A MRSA §1463, sub-§1, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

1. Operational date. A regional school unit board of directors becomes operational on the date set by the state board as provided in this chapter. In order for a regional school unit to have an operational date of July 1st, a regional school unit must be approved at a referendum held on or before November 15th of the preceding year.

Sec. C-2. 20-A MRSA §1464, sub-§4 is enacted to read:

4. Application of collective bargaining agreements. On or after the operational date of a regional school unit established pursuant to section 1463, subsection 1 but before the completion of negotiations for a single regional school unit-wide collective bargaining agreement for the regional school unit-wide bargaining unit as described in subsection 3, the wages, hours and working conditions of an employee of the regional school unit who is in a bargaining unit and who is reassigned to a different position that is or, upon the completion of the merger of bargaining units, will be included in the same regional school unit-wide bargaining unit are determined by the terms of the existing collective bargaining agreement that applies to the position to which the employee is reassigned, except as provided in this subsection.

A. If the application of the existing collective bargaining agreement would cause a reduction in the employee's wage or salary rate, the employee's wage or salary rate must be maintained at the rate the employee was paid immediately prior to the reassignment until the completion of negotiations for a single regional school unit-wide collective bargaining agreement for the regional school unit-wide bargaining unit as described in subsection 3 or the applicable collective bargaining agreement or any interim successor agreement requires a higher wage or salary rate for the employee, whichever occurs sooner.

B. If the application of the existing collective bargaining agreement would cause a reduction in the amount that is paid by the regional school unit for premiums for health insurance for the employee and the employee's dependents, the regional school unit's payment must be maintained at the amount that was paid immediately prior to the reassignment until the completion of negotiations for a single regional school unit-wide collective bargaining agreement for the regional school unit-wide bargaining unit as described in subsection 3 or the applicable collective bargaining agreement or any interim successor agreement requires a higher payment, whichever occurs sooner.

C. If the application of the existing collective bargaining agreement provides for coverage under a different health insurance plan, the employee may elect to retain coverage under the health insurance plan in which the employee was enrolled immediately prior to reassignment if the eligibility provisions of the plan permit until the completion of negotiations for a single regional school unit-wide collective bargaining agreement for the regional school unit-wide bargaining unit as described in subsection 3.

Sec. C-3. 20-A MRSA §1479, sub-§3, ¶B, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

B. The regional school unit may negotiate ~~thea new~~ contract pursuant to chapter 115.

Sec. C-4. 20-A MRSA §1479, sub-§4, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

4. Absence of contract; maintenance of school choice opportunities. ~~A student who resides in a school administrative unit that does not maintain that student's grade from kindergarten to grade 12, and that does not enter into a contract for the education of its students pursuant to this chapter, has the option of attending a public school in another school administrative unit or private school approved for tuition purposes subject to the provisions of chapter 219 if that option was available from the previous school unit for the area in which that student resides. A school administrative unit that neither maintains a school nor contracts for school privileges pursuant to chapter 115 shall continue to pay tuition, in accordance with chapter 219, for a student who resides in the school administrative unit at the public school or the private school approved for tuition purposes of the parent's choice at which the student is accepted, calculated in accordance with subsection 5.~~

Sec. C-5. 20-A MRSA §1479, sub-§5, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

5. Additional expense. ~~If, pursuant to subsection 4, a student attends a public school in another school administrative unit or private school approved for tuition purposes subject to the provisions of chapter 219, and the number of secondary school students from one or more municipalities in a regional school unit that attend a public school in a different school administrative unit or an approved private school is less than all the secondary school students in the regional school unit, the sending municipality of the regional school unit is responsible for the additional expense calculated under this subsection. In a regional school unit where some but not all of the students are attending school pursuant to this section, the sending municipality is responsible for the additional expense as calculated in accordance with this subsection.~~

A. ~~For each secondary school student who attends a public school in another school administrative unit, the sending municipality in a regional school unit is responsible for an amount equal to the number of secondary school students from that regional school unit multiplied by the amount that the receiving regional school unit's tuition rate pursuant to section 5805~~difference in tuition in cases when it exceeds the amount of the sending regional school unit's tuition rate pursuant to~~calculated in accordance with section 5805.~~

B. ~~For each secondary school student who attends a private school approved for tuition purposes subject to the provisions of chapter 219, the sending municipality in a regional school unit is responsible for an amount equal to the number of secondary school students from the regional school unit attending the private school multiplied by the amount that the private school's tuition rate pursuant to section 5806, or the tuition rate per the contract, if less, the difference in tuition in cases when it exceeds the amount of the sending regional school unit's tuition rate pursuant to~~calculated in accordance with section 5805.

~~Any~~Municipalities exercising school choice pursuant to this section are responsible for a local contribution in accordance with section 15688 and the additional expense may not be included in the regional school unit budget when determining each member municipality's local contribution~~calculated in accordance with this subsection.~~

~~Any additional expense must be paid by the responsible municipality in equal monthly amounts unless the regional school unit and the member municipality agree to another payment schedule.~~

Sec. C-6. 20-A MRSA §1486, sub-§2, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

2. Validation referendum procedures. ~~The budget validation referendum must be held on or before the 10th~~14th calendar day, other than Saturday, Sunday or a legal holiday, following the scheduled date of the regional school unit budget meeting. The referendum may not be held on a Saturday, Sunday or legal holiday. The vote at referendum is for the purpose of approving or rejecting the total regional school unit budget approved at the regional school unit budget meeting. The regional school unit board shall provide printed information to be displayed at polling places to assist voters in voting. That information is limited to the total amounts proposed by the regional school unit board for each cost center summary budget category article, the amount approved at the regional school unit budget meeting,

a summary of the total authorized expenditures and, if applicable because of action on an article under section 15690, subsection 3, paragraph A, a statement that the amount approved at the regional school unit budget meeting includes locally raised funds ~~over and above the regional school unit's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act~~ that exceed the maximum state and local spending target pursuant to section 15671-A, subsection 5.

Sec. C-7. 20-A MRSA §1486, sub-§3, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

3. Budget validation referendum voting. The method of calling and voting at a budget validation referendum is as provided in sections 1503 and 1504, except as otherwise provided in this subsection or as is inconsistent with other requirements of this section.

A. A public hearing is not required before the vote.

~~B. The warrant for a regional school unit budget meeting to be followed by a budget validation referendum may be a consolidated warrant covering both.~~

~~C. The warrant and absentee ballots must be delivered to the municipal clerk at least 7 days before~~ later than the day after the date of the regional school unit budget meeting.

~~D. Absentee ballots received by the municipal clerk may not be processed or counted unless received~~ on the day after the conclusion of the regional school unit budget meeting and before the close of the polls.

~~E. All envelopes containing absentee ballots received before~~ the day after the conclusion of the regional school unit budget meeting or after the close of the polls must be marked "rejected" by the municipal clerk.

~~F. If the school budget does not exceed the maximum state and local spending target pursuant to section 15671-A, subsection 5, the~~ The article to be voted on must be in the following form:

(1) "Do you favor approving the (name of regional school unit) budget for the upcoming school year that was adopted at the latest regional school unit budget meeting?

Yes No"

~~G. If the school budget exceeds the maximum state and local spending target pursuant to section 15671-A, subsection 5, the article to be voted on for a budget that includes locally raised funds over and above the regional school unit's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act must be in the following form:~~

~~(1) "Do you favor approving the (name of regional school unit) budget for the upcoming school year that was adopted at the latest regional school unit budget meeting and that includes locally raised funds that exceed the required local contribution as described in the Essential Programs and Services Funding Act?~~

~~Yes No~~

~~A YES vote allows additional funds to be raised for K-12 public education.~~

~~A NO vote means additional funds cannot be raised for K-12 public education."~~

Sec. C-8. 20-A MRSA §1487, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

§ 1487. Failure to pass budget

If a budget for the operation of a regional school unit is not approved prior to July 1st, the latest budget ~~as submitted by the regional school unit board~~approved at a regional school unit budget meeting and submitted to the voters for validation at a referendum in accordance with section 1486 is automatically considered the budget for operational expenses for the ensuing year until a final budget is approved, except that, when the regional school unit board delays the regional school unit budget meeting, the operating budget must be approved within 30 days of the date the commissioner notifies the regional school unit board of the amount allocated to the regional school unit under section 15689-B, or the latest budget submitted by the regional school unit board becomes the operating budget for the next school year until a budget is approved at a regional school unit budget meeting and validated at a referendum. If the budget of a regional school unit is not approved and validated before July 1st and the officers of any affected municipality determine that the property taxes must be committed in a timely manner to the collector pursuant to Title 36, section 709, the municipal assessor or assessors may commit the property taxes on the basis of the latest budget approved at a regional school unit budget meeting and submitted to the voters for validation at a referendum in accordance with section 1486.

Sec. C-9. 20-A MRSA §1506, sub-§1, ¶A, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

A. "Existing debt" means any bond, note, loan agreement, lease-purchase agreement or other debt instrument issued prior to July 1, 2008 for the purposes of funding public schools and career and technical education regions, or for refinancing such debt, that remains outstanding at the time of a reorganization pursuant to this chapter. "Existing debt" does not include routine payables or commercial contract obligations.

Sec. C-10. 20-A MRSA §1506, sub-§1, ¶B, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

B. "Original education unit" means:

(1) A previous education unit that has existing debt; or

(2) A municipality that has existing debt incurred on behalf of a previous education unit; or

(3) A previous education unit within a career and technical education region as defined by section 8301-A that has existing debt.

Sec. C-11. PL 2007, c. 240, Pt. XXXX, §42, first ¶ is amended to read:

Sec. 42. Transfer of property and assets; regional school units approved after January 15, 2008. This section applies to a regional school unit that is approved after January 15, 2008 and before ~~November 5, 2008~~November 15, 2008.

Sec. C-12. PL 2007, c. 240, Pt. XXXX, §43, sub-§3 is amended to read:

3. Transfer of governing authority; regional school units approved after January 15, 2008. This subsection applies to regional school units approved after January 15, 2008 and before ~~November 5, 2008~~November 15, 2008. The regional school unit board of directors, on the date established in subsection 1, shall assume responsibility for the management and control of the public schools and programs within the school administrative units in existence prior to July 1, 2009 that are within the regional school unit. Those school administrative units in existence prior to July 1, 2009, on the date established in subsection 1, have no further responsibility for the operation or control of the public schools and programs within the school administrative unit except those pursuant to section 1481.

Sec. C-13. PL 2007, c. 240, Pt. XXXX, §43, sub-§5 is amended to read:

5. Transfer of teachers and employees. Except as limited by paragraph A, for regional school units approved prior to January 16, 2008, all teachers and school employees who are employed by a participating school administrative unit on June 30, 2008 must be transferred to and employed by the regional school unit as of July 1, 2008. Except as limited by paragraph A, for regional school units approved after January 15, 2008 and before ~~November 5, 2008~~November 15, 2008, all teachers and school employees who are employed by participating school administrative units on June 30, 2009 must be transferred and employed by the regional school unit as of July 1, 2009. Except as limited by paragraph B, the regional school unit shall assume all of the legal obligations and duties that the participating school administrative units owed to their employees, including but not limited to those obligations and duties arising under federal law, state law, collective bargaining agreements and individual employment contracts. It is the intent of this Part to neither decrease nor increase the rights and benefits of transferred employees or the employer. The regional school unit shall also maintain and honor any agreements, contracts or policies regarding the rights and benefits of retirees and former employees created by a participating school administrative unit that is dissolved as a result of its inclusion within a regional school unit.

A. For regional school units approved prior to January 16, 2008, teachers or other employees whose employment terminates by application of law or contract or by action of a participating school administrative unit before July 1, 2008 may not be transferred. For regional school units approved after January 15, 2008 and before ~~November 5, 2008~~November 15, 2008, teachers or other employees whose employment terminates by application of law or contract or by action of a participating school administrative unit before July 1, 2009 may not be transferred.

B. Teachers and other employees who are transferred to the regional school unit prior to the completion of the applicable probationary period for their position have the length of their probationary period calculated from the date of their most recent date of employment by the participating school administrative unit.

Sec. C-14. PL 2007, c. 240, Pt. XXXX, §43, sub-§6, ¶A is amended to read:

A. On July 1, 2008 for regional school units approved prior to January 16, 2008 and on July 1, 2009 for regional school units approved after January 15, 2008 and before ~~November 5, 2008~~November 15, 2008, the regional school unit board of directors shall assume all of the obligations, duties, liabilities and rights of the participating school administrative units for all purposes under Title 26, chapter 9-A. The regional school unit is considered a single employer. Notwithstanding any other provision of law, the responsibilities of the regional school unit include:

- (1) Continued recognition of all bargaining agents that represented any bargaining units of employees who were employed by a participating school administrative unit, pending completion of merger proceedings described in this section;
- (2) Assumption and continued observance of all collective bargaining agreements between such bargaining agents and a participating school administrative unit, which agreements continue in effect for the remainder of their unexpired term unless the bargaining agent and regional school unit mutually agree otherwise; and
- (3) Collective bargaining for an initial or successor collective bargaining agreement in any bargaining unit in which a collective bargaining agreement is not in effect on the operational date and for any interim agreement that may be required to align expiration dates in a regional school unit-wide bargaining unit, as described in this subsection.

Sec. C-15. PL 2007, c. 240, Pt. XXXX, §43, sub-§6, ¶B is amended to read:

B. As early as possible but no later than August 31, 2011 for regional school units approved prior to January 15, 2008 and no later than August 31, 2012 for regional school units approved after January 15, 2008 and before ~~November 2, 2008~~November 15, 2008, all bargaining units must be structured on a regional school unit-wide basis. Bargaining units that existed in the participating school administrative units shall merge in accordance with the procedures and criteria in this section. Merger into regional school unit-wide bargaining units is not subject to approval or disapproval of employees.

- (1) Merger into regional school unit-wide bargaining units must be completed according to the schedule contained in this subsection, and no later than the latest expiration date of any collective bargaining agreement that was in effect on the operational date, which covered any employees in the merged unit.
- (2) There must be one unit of teachers and, to the extent they are currently included in bargaining units, other certified professional employees, excluding principals and other administrators.
- (3) Any additional bargaining units in a regional school unit must be structured as follows:

(a) In the initial establishment of such units, units must be structured primarily on the basis of the existing pattern of organization, maintaining the grouping of employee classifications into bargaining units that existed prior to the creation of the regional school unit and avoiding conflicts among different bargaining agents to the extent possible.

(b) In the event of a dispute regarding the classifications to be included within a regional school unit-wide bargaining unit, the current bargaining agent or agents or the regional school unit may petition the Maine Labor Relations Board to determine the appropriate unit in accordance with this section and Title 26, section 966, subsections 1 and 2.

(4) When there is the same bargaining agent in all bargaining units that will be merged into a regional school unit-wide bargaining unit, the units must be merged as of the operational date, and the regional school unit shall recognize the bargaining agent as the representative of the merged unit.

(5) When all bargaining units that will be merged into a regional school unit-wide bargaining unit are represented by separate local affiliates of the same state labor organization, the units must be merged as of the operational date. The identity of the single affiliate that will be designated the bargaining agent for the merged unit must be selected by the existing bargaining agents and the state labor organization. Upon completion of the merger and designation of the bargaining agent and notification by the state organization to the regional school unit, the regional school unit shall recognize the designated bargaining agent as the representative of employees in the merged unit. If necessary, the parties will then execute a written amendment to any collective bargaining agreement then in effect to change the name of the bargaining agent to reflect the merger.

(6) Where there are bargaining units that will be merged into a regional school unit-wide bargaining unit in which there are employees who are not represented by any bargaining agent and other employees who are represented either by the same bargaining agent or separate local affiliates of the same state labor organization, the units must be merged as of the operational date as long as a majority of employees who compose the merged unit were represented by the bargaining agent prior to the merger. The procedures for merger of separate local affiliates of the same state labor organization described in subparagraph (5) must be followed if applicable. If prior to the merger a bargaining agent did not represent a majority of employees who compose the merged unit, a bargaining agent election must be conducted by the Maine Labor Relations Board pursuant to subparagraph (8).

(7) When there are unexpired collective bargaining agreements with different expiration dates in the merged bargaining units described in subparagraphs (4), (5) and (6), all contracts must be honored to their expiration dates unless mutually agreed to otherwise by the public employer and the bargaining agent. Collective bargaining agreements must be bargained on an interim basis in any merged bargaining unit so that all collective bargaining agreements expire on the same date.

(8) When bargaining units with different bargaining agents must be merged into a single regional school unit-wide bargaining unit pursuant to this subsection, the bargaining agent of the merged bargaining unit must be selected in accordance with Title 26, section 967, except as modified in this subparagraph.

(a) A petition for an election to determine the bargaining agent must be filed with the Maine Labor Relations Board by any of the current bargaining agents or the regional school unit.

(b) The petition must be filed not more than 90 days prior to the expiration date of the agreement having the latest expiration date among the bargaining units that will be merged into the regional school unit-wide bargaining unit.

(c) The election ballot may contain only the names of the bargaining agents of bargaining units that will be merged into the regional school unit-wide bargaining unit and the choice of "no representative," but no other choices. No showing of interest is required from any such bargaining agent other than its current status as representative.

(d) The obligation to bargain with existing bargaining agents continues from the operational date until the determination of the bargaining agent of the regional school unit-wide bargaining unit under this subsection; but in no event may any collective bargaining agreement that is executed after the operational date extend beyond the expiration date of the agreement having the latest expiration date among the bargaining units that will be merged into the regional school unit-wide bargaining unit that was in effect on the operational date.

(e) The Maine Labor Relations Board shall expedite to the extent practicable all petitions for determination of the bargaining agent in the regional school unit-wide bargaining unit filed pursuant to this subsection.

(f) The bargaining units must be merged into a regional school unit-wide bargaining unit as of the date of certification of the results of the election by the Maine Labor Relations Board; or the expiration of the collective bargaining agreements in the unit, whichever occurs later.

PART D

Sec. D-1. 20-A MRSA c. 103-A, sub-c. 7 is enacted to read:

SUBCHAPTER 7

REORGANIZATION OF REGIONAL SCHOOL UNITS

§ 1516. Dissolution of a district

1. Ten percent petition. Upon receipt of a petition that seeks to dissolve a regional school unit and establishes a maximum figure for the cost of preparing a dissolution agreement signed by 10% of the number of voters in a municipality who voted at the last gubernatorial election, the municipal officers of the municipality within the regional school unit shall call and hold a special election, in the manner provided for the calling and holding of town meetings or city elections, to vote on the dissolution of the regional school unit.

A. At least 10 days before the election, a posted or otherwise advertised public hearing on the petition must be held by the municipal officers.

B. The petition must be approved by secret ballot by a 2/3 vote of the voters present and voting before it may be presented to the board of directors and the commissioner. Voting in towns must be conducted in accordance with Title 30-A, sections 2528 and 2529, even if the towns have not accepted the provisions of Title 30-A, section 2528, and voting in cities must be conducted in accordance with Title 21-A.

2. Form. The article to be voted upon must be in substantially the following form:

"Article: Do you favor filing a petition for dissolution with the directors of regional school unit (name of regional school unit) and with the Commissioner of Education, authorizing the dissolution committee to expend \$ (insert amount) and authorizing the (municipal officers; i.e., selectmen, town council, etc.) to issue notes in the name of the (name of the municipality) or otherwise pledge the credit of the (name of the municipality) in an amount not to exceed \$ (insert amount) for this purpose?

Yes No"

3. Notice of vote; finding by commissioner. If residents of a municipality within the regional school unit vote favorably on a petition for dissolution, the clerk shall immediately give written notices, by registered mail, to the secretary of the regional school unit and the commissioner that must include:

A. The petition adopted by the voters, including the positive and negative votes cast; and

B. An explanation by the municipal officers, stating to the best of their knowledge the reason or reasons why the municipality seeks to dissolve the regional school unit.

4. Agreement for dissolution; notice; changes in agreement; final agreement.
The agreement for dissolution must comply with the following.

A. The commissioner, after consultation with the regional school unit board of directors, municipal officers of each municipality within the regional school unit and representatives of the group that filed the petition with the municipality, shall direct the municipal officers of each municipality to select representatives to a committee as follows: one member from the municipal officers, the group filing the petition; and one member from the general public; and one member from the group filing the petition if the group is represented in the municipality, otherwise an additional one member of the general public. The commissioner shall also direct the directors representing each municipality to select one member of the board of directors who represents that municipality to serve on the committee. The municipal officer and the member of the board of directors shall serve on the committee only so long as they hold their respective offices. Vacancies must be filled by the municipal officers and board of directors. The chair of the board of directors shall call a meeting of the committee within 30 days of the filing of the notice of the vote in subsection 3. The chair of the board of directors shall open the meeting by presiding over the election of a chair of the committee. The responsibility for the preparation of the agreement rests with the committee, subject to the approval of the commissioner. The committee may draw upon the resources of the department for information not readily available at the local level and employ competent advisors within the

fiscal limit authorized by the voters. The agreement must be submitted to the commissioner within 90 days after the committee is formed. Extensions of time may be granted by the commissioner upon the request of the committee.

(1) The agreement must contain provisions to provide educational services for all students in the regional school unit. The agreement must provide that during the first year following the dissolution, students may attend the school they would have attended if the regional school unit had not dissolved. The allowable tuition rate for students sent from one municipality to another in the former regional school unit must be determined under section 5805, subsection 1, except that it is not subject to the state per pupil average limitation in section 5805, subsection 2.

(2) The agreement must establish the dissolution to take effect at the end of the regional school unit's fiscal year.

(3) The agreement must establish that the dissolution will not cause a need within 5 years from the effective date of dissolution for school construction projects that would be eligible for state funds. This limitation does not apply when a need for school construction existed prior to the effective date of the dissolution or when a need for school construction would have arisen even if the regional school unit had not dissolved.

(4) The agreement must establish how transportation services will be provided.

(5) The agreement must provide for administration of the new administrative units, which should not include the creation of new supervisory units if at all possible.

(6) The agreement must make provision for the distribution of financial commitments arising from outstanding bonds, notes and any other contractual obligations that extend beyond the proposed date of dissolution.

(7) The agreement must make appropriate provision for the distribution of any outstanding financial commitments to the superintendent of the regional school unit.

(8) The agreement must provide for the continuation and assignment of collective bargaining agreements as they apply to the new or reorganized regional school unit for the duration of those agreements and must provide for the continuation of representational rights.

(9) The agreement must provide for the continuation of continuing contract rights under section 13201.

(10) The agreement must provide for the disposition of all real and personal property and other monetary assets.

(11) The agreement must provide for the transition of administration and governance of the schools to properly elected governing bodies of the newly created administrative units and must provide that the governing bodies may not be elected simultaneously with the vote on the article to dissolve unless the commissioner finds there are extenuating circumstances that necessitate simultaneous elections.

B. Within 60 days of the receipt of the agreement, the commissioner shall either give it conditional approval or recommend changes. The changes must be based upon the standards set forth in paragraph A and the commissioner's findings of whether the contents of the plan will provide for appropriate educational and related services to the students of the regional school unit and for the orderly transition of assets, governance and other matters related to the regional school unit.

C. If the commissioner gives conditional approval of the agreement, the commissioner shall notify the board of directors and the municipal officers by registered mail of the time and place of a public hearing at least 20 days prior to the date set for the hearing to discuss the merits of the proposed agreement of dissolution. The chair of the board of directors shall conduct the hearing.

(1) The board of directors shall post a public notice in each municipality of the time and location of the hearing at least 10 days before the hearing.

(2) Within 30 days following the hearing, the committee shall forward the final agreement to the commissioner.

D. If the commissioner recommends changes, the commissioner shall:

(1) Send the agreement back to the committee for necessary corrections;

(2) Establish a maximum time within which to make the corrections; and

(3) Indicate that the corrected agreement must be returned to the commissioner for conditional approval before it goes to public hearing as set forth in paragraph C.

5. Date of vote; notice; warrant; polling hours. The date and time for voting is as set forth in this subsection.

A. The commissioner must determine the date upon which all municipalities must vote upon the dissolution agreement submitted to them. The election must be held as soon as practicable and the commissioner shall attempt to set the date of the vote to coincide with a statewide election.

B. At least 35 days before the date set in paragraph A, the board of directors shall give written notice by registered or certified mail to the town or city clerk of each municipality having a right to vote on the dissolution agreement.

C. The town or city clerk shall immediately notify the municipal officers upon receipt of the notice, and the municipal officers shall meet and immediately issue a warrant for a special town meeting or city election, as the case may be, to be held on the date designated by the commissioner. No other date may be used.

D. In the respective warrants, the municipal officers shall direct that the polls open at 10 a.m. and remain open until 8 p.m.

6. Public hearing; voting procedures. The following requirements apply to the voting procedures.

A. At least 10 days before the election, the municipal officers shall hold a posted or otherwise advertised public hearing on the dissolution question.

B. Except as otherwise provided in this section, the voting at the meetings held in towns must be conducted in accordance with Title 30-A, sections 2528 and 2529, even if the towns have not accepted the provisions of Title 30-A, section 2528.

C. The voting at the meeting held in cities must be conducted in accordance with Title 21-A.

7. Article. The article to be voted on must be in the following form.

"Article: Do you favor the dissolution of regional school unit (name of regional school unit) subject to the terms and conditions of the dissolution agreement dated (insert date)?

Yes No"

8. Ballots; posting of agreement. The dissolution agreement need not be printed on the ballot. Copies of the agreement must be posted in each participating municipality in the same manner as specimen ballots are posted under Title 30-A, section 2528.

9. Restriction on dissolution petitions. A municipality within a regional school unit may not petition for dissolution within 2 years after the date of:

A. A municipal vote on a petition for dissolution if the petition received less than 60% of the votes cast; or

B. A regional school unit vote on a dissolution agreement if the agreement received less than 45% of the votes cast.

10. Costs of dissolution agreements. If the regional school unit votes to permit dissolution, then the regional school unit shall reimburse the petitioning municipality for the authorized expenses incurred by the dissolution committee. If the regional school unit votes not to permit dissolution, then the regional school unit will not be required to reimburse the petitioning municipality for those expenses.

11. Determination of vote. The town and city clerks shall, within 24 hours of determination of the result of the vote in their respective municipalities, certify the total number of votes cast in the affirmative and the total number of votes cast in the negative on the article to the board of directors.

12. Determination of results; notification of commissioner; execution of agreement. Determination of results must comply with the following.

A. Upon receipt of the results of the voting from all municipalities, the board of directors shall meet and shall compute and record the total number of votes cast in the municipalities in the affirmative and in the negative on the article.

B. The board of directors shall notify the commissioner by registered mail or by hand delivery of the results of the vote.

C. If the commissioner finds that a majority of the voters voting on the article have voted in the affirmative, the commissioner shall notify the directors of the regional school unit to take steps to dissolve the regional school unit in accordance with the terms of the agreement for dissolution.

13. Recount; checklists and ballots; disputed ballots. The following provisions apply to recounts, checklists, ballots and disputed ballots.

A. If, within 7 days of the computation and recording of the results of the voting from all municipalities, the municipal officers of any participating municipality request to the commissioner in writing a recount of the votes in the regional school unit, the commissioner shall immediately cause the checklists and all the ballots cast in all of the participating municipalities to be collected and kept at the commissioner's office so they may be recounted by interested municipalities.

B. The town clerks of the participating municipalities are authorized to deliver the checklists and ballots to the commissioner, notwithstanding any other provision of law to the contrary.

C. The commissioner shall resolve any question with regard to disputed ballots.

14. Execution of agreement; certified record; certificate of withdrawal. When the agreement for dissolution has been put into effect by the directors of the regional school unit, the directors shall notify the commissioner by certified mail that the agreement of dissolution has been executed.

A. A complete certified record of the transaction involved in the dissolution must be filed with the commissioner.

B. The commissioner shall immediately issue a certificate of dissolution to be sent by certified mail for filing with the directors of the regional school unit and shall file a copy in the office of the Secretary of State.

15. Indebtedness; indebtedness defined; indebtedness after dissolution. The following provisions apply to outstanding indebtedness.

A. Whenever a regional school unit having outstanding indebtedness dissolves, the regional school unit remains intact for the purpose of securing and retiring the indebtedness. The dissolution agreement may provide for alternate means for retiring outstanding indebtedness.

B. For the purposes of this subsection, "outstanding indebtedness" means bonds or notes for school construction projects issued by the board of directors pursuant to the authorization established under chapter 609 or Title 20, sections 3457 to 3460 or obligations to the Maine School Building Authority pursuant to any contract, lease or agreement made by the board of directors pursuant to approval thereof in a meeting of the regional school unit, but does not include any indebtedness of any municipality assumed by the regional school unit at the time of formation nor any contract, lease or agreement of the Maine School Building Authority to which by operation of law the regional school unit has become the assignee.

16. General purpose aid. When a regional school unit dissolves, the general purpose aid for the individual municipalities must be computed in accordance with chapter 606-B.

17. Committee recall. If the commissioner determines that the dissolution committee has failed to comply with the requirements of this section, the commissioner may authorize the municipal officers and the board of directors of the regional school unit to recall their representatives and to appoint new representatives to the committee.

§ 1517. Withdrawal of a single municipality from a regional school unit

1. Petition. The residents of a municipality within a regional school unit may petition to withdraw from the regional school unit as follows.

A. Ten percent of the number of voters in the municipality who voted at the last gubernatorial election must sign the petition to withdraw from the regional school unit.

B. At least 10 days before the special election called pursuant to this paragraph, the municipal officers of the municipality within the regional school unit shall hold a posted or otherwise advertised public hearing on the petition and shall call and hold the special election, in the manner provided for the calling and holding of town meetings or city elections to vote on the withdrawal of the regional school unit.

C. The petition to withdraw from the regional school unit must be approved by secret ballot by a majority vote of the voters present and voting before it may be presented to the board of directors and the commissioner. Voting in towns must be conducted in accordance with Title 30-A, sections 2528 and 2529, even if the towns have not accepted the provisions of Title 30-A, section 2528, and voting in cities must be conducted in accordance with Title 21-A.

2. Form. The article to be voted upon must be in substantially the following form:

"Article: Do you favor filing a petition for withdrawal with the directors of regional school unit (name of regional school unit) and with the Commissioner of Education, authorizing the withdrawal committee to expend \$ (insert amount) and authorizing the (municipal officers; i.e., selectmen, town council, etc.) to issue notes in the name of the (name of the municipality) or otherwise pledge the credit of the (name of the municipality) in an amount not to exceed \$ (insert amount) for this purpose?"

Yes No"

3. Notice of vote; finding by commissioner. If residents of the municipality vote favorably on a petition for withdrawal, the clerk shall immediately give written notices, by registered mail, to the secretary of the regional school unit and the commissioner that must include:

- A. The petition adopted by the voters, including the positive and negative votes cast; and
- B. An explanation by the municipal officers, stating to the best of their knowledge the reason or reasons why the municipality seeks to withdraw from the regional school unit.

4. Agreement for withdrawal; notice; changes in agreement; final agreement. The agreement for withdrawal must comply with the following.

A. The commissioner shall direct the municipal officers of the petitioning municipality to select representatives to a committee as follows: one member from the municipal officers, the group filing the petition; and one member from the general public; and one member from the group filing the petition if the group is represented in the municipality, otherwise an additional one member of the general public. The commissioner shall also direct the directors representing the petitioning municipality to select one member of the board of directors who represents that municipality to serve on the committee. The municipal officer and the member of the board of directors serve on the committee only so long as they hold their respective offices. Vacancies must be filled by the municipal officers and board of directors. The chair of the board of directors shall call a meeting of the committee within 30 days of the filing of the notice of the vote in subsection 3. The chair of the board of directors shall open the meeting by presiding over the election of a chair of the committee. The responsibility for the preparation of the agreement rests with the committee, subject to the approval of the commissioner. The committee may draw upon the resources of the department for information not readily available at the local level and employ competent advisors within the fiscal limit authorized by the voters. The agreement must be submitted to the commissioner within 90 days after the committee is formed. Extensions of time may be granted by the commissioner upon the request of the committee.

(1) The agreement must contain provisions to provide educational services for all students in the regional school unit. The agreement must provide that during the first year following the withdrawal, students may attend the school they would have attended if the petitioning municipality had not withdrawn. The allowable tuition rate for students sent from one

municipality to another in the former regional school unit must be determined under section 5805, subsection 1, except that it is not subject to the state per pupil average limitation in section 5805, subsection 2.

(2) The agreement must establish the withdrawal to take effect at the end of the regional school unit's fiscal year.

(3) The agreement must establish that the withdrawal will not cause a need within 5 years from the effective date of withdrawal for school construction projects that would be eligible for state funds. This limitation does not apply when a need for school construction existed prior to the effective date of the withdrawal or when a need for school construction would have arisen even if the municipality had not withdrawn.

(4) The agreement must establish how transportation services will be provided.

(5) The agreement must provide for administration of the new municipal administrative unit, which should not include the creation of new supervisory units if at all possible.

(6) The agreement must make provision for the distribution of financial commitments arising from outstanding bonds, notes and any other contractual obligations that extend beyond the proposed date of withdrawal.

(7) The agreement must make appropriate provision for the distribution of any outstanding financial commitments to the superintendent of the regional school unit.

(8) The agreement must provide for the continuation and assignment of collective bargaining agreements as they apply to the new or reorganized regional school unit for the duration of those agreements and must provide for the continuation of representational rights.

(9) The agreement must provide for the continuation of continuing contract rights under section 13201.

(10) The agreement must provide for the disposition of all real and personal property and other monetary assets.

(11) The agreement must provide for the transition of administration and governance of the schools to properly elected governing bodies of the newly created municipal administrative unit and must provide that the governing body may not be elected simultaneously with the vote on the article to withdraw unless the commissioner finds there are extenuating circumstances that necessitate simultaneous elections.

B. Within 60 days of the receipt of the agreement, the commissioner shall either give it conditional approval or recommend changes. The changes must be based upon the standards set forth in paragraph A and the commissioner's findings of whether the contents of the plan will provide for appropriate educational and related services to the students of the municipality and the regional school unit and for the orderly transition of assets, governance and other matters related to the municipality and the regional school unit.

C. If the commissioner gives conditional approval of the agreement, the commissioner shall notify the board of directors and the municipal officers by registered mail of the time and place of a public hearing at least 20 days prior to the date set for the hearing to discuss the merits of the proposed agreement of withdrawal. The chair of the board of directors shall conduct the hearing.

(1) The board of directors shall post a public notice in each municipality of the time and location of the hearing at least 10 days before the hearing.

(2) Within 30 days following the hearing, the committee shall forward the final agreement to the commissioner.

D. If the commissioner recommends changes, the commissioner shall:

(1) Send the agreement back to the committee for necessary corrections;

(2) Establish a maximum time within which to make the corrections; and

(3) Indicate that the corrected agreement must be returned to the commissioner for conditional approval before it goes to public hearing as set forth in paragraph C.

5. Date of municipal election; notice; warrant; polling hours. The date and time for voting is as set forth in this subsection.

A. The commissioner shall determine the date upon which the petitioning municipality must vote upon the agreement submitted to them. The election must be held as soon as practicable and the commissioner shall attempt to set the date of the vote to coincide with a statewide election.

B. At least 35 days before the date set in paragraph A, the commissioner shall give written notice by registered or certified mail to the town or city clerk of the municipality petitioning to withdraw.

C. The town or city clerk shall immediately notify the municipal officers upon receipt of the notice, and the municipal officers shall meet and immediately issue a warrant for a special town meeting or city election, as the case may be, to be held on the date designated by the commissioner. No other date may be used.

D. In the respective warrants, the municipal officers shall direct that the polls open at 10 a.m. and remain open until 8 p.m.

6. Public hearing; voting procedures. The following requirements apply to the voting procedures.

A. At least 10 days before the election, the municipal officers shall hold a posted or otherwise advertised public hearing on the withdrawal question.

B. Except as otherwise provided in this section, the voting at the meetings held in towns must be conducted in accordance with Title 30-A, sections 2528 and 2529, even if the towns have not accepted the provisions of Title 30-A, section 2528.

C. The voting at the meeting held in cities must be conducted in accordance with Title 21-A.

7. Article. The article to be voted on must be in the following form.

"Article: Do you favor the withdrawal of the (name of municipality) from the regional school unit (name of regional school unit) subject to the terms and conditions of the withdrawal agreement dated (insert date)?

Yes No"

8. Ballots; posting of agreement. The withdrawal agreement need not be printed on the ballot. Copies of the agreement must be posted in the municipality in the same manner as specimen ballots are posted under Title 30-A, section 2528.

9. Restriction on withdrawal petitions. A municipality within a regional school unit may not petition for withdrawal within 2 years after the date of:

A. A municipal vote on a petition for withdrawal if the petition received less than 45% of the votes cast; or

B. A municipal vote on a withdrawal agreement if the agreement received less than 60% of the votes cast.

10. Cost of advisors. The expense of employing competent advisors by the municipality petitioning to withdraw must be borne by the municipality and the expense of employing competent advisors by the regional school unit must be borne by the regional school unit with the municipality bearing its share according to the regional school unit's cost-sharing agreement.

11. Determination of vote. The town and city clerks shall, within 24 hours of determination of the result of the vote in the municipality, certify the total number of votes cast in the affirmative and the total number of votes cast in the negative on the article to the commissioner.

12. Determination of results; execution of agreement. If the commissioner finds that a majority of the voters voting on the article have voted in the affirmative, the commissioner shall notify the municipal officers and the directors of the regional school unit to take steps for the withdrawal in accordance with the terms of the agreement for withdrawal.

13. Recount; checklists and ballots; disputed ballots. The following provisions apply to recounts, checklists, ballots and disputed ballots.

A. If, within 7 days of the computation and recording of the results of the voting, the municipality requests to the commissioner in writing a recount of the votes, the commissioner shall immediately cause the checklists and all the ballots cast in the municipality to be collected and kept at the commissioner's office so they may be recounted by the municipality.

B. The town or city clerk of the municipality is authorized to deliver the checklists and ballots to the commissioner, notwithstanding any other provision of law to the contrary.

C. The commissioner shall resolve any question with regard to disputed ballots.

14. Execution of agreement; certified record; certificate of withdrawal. When the agreement for withdrawal has been put into effect by the municipality, the municipal officers shall notify the commissioner by certified mail that the agreement of withdrawal has been executed.

15. Indebtedness; indebtedness defined; indebtedness after withdrawal. The following provisions apply to outstanding indebtedness.

A. Whenever a municipality withdraws from a regional school unit having outstanding indebtedness, the regional school unit remains intact for the purpose of securing and retiring the indebtedness. The withdrawal agreement may provide for alternate means for retiring outstanding indebtedness.

B. For purposes of this subsection, "outstanding indebtedness" means bonds or notes for school construction projects issued by the board of directors pursuant to the authorization established under chapter 609 or Title 20, sections 3457 to 3460 or obligations to the Maine School Building Authority pursuant to any contract, lease or agreement made by the board of directors pursuant to approval thereof in a meeting of the regional school unit, but does not include any indebtedness of the municipality assumed by the regional school unit at the time of formation nor any contract, lease or agreement of the Maine School Building Authority to which by operation of law the regional school unit has become the assignee.

16. General purpose aid. When a municipality withdraws from a regional school unit, the general purpose aid for the municipality must be computed in accordance with chapter 606-B.

17. Committee recall. If the commissioner determines that the withdrawal committee has failed to comply with the requirements of this section, the commissioner may authorize the municipal officers to appoint new representatives to the committee.

18. Commissioner recommended dissolution. The commissioner's responsibilities to initiate dissolution proceedings are as follows.

A. If a municipality representing more than 50% of the total population in a regional school unit votes to withdraw from the district, then the commissioner shall analyze the educational impact of the withdrawal upon the regional school unit. The regional school unit's board of directors and the municipal officers from the remaining municipalities must be consulted.

B. If the commissioner finds that it is impractical for the remaining municipalities to continue as a regional school unit, then the commissioner shall initiate a dissolution process by having the regional school unit submit the following article to the voters at a regional school unit meeting.

"Article: Do you favor appointment of a dissolution committee for the dissolution of regional school unit (name of regional school unit) by the Commissioner of Education, authorizing the dissolution committee to expend \$ (insert amount) and authorizing the (municipal officers; i.e., selectmen, town council, etc.) to issue notes in the name of the (name of the municipality) or otherwise pledge the credit of the (name of the municipality) of in an amount not to exceed \$ (insert amount) for this purpose?

Yes No"

C. If the voters approve the article by a majority vote of those voting and present, then the rest of the dissolution process set forth in section 1516 applies except:

(1) A 2nd member from the general public must be selected by the municipal officers to fill the position on the dissolution committee normally held by a representative of the group that would have filed the dissolution petition; and

(2) Costs of preparing a dissolution agreement must be borne solely by the regional school unit.

19. Transfer of property. The board of directors may negotiate with the withdrawal committee regarding an equitable division of the regional school unit's property between the regional school unit and the municipality represented by the committee and transfer title of the property to the municipality following withdrawal. The board of directors shall determine that the regional school unit's educational program may not be disrupted solely because of the transfer of any given property before it may complete the transfer.

§ 1518. Transfer of a municipality from one regional school unit to another

1. Petition to commissioner. The boards of directors of 2 regional school units may petition the commissioner by joint resolution to permit a municipality to transfer from one regional school unit to another, as long as that municipality is being transferred to a regional school unit contiguous to the municipality.

2. Transfer agreement. The boards of directors of the 2 regional school units and the municipal officers of the municipality involved shall form a committee to prepare a transfer agreement within 60 days after being notified by the commissioner to prepare the agreement. Extensions of time may be granted by the commissioner.

A. The committee shall consider the standards set forth in section 1516, subsection 4, paragraph A in preparing the agreement.

B. The approval process for the agreement shall follow the steps set forth in section 1516, subsection 4 to subsection 16.

C. The following article shall appear on the ballot when the transfer of a municipality is considered.

"Article: Do you favor permitting the (name of municipality) to transfer from regional school unit (name of regional school unit) into regional school unit (name of regional school unit) as a participating municipality of that regional school unit subject to the terms and conditions of the agreement of transfer approved by the Commissioner of Education dated (insert date)?

Yes No"

A copy of the agreement must be posted with each warrant that directs the citizens to vote upon the question.

D. The article must be approved by a majority of votes cast in both regional school units and by a majority of votes cast in the municipality to be transferred before the agreement may take effect.

E. A complete certified record of the transaction involved in the transfer must be filed with the commissioner. The commissioner shall issue immediately a certificate of transfer to the secretary of the regional school unit by registered mail to be filed with the boards of directors of the regional school units involved and shall file a copy of the certificate of transfer in the office of the Secretary of State.

3. Outstanding indebtedness. Whenever a municipality, or a part of a municipality, is detached from a regional school unit having outstanding indebtedness, the municipality or part of a municipality remains as part of the regional school unit from which it was detached for the purposes of paying its proper portion of the indebtedness until the indebtedness is redeemed. The municipality or part of a municipality is not part of the regional school unit from which it was detached for the purpose of any outstanding indebtedness incurred subsequent to the date of the certificate of transfer.

For purposes of this subsection, "outstanding indebtedness" means bonds or notes for school construction projects issued by the board of directors pursuant to the authorization established under chapter 609 or Title 20, sections 3457 to 3460 or obligations to the Maine School Building Authority pursuant to any contract, lease or agreement made by the board of directors pursuant to approval thereof in a meeting of the regional school unit, but does not include any indebtedness of the municipality assumed by the regional school unit at the time of formation nor any contract, lease or agreement of the Maine School Building Authority to which by operation of law the regional school unit has become the assignee.

§ 1519. State board review of commissioner's decisions

A regional school unit or other interested party may request that the state board reconsider decisions made by the commissioner under this subchapter. The state board has the authority to overturn decisions made by the commissioner. In exercising this power, the state board is limited by this subchapter.

§ 1520. Rules

The state board may adopt rules to carry out this subchapter. Rules adopted pursuant to this section are routine technical rules in accordance with Title 5, chapter 375, subchapter 2-A.'

SUMMARY

Like the bill, this amendment amends the law to improve the laws governing the formation of regional school units.

Part A of this amendment accomplishes the following.

1. It repeals the laws requiring the reorganization of school administrative units into regional school units and instead provides school administrative units with the option of reorganizing as regional school units.

2. It repeals the provisions that establish penalties for failure to reorganize as a regional school unit and instead provides incentives for such a reorganization.

3. It repeals the requirement that each municipality that is a member of a new regional school unit contribute a minimum of 2 mills of the municipality's property fiscal capacity to the total cost of education of the new regional school unit.

4. It also restores the laws that were amended or repealed to accommodate the required consolidation.

Part B of this amendment accomplishes the following.

1. It clarifies the language pertaining to mandatory budget validation and cost center summary budget forms for school administrative districts.

2. It outlines the core functions of a regional school unit.

3. It establishes the transitional powers and duties of an initial regional school unit board.

4. It establishes procedures for the election of an initial regional school unit board, including the staggering of terms.

5. It outlines the law governing local school committees within a regional school unit, including formation, delegation of functions, budget responsibility and title to property.

6. It clarifies the authorization provided to regional planning committees to negotiate a cost-sharing agreement for those costs of proposed regional school units that are in addition to the local contribution required pursuant to the Maine Revised Statutes, Title 20-A, section 15690.

7. It clarifies the roles of the municipal officers and the school committee for municipal school units whose municipal charters give authority to approve the school budget to the municipal officers and establishes the requirements for calling a budget meeting and the procedures for the budget meeting.

8. It clarifies the assumption of existing debt that is transferred from an original education unit to a new regional school unit that is formed after July 1, 2008.

9. It clarifies the relationship between a regional school unit board and a local school that seeks to raise additional funds for an elementary school or a secondary school that is owned or managed by the member municipality. It also removes references to “elementary” schools in the school closure provisions to clarify that secondary schools are also subject to these requirements.

10. It clarifies the language pertaining to mandatory budget validation and cost center summary budget forms for community school districts.

11. It clarifies language regarding the payment of tuition at a public school or approved private school of the parent’s choice.

12. It provides that a so-called "minimum receiver" who joins a regional school unit continues to be eligible to receive minimum state allocations if that unit received such allocations prior to the reorganization.

13. It permits the Commissioner of Education to authorize so-called “doughnut hole” school units that have 1,200 or fewer students and no other available reorganization partners to form a regional school unit that serves at least 1,000 students if these isolated, rural school units meet certain criteria.

Part C of this amendment accomplishes the following.

1. It specifies that, in order for a regional school unit to have an operational date of July 1st, a regional school unit must be approved at a referendum held on or before November 15th of the preceding year.

2. It provides consistent language across the allocated and unallocated provisions in the law to clarify the budget referendum ballot question to be placed before the voters at a budget validation referendum vote.

3. It clarifies and amends the budget approval and validation process provisions to:

A. Increase the number of days from the legislative body meeting to the referendum validation from 10 days to 14 days;

B. Provide that absentee ballots may not be distributed until the day after the regional school unit budget meeting;

C. In the event that a regional school unit budget has not been approved and validated prior to the start of the fiscal year, authorize municipalities to levy taxes based on the most recent school budget approved at the regional school unit budget meeting until a budget is validated by voters; and

D. Eliminate the need for 2 separate ballot questions for the budget validation referendum vote and combine information on 2 votes into one document provided with the warrant for the referendum vote.

4. It clarifies the debt liability of the school administrative units that are members of a career and technical education region, including the disposition of debt incurred for a school construction or renovation project at a career and technical education region by the school administrative units that are members of the career and technical education region.

5. It clarifies the financial responsibility for the preservation of school choice in a new regional school unit when a member municipality continues to provide tuition for students to attend a school outside of the new regional school unit. The provision provides that the member municipality is responsible for providing appropriations for any additional expense above the sending regional school unit tuition rate for students who are educated outside of the regional school unit.

6. It clarifies the rights and obligations of regional school units concerning the reassignment of teachers and other employees of the regional school unit in the transitional period from the operational date of the regional school unit until the completion of negotiations for a regional school unit-wide collective bargaining agreement.

7. It changes the deadline by which a referendum must be held to November 15, 2008 and changes dates that are linked to the referendum date. The current law governing the reorganization of school administrative units requires that a referendum be held on a proposed reorganization on or before November 4, 2008.

Part D enacts into law provisions regarding reorganization of regional school units. The new provisions are similar to the Maine Revised Statutes, Title 20-A, former sections 1403, 1405 and 1406 and allow the dissolution of regional school units, the withdrawal from a regional school unit by a municipality and the transfer by a municipality out of one regional school unit into another. The amendment also includes provisions that formerly applied in this area of law authorizing the State Board of Education to review decisions of the Commissioner of Education and to make rules concerning the reorganization of the regional school units.

FISCAL NOTE REQUIRED
(See attached)