

Summary of the Reorganization Law

Updated 5/16/08

Minor clarification on AOS 7/18/08

Updated 12/8/10

This summarizes the reorganization law in its entirety, including Public Law 2007, Chapter 240, Part XXXX (enacted by passage of LD 499, the two-year budget, on June 11, 2007), Public Law 2007, Chapter 668 (enacted by passage of LD 2323, An Act to Remove Barriers to the Reorganization of School Administrative Units, on April 18, 2008) and Public Law 2009, Chapter 580 (enacted by the passage of LD 570, An Act to Improve the Laws Governing the Consolidation of School Administrative Units, on April 1, 2010).

State Policy Objectives

The law sets forth state policy to ensure that schools be organized as units in order to provide equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner.

All school units, of whatever form and whatever size – SADs, CSDs and municipal school units, small and large – must:

1. Work with other units to reorganize into larger, more efficient units; or
2. Where expansion of the unit would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs.

Process

The Commissioner of Education or her designee will convene regional meetings to provide information, assistance and suggested alignments of school units. The Commissioner can suggest alignment of units, but local units aren't required to follow those suggestions and will ultimately pick their own partners.

SAUs will file a "Notice of Intent" with the Commissioner by August 31, 2007 and then work to develop a reorganization plan by December 1, 2007, or, if an SAU is exempted by the Commissioner, an "alternative plan."

Units seeking to propose an "alternative organizational structure" (AOS), as allowed in Public Law 2007, Chapter 668, must also submit and follow the guidelines for a reorganization plan. (More information below under "alternative organizational structures".) [*Alternative organizational structure option allowed by P.L. 2007, ch. 668*]

Reorganization planning committees (RPCs) will be formed locally and will determine the structure of the proposed new Regional School Unit (RSU). Key decisions of governance, including the size and composition of the board, and the method of voting, will be made by the RPC and are part of the reorganization plan that will be submitted to the Department of Education.

The Commissioner must provide a written statement to the SAUs that submit plans that do not meet the statutory requirements with the reasons for the failure of these plans and suggestions for modifications of the plan.

All reorganization plans are subject to voter approval. If the reorganization plan is approved by the voters, elections will be held for seats on the RSU school board. Alternative plans approved by the Commissioner do not require a community vote.

The Department of Education will provide facilitators to SAUs that request them to provide technical assistance and guidance through the process.

SAUs that are members of a proposed regional school unit must hold a referendum on the plan on or before January 30, 2009. *[Date amended by P.L. 2007, ch. 668]* The referendum may be held on any date that otherwise meets election requirements of the state and the municipality. The Department will pay for the cost of one referendum anytime before Jan. 30, 2009, except on June 10, 2008, which is already a state primary election date, and Nov. 4, 2008, which is the date of the general election. (If a vote is held on either of those dates, there would be no significant added cost for simply adding this additional ballot item.)

Governance

Regional school units will be governed by a regional school unit board; representation on the Board is determined by the local communities as part of the reorganization planning process.

The law articulates the core functions for which the regional school unit board is responsible, including, but not limited to: employment of the superintendent; central business functions; administration of special education; administration of transportation; adoption of a core curriculum; adoption of the regional school unit budget; reporting required by state or federal regulation; employment of all RSU employees; establishing a common school calendar; adoption of policies for all schools in the RSU. *[Clarification of regional school unit board powers per P.L. 2007, ch. 668]*

RSU boards may create local school committees and specify their powers and duties, but may not give up the core responsibilities. As part of the negotiations leading to the formation of an RSU, a local school committee may be delegated authority to propose a budget for its local school(s) to the RSU board. A local school committee may propose, and local voters may approve, raising additional funds for its school(s) over and above what is appropriated by the RSU school board. This includes schools of any grade level. *[Clarification of local school committee powers per P.L. 2007, ch. 668]*

Alternative Organizational Structures

A regional school unit may opt to form an alternative organizational structure (AOS) in place of the standard regional school unit structure. An AOS plan must ensure the 1) consolidation of system administration; 2) consolidation of special education administration, transportation administration, and the administration of business functions; 3) adoption of core curriculum and

procedures for standardized testing; 4) adoption of a plan for both consistent school policies and school calendars; and 5) adoption of a plan for consistent collective bargaining agreements. (Separate collective bargaining agreements are allowed) *[Clarification of core functions of an alternative organizational structure per P.L. 2009, ch. 580]*

The plan for an AOS must also include one or more interlocal agreements, per municipal law, and a plan for presenting, approving, and validating the annual school budget that ensures K-12 budget transparency for its members and their voters. The law requires a plan to achieve that goal; it does not specify the details of how it must be achieved.

[More information on alternative organizational structures.](#)

[Alternative organizational structure option allowed by P.L. 2007, ch. 668]

School Unit Size and Number

Existing school units should aim to form regional school units of at least 2,500 resident students, except where geography, demographics, population density, transportation challenges and other obstacles make 2,500 impractical. Where 2,500 is impractical, the units must create RSUs of at least 1,200 students.

Legislative intent of the law is to create a maximum of 80 school units or the number of units appropriate to achieve administrative efficiencies. The Commissioner may not refuse creation of a unit solely because it causes the number of units in the State to exceed 80.

All units, whether consolidated or exempted, including island and tribal schools, must submit a plan for reducing costs.

Exception to the Minimum Size Requirement

Isolated, rural communities

Some isolated, rural communities may be authorized to form a unit with fewer than 1,200 students, but no fewer than 1,000 students. Such RSUs must: be comprised of three or more SAUs; be surrounded by approved regional school units and there are no other units to join; or include two or more small schools eligible for an isolated small school adjustment. *[Exception for isolated rural communities allowed by P.L. 2007, ch. 668]*

Unique or Particular Circumstances

Communities exhibiting unique or particular circumstances may be authorized to form a unit with fewer than 1,000 students. Units must be able to demonstrate that all reasonable and practical means of satisfying the requirements of the reorganization law have been exhausted, and that approval is warranted based on the specific facts presented in the notice of intent and is applicable only to the specific units the decision concerns. *[Exception for unique or particular circumstances allowed by P.L. 2009, ch. 580]*

Exceptions from Consolidation

“Doughnut hole”

SAUs exercising due diligence with respect to consolidation but experiencing rejection by all other surrounding districts to be included in consolidation will not be penalized if their plan documents efforts to consolidate and the plan includes alternative ways of meeting efficiencies.

Efficient, High-performing Districts

School units whose reported 2005-2006 per-pupil expenditures for system administrative costs are less than four percent of total per-pupil expenditures and who have at least three “higher performing” schools, as defined in the May 2007 Maine Education Policy Research Institute report [“The Identification of Higher and Lower Performing Maine Schools”](#), are exempt from consolidation, but still required to submit a plan to meet efficiencies.

Offshore islands and tribal schools

Offshore islands and tribal schools are not subject to a minimum size requirement.

Financial Impact

General Purpose Aid for Education (GPA) will be reduced in four areas beginning July 1, 2008. The per-pupil rate for system administration will be reduced to 50 percent of the 2005-06 rates, adjusted for inflation and the per-pupil rate for facilities and maintenance will be reduced by 5 percent. The Essential Programs and Services allocations for special education and transportation will each be reduced by 5 percent.

GPA will continue to grow even after the reductions in the four areas mentioned above.

Removal of Financial Barriers

The law allows SAUs forming a regional school unit to negotiate a local cost-sharing agreement to compensate for cost-shifting that may occur as a result of reorganization.

The law allows school units currently eligible for the minimum special education subsidy to keep that eligibility when they join in a new regional school unit.

The law removes an earlier requirement that every SAU joining a regional school unit must raise a minimum 2 mills for education.

[Removal of financial barriers per P.L. 2007, ch. 668]

Penalties

Units where voters do not approve a reorganization plan at referendum will face financial penalties, beginning on July 1, 2010. Penalties for units that do not form approved regional units by this date include:

For regular subsidy receivers that vote against reorganization:

- 50% reduction in system administration allocation; and
- The local mill expectation is increased by 2%. This replaces the previous, more complicated formula sometimes referred to as the "53.86% penalty."

As an example, had the 2% provision been in effect for 2008-09, the local expectation for non-complying units would be 6.68 mills – 2% higher than the 6.55 mills for units that comply with the law. [*Penalty revised per P.L. 2007, ch. 668*]

For minimum subsidy receivers that vote against reorganization:

- Receive 50 percent of what they would have otherwise received for FY10 and beyond.

All units that vote against reorganization (minimum and regular subsidy receivers):

- Receive less favorable consideration for approval and funding for school construction.
- Lose eligibility for "transition adjustments."

A unit that votes against reorganization in one referendum can develop another reorganization plan and hold another referendum. The unit can avoid penalties if it approves reorganization by referendum no later than January 30, 2009 [*Date amended by P.L. 2007, ch. 668*] and is operational as a regional unit by July 1, 2009.

Schools and School Choice

Reorganization plans won't close schools or displace teachers and students. Local schools can't be closed unless the regional board votes by a two-thirds vote AND the municipality where the school is located votes to approve the closure. If the municipality votes not to close the school that the regional board votes to close, the municipality is responsible only for the added cost of keeping the school open, not the entire cost (same as current SAD law, except this provision now applies to high schools as well as elementary schools).

Each RSU must provide comprehensive programming for all K-12 students, and must include a public or publicly-supported private high school(s). There is not a requirement that the high school be physically located in the RSU or municipal school unit so long as there is a contractual relationship (or contractual relationships) ensuring that every student – including those in special education and alternative education – will be provided comprehensive programming.

Communities that have school choice now will, whether or not there is a contract to reflect that school choice, continue to have school choice after reorganization, even if they join a regional unit that has its own high school. An RSU may not by law take that choice away from any of its communities that currently have it. (However,

communities that wish to voluntarily give up school choice before entering a new RSU may do so.)

Municipalities may retain ownership of school property as negotiated in the formation of regional school units. *[Allowed in P.L. 2007, ch. 240; clarified in P.L. 2007, ch. 668]*

Teachers and Other SAU Employees

Teachers and other school administrative unit employees will be transferred to the new unit, and will retain their rights under collective bargaining contracts. Contracts will continue until their planned expiration dates and there will be an orderly process for continuing collective bargaining.

Budget Process and Transparency

Beginning with the 2008-09 school budget, all school units will provide budget transparency by using a uniform budget format that clearly shows the budget and how it compares to Essential Programs and Services allocations for the RSU. The budget must show 11 cost centers, defined in law.

A budget first goes to the legislative body of the school unit – an RSU budget meeting at which any voter may attend and propose changes to the budget or, in the case of a municipal school system, the city council or other governing body.

After consideration and approval, the budget then goes to a budget validation referendum – that is, an up-or-down ballot before all voters in the municipalities making up the regional school unit or municipal school system. The ballot must be accompanied by a budget explanation document showing all 11 cost centers in the budget and, if applicable, the amount the budget exceeds the Essential Programs and Service allocation.

If the budget fails at referendum, the school board takes it up again and the same process is repeated.

P.L. 2007, ch. 668, made technical corrections and clarifications, especially with regard to the budget process for 2008-09 budgets in SADs and CSDs and some municipal charter communities. The changes clarify that all budgets should be prepared with 11 cost centers and sent to referendum within 14 days after the budget meeting (regional or municipal).

The law also includes a retroactivity clause for school systems using the format called for in the original version of the reorganization law, P.L. 2007, ch. 240, for 2008-09. (This included six cost centers and a shorter period from the budget meeting to the referendum.) The Department will accept either format for 2008-09. More information on the budget process may be found in [Administrative Letter #38](#).

[P.L. 2007, ch. 668 made corrections and clarifications throughout to the budget process.]

Elementary school budgets

A municipality or group of municipalities within a regional school unit may raise and spend additional funds for any school serving any grade level. [P.L. 2007, ch. 668 expanded this option to include high schools, which were not included under the original law] That is, the residents of Town A could vote to raise additional funds for a K-8 school in their town, or the residents of towns B, C, and D, which share a high school, could vote to raise additional funds for their high school, over and above the funds provided by the regional school unit board.

Previous Cost Sharing Agreements

Cost sharing agreements adopted and in effect prior to the effective date of the new reorganization law and pursuant to certain laws remain in effect unless the parties to the agreement modify or terminate the agreement.

[Budget process clarified throughout by P.L. 2007, ch. 668]

Other Provisions

Regional collaborative agreements are encouraged under this law.

The Department of Education is required to review and critique all unfunded state mandates pertaining to school systems and report to the Legislature's Education Committee by December 15, 2008.

The Department of Education is required to report to the Legislature's Education Committee on implementation of this law and make recommendations on any proposed legislation needed, by January 31, 2008 (initial report) and December 15, 2008 (final report). At the request of legislators, the Commissioner has agreed to provide a report to the Committee in November 2008. *[The December 15 date is amended per P.L. 2007, ch. 668]*