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Legislative Document

No. 1341

H.P. 969

House of Representatives, March 21, 2019

**An Act To Provide Flexibility for Efficient and Effective
Management of School Management and Leadership Centers**

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

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative KORNFIELD of Bangor.
Cosponsored by Senator GRATWICK of Penobscot and
Representatives: CARDONE of Bangor, PERRY of Bangor, SCHNECK of Bangor.

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

2 **Sec. 1. 20-A MRSA §1051, sub-§6, ¶D**, as repealed and replaced by PL 2017, c.
3 475, Pt. A, §23, is amended to read:

4 D. A group of school administrative units that have an interlocal agreement pursuant
5 to Title 30-A, chapter 115 in order to establish a ~~school management and leadership~~
6 regional service center to jointly purchase the services of a superintendent may elect
7 the superintendent in the manner prescribed in their interlocal agreement.

8 **Sec. 2. 20-A MRSA §§3801 to 3806**, as enacted by PL 2017, c. 284, Pt.
9 VVVVV, §6, are amended to read:

10 **§3801. General provisions**

11 **1. Definitions.** As used in this chapter, unless the context otherwise indicates, the
12 following terms have the following meanings.

13 A. "Municipality" means a city, town or organized plantation.

14 B. "~~School management and leadership~~ Regional service center" means a
15 multiservice agency established and operated exclusively for the purposes of
16 developing, managing and providing services or programs to 2 or more members
17 pursuant to section 3802, subsection 2 and may include associate members pursuant
18 to section 3802, subsection 3. A "~~school management and leadership~~ regional service
19 center" is a political subdivision pursuant to section 3802, subsection 7.

20 **2. Establishment.** A school administrative unit as described in section 3802,
21 subsection 2 may become a member of a ~~school management and leadership~~ regional
22 service center through an interlocal agreement pursuant to Title 30-A, chapter 115 and the
23 agreement may include associate members as described in section 3802, subsection 3.

24 **3. Interlocal agreement.** An interlocal agreement establishing a ~~school~~
25 ~~management and leadership~~ regional service center must include the structure and
26 governance of the ~~school management and leadership~~ regional service center and its
27 functions, programs and services.

28 A. An interlocal agreement must include the specifications required pursuant to Title
29 30-A, section 2203, subsection 2 and a description of:

30 (1) The ~~school management and leadership~~ regional service center board
31 composition, election or appointment of officers, board member terms and
32 method of voting;

33 (2) An approval process for a new school administrative unit to join the ~~school~~
34 ~~management and leadership~~ regional service center;

35 (3) An approval process for an existing member to transfer to another ~~school~~
36 ~~management and leadership~~ regional service center;

37 (4) The process for determining the sharing of costs for and the assessments of
38 or payments to the ~~school management and leadership~~ regional service center;

1 (5) The budget process that requires a ~~school management and leadership~~
2 regional service center budget be adopted by a date established in order to meet
3 local school administrative unit budget deadlines. The budget process must
4 include a contingency plan for a budget failure and must be in the cost center
5 summary budget format pursuant to section 1485;

6 (6) The process for a balanced budget as required by section 3802, subsection 10
7 and the method of determining the return of any excess funds to the members of
8 the ~~school management and leadership~~ regional service center; and

9 (7) The process for the disposition of indebtedness and property including by
10 sale or lease, transferred to or from or administered by the ~~school management~~
11 and leadership regional service center.

12 B. An interlocal agreement may include but is not limited to a description of the
13 following:

14 (1) The approval process for the formation of a ~~school management and~~
15 leadership regional service center;

16 (2) Any associate members, the process for including associate members and
17 their roles in the ~~school management and leadership~~ regional service center;

18 (3) The process to authorize the ~~school management and leadership~~ regional
19 service center to borrow funds for school construction purposes including bonds
20 and notes;

21 (4) The process to approve the purchase or lease of buildings or land by the
22 ~~school management and leadership~~ regional service center;

23 (5) The process by which a ~~school management and leadership~~ regional service
24 center may establish, maintain and expend funds from a reserve fund or
25 contingency fund;

26 (6) The process of hiring an executive director or contracting services for
27 leadership for the ~~school management and leadership~~ regional service center; and

28 (7) A transition plan to move authorized programs and services from a member
29 to the ~~school management and leadership~~ regional service center.

30 An interlocal agreement cannot transfer a school administrative unit's responsibility for
31 providing the opportunity of a free public education to each of its students or a free,
32 appropriate education to each of its students with a disability as required by this Title or
33 by federal law.

34 **4. Duties of regional service center.** A ~~school management and leadership~~ regional
35 service center's functions, programs and services may include but are not limited to the
36 following:

37 A. Accounting, payroll and financial management services and procurement;

38 B. Transportation, transportation routing and vehicle maintenance;

39 C. Reporting functions;

40 D. Special education programs and administration;

- 1 E. Gifted and talented programs and administration;
- 2 F. Alternative education programs and administration;
- 3 G. Substitute teachers and staff augmentation;
- 4 H. Technology and technology support;
- 5 I. Food service planning and purchasing;
- 6 J. Energy management and facilities maintenance;
- 7 K. Regional school leadership academies;
- 8 L. Staff training and professional development;
- 9 M. Shared educational programs or staff;
- 10 N. Shared support service programs;
- 11 O. Educational programs such as summer school, extended school year, tutoring,
- 12 advanced placement and other programs that serve students and improve student
- 13 achievement;
- 14 P. Shared extracurricular or cocurricular programs; and
- 15 Q. Superintendent services.

16 **§3802. Regional service center authorized**

17 A ~~school management and leadership~~ regional service center shall provide
 18 administrative and education functions in accordance with this chapter and shall function
 19 as an extension of the member school administrative units and associate members of the
 20 ~~school management and leadership~~ regional service center. A member school
 21 administrative unit of the ~~school management and leadership~~ regional service center
 22 cannot transfer the responsibility for providing the opportunity of a free public education
 23 to each of its students or a free, appropriate education to each of its students with a
 24 disability as required by this Title or by federal law.

25 **1. Geographic boundaries.** The commissioner shall determine ~~9 to 12~~ geographic
 26 areas for the establishment of each ~~school management and leadership~~ regional service
 27 center. Membership in a particular ~~school management and leadership~~ regional service
 28 center does not require the member to be physically located in the ~~school management~~
 29 ~~and leadership~~ regional service center's geographic boundary.

30 **2. Members.** Members in a ~~school management and leadership~~ regional service
 31 center must be determined by interlocal agreement pursuant to Title 30-A, chapter 115
 32 and may include the following types of school administrative units:

- 33 A. Community school districts pursuant to chapter 105;
- 34 B. Municipal school units pursuant to chapter 111;
- 35 C. Regional school units pursuant to chapter 103-A;
- 36 D. School administrative districts pursuant to chapter 103; and

1 E. Schools established on tribal lands pursuant to Title 30, chapter 601.

2 **3. Associate members.** Associate members for a ~~school management and leadership~~
3 regional service center may include the following through a contractual agreement or
4 memorandum of understanding with the members of the ~~school management and~~
5 leadership regional service center:

6 A. Career and technical education regions pursuant to chapter 313, subchapter 4;

7 B. Public charter schools as defined in chapter 112;

8 C. Providers of child development services pursuant to chapter 303;

9 D. Magnet schools pursuant to chapters 312 and 312-A;

10 E. The Maine Educational Center for the Deaf and Hard of Hearing and the
11 Governor Baxter School for the Deaf pursuant to chapter 304;

12 F. Providers of education in the unorganized territory pursuant to chapter 119; or

13 G. Municipalities and counties pursuant to Title 30-A.

14 **4. Provision of services to or from other public entities or nonprofit entities.** A
15 ~~school management and leadership regional service center~~ may provide services to or
16 purchase services from other types of political subdivisions, public entities or nonprofit
17 organizations or associations.

18 **5. Purchase of services from another regional service center.** A member of a
19 ~~school management and leadership regional service center~~ may purchase services from
20 another ~~school management and leadership regional service center~~ if not provided by the
21 member's ~~school management and leadership regional service center~~.

22 **6. Validation.** A ~~school management and leadership regional service center~~
23 authorized and organized under this chapter is validated, confirmed, approved and
24 declared legal in all respects, notwithstanding any defect or irregularity that may have
25 occurred in the organization of the ~~school management and leadership regional service~~
26 center or in the selection of the board of that ~~school management and leadership regional~~
27 service center.

28 **7. Political subdivision.** A ~~school management and leadership regional service~~
29 center is a political subdivision within the meaning of Title 5, section 19002, subsection 6
30 and a quasi-municipal corporation within the meaning of Title 30-A, section 5701, and all
31 the provisions of those sections apply to it. Notwithstanding Title 30-A, section 2203,
32 subsection 8, paragraph B, the members of a ~~school management and leadership regional~~
33 service center may delegate eminent domain power to the ~~school management and~~
34 leadership regional service center by agreement. A ~~school management and leadership~~
35 regional service center is considered a tax-exempt governmental entity for the purposes of
36 Title 36, section 1760, subsection 2.

37 **8. Executive director; leadership services.** A ~~school management and leadership~~
38 regional service center shall employ an executive director or contract for leadership
39 services, and the interlocal agreement under section 3801, subsection 3 must specify that
40 the executive director or the provider of leadership services shall administer, in

1 compliance with this chapter, the provisions of the interlocal agreement in the school
2 ~~management and leadership regional service center.~~

3 **9. Personnel.** The executive director or the provider of leadership services of a
4 ~~school management and leadership regional service center~~ may employ a chief financial
5 officer and may employ additional staff necessary or hire a fiscal agent to administer the
6 functions assigned to the ~~school management and leadership regional service center~~
7 through the provisions of the interlocal agreement under section 3801, subsection 3.

8 **10. Balanced budget.** A ~~school management and leadership regional service center~~
9 must have a balanced budget and return excess funds to the members as prescribed by the
10 interlocal agreement under section 3801, subsection 3.

11 **11. Authority to borrow, expend and accept funds.** A ~~school management and~~
12 ~~leadership regional service center~~ may:

13 A. Borrow funds in anticipation of a member's payment of its share of the school
14 ~~management and leadership regional service center budget. Such borrowing:~~

15 (1) ~~Must be repaid within one year; and~~

16 (2) ~~May not at any time exceed 3/4 of the school management and leadership~~
17 ~~center's annual approved budget;~~

18 B. Expend available funds to pay debt service, security and maintenance costs; and

19 C. Accept and expend funds from state, federal and other sources and expend those
20 funds on behalf of the members.

21 **12. Bonding authority.** A ~~school management and leadership regional service~~
22 ~~center~~ may issue bonds and notes for school construction purposes. For purposes of this
23 section, "school construction purposes" includes minor capital costs relating to
24 maintenance of a school's physical plant. The ~~school management and leadership regional~~
25 ~~service center~~ board shall decide whether the issuance of bonds or notes by the ~~school~~
26 ~~management and leadership regional service center~~ for school construction purposes is
27 necessary. The board shall determine whether the issuance of bonds or notes is
28 authorized, and, if so, the board shall issue the bonds or notes and administer the proceeds
29 of, and the payment of principal of and interest on, those bonds or notes after issuance. A
30 ~~school management and leadership regional service center~~ may issue bonds and notes for
31 school construction purposes only under the provisions of the interlocal agreement under
32 section 3801, subsection 3.

33 **13. Withdrawal from regional service center.** If a single school administrative
34 unit applies to withdraw, it must demonstrate to the commissioner that ~~as a result of the~~
35 ~~school administrative unit's withdrawing that there will be no increase in costs or~~
36 ~~decrease in student programs and services for~~ is in the best interests of the withdrawing
37 school administrative unit and ~~for~~ of any of the remaining member school administrative
38 units of the ~~school management and leadership regional service center.~~

1 **14. Dissolution of regional service center.** A ~~school management and leadership~~
2 regional service center may not be dissolved unless it applies to the commissioner for
3 approval and:

4 A. All member school administrative units apply to transfer to another ~~school~~
5 management and leadership regional service center; or

6 B. If all the member school administrative units of a ~~school management and~~
7 leadership regional service center apply to dissolve the ~~school management and~~
8 leadership regional service center, they demonstrate to the commissioner that ~~there~~
9 will be no increase in costs or decrease in student programs and services for any of
10 the member school administrative units of the school management and leadership
11 center it is in the best interests of the member school administrative units of the
12 regional service center to dissolve the regional service center.

13 **15. Reporting requirements.** A ~~school management and leadership regional service~~
14 center must meet state and federal reporting requirements on behalf of each member
15 school administrative unit.

16 **§3803. Oversight**

17 The commissioner shall provide oversight of the ~~school management and leadership~~
18 regional service centers, and this oversight must include the following.

19 **1. Data collection; monitoring.** The commissioner or the commissioner's designee
20 is responsible for collecting, analyzing and reporting data from ~~school management and~~
21 leadership regional service centers. The commissioner or the commissioner's designee
22 shall monitor the performance and legal compliance of the ~~school management and~~
23 leadership regional service centers, including collecting and analyzing data to support
24 ongoing evaluation of the ~~school management and leadership regional service centers~~.

25 **2. Notification of unsatisfactory performance or compliance.** If a ~~school~~
26 management and leadership regional service center's performance or legal compliance
27 appears unsatisfactory, the commissioner shall promptly provide written notice to the
28 ~~school management and leadership regional service center~~ and its members of perceived
29 problems and provide reasonable opportunity for the ~~school management and leadership~~
30 regional service center to remedy the problems. The ~~school management and leadership~~
31 regional service center shall provide the commissioner a corrective action plan to remedy
32 the problems.

33 **§3804. Audit**

34 A ~~school management and leadership regional service center~~ shall adhere to generally
35 accepted accounting principles and shall annually engage an external auditor to do an
36 independent audit of the ~~school management and leadership regional service center's~~
37 finances. The ~~school management and leadership regional service center~~ shall submit the
38 audit to its members and to the department. The audit must be conducted in the same
39 manner as a school administrative unit audit in accordance with chapter 221, subchapter
40 2.

1 **§3805. Application for and approval of a regional service center**

2 **1. Application.** The commissioner shall establish an application process under this
3 chapter for the formation of a ~~school management and leadership~~ regional service center.
4 The application must be in a form and contain such information as required by the
5 commissioner, including, but not limited to:

6 A. The identification of the school administrative units that are applying to form the
7 ~~school management and leadership~~ regional service center;

8 B. The specified structure and governance of the ~~school management and leadership~~
9 regional service center and its purposes, functions, programs and services;

10 C. How any savings resulting from the formation of the ~~school management and~~
11 leadership regional service center will be used; and

12 D. A copy of the proposed interlocal agreement pursuant to section 3801, subsection
13 3.

14 **2. Commissioner's approval.** If an application under this section contains the
15 information required pursuant to subsection 1, the commissioner shall notify each school
16 administrative unit participating in the ~~school management and leadership~~ regional
17 service center that, pending voter ~~school board~~ approval as set forth in subsection 3, the
18 ~~school management and leadership~~ regional service center is approved pursuant to this
19 chapter. The commissioner shall keep a register of ~~school management and leadership~~
20 regional service centers that have been approved pursuant to this chapter.

21 **3. School administrative unit approval.** If the commissioner approves an
22 application for a ~~school management and leadership~~ regional service center pursuant to
23 subsection 2, the ~~school management and leadership~~ regional service center must receive
24 voter approval using the process specified in the interlocal agreement pursuant to section
25 3801, subsection 3, paragraph B, subparagraph (1) school board approval.

26 **§3806. Direct state funding of a regional service center**

27 A ~~school management and leadership~~ regional service center receives direct state
28 funds for start-up costs in accordance with section 15689, subsection 9. A ~~school~~
29 ~~management and leadership~~ regional service center that provides to members at least 2
30 different services covering a total of at least 2 different categories as specified in section
31 15683-C, subsection 2 must receive annual support for 55% of the executive director's
32 salary and benefits or contracted leadership services, an accounting and payroll system or
33 financial software to assist with the fiscal management for the regional service center and
34 a student information system.

35 The school administrative units that are members of a ~~school management and~~
36 ~~leadership~~ regional service center must receive state funds in accordance with section
37 15683-C.

38 **Sec. 3. 20-A MRSA §5205, sub-§6-B,** as enacted by PL 2017, c. 284, Pt.
39 VVVVV, §7, is amended to read:

1 **6-B. Regional service center enrollment policies.** Members in a school
2 ~~management and leadership~~ regional service center, as defined in section 3801,
3 subsection 1, paragraph B, may adopt a mutual policy allowing the transfer of students,
4 with parental approval, among the member school administrative units. The mutual
5 policy must set forth procedures and standards governing the transfers, including but not
6 limited to the school year or years in which the policy applies, application procedures and
7 standards of responsibility for transportation and special education. Each member school
8 board that adopts the mutual policy under this subsection shall post a copy of the mutual
9 policy on the school administrative unit's publicly accessible website and shall provide
10 timely notice of the policy to residents of the school administrative unit governed by that
11 school board. For the purposes of chapter 606-B, a student transferred under this
12 subsection is considered a resident of the school administrative unit to which the student
13 transferred.

14 **Sec. 4. 20-A MRSA §13025, sub-§1, ¶C**, as enacted by PL 2017, c. 477, §1, is
15 amended to read:

16 C. "School entity" means an approved private school, school administrative unit,
17 public charter school, ~~school management and leadership~~ regional service center,
18 school in the unorganized territory or school operated by the State.

19 **Sec. 5. 20-A MRSA §15683-C**, as enacted by PL 2017, c. 284, Pt. VVVVVV, §10,
20 is amended to read:

21 **§15683-C. Regional service center members; calculation of regional service center**
22 **administration allocation and state contribution**

23 ~~Beginning with fiscal year 2018-19, this~~ This section applies to school administrative
24 units that are members of ~~school management and leadership~~ regional service centers
25 pursuant to chapter 123.

26 **1. Calculation of regional service center per-pupil rate.** The commissioner shall
27 calculate a per-pupil amount for ~~school management and leadership~~ regional service
28 center administration. The per-pupil amount for ~~school management and leadership~~
29 regional service center administration is based on the actual General Fund expenditures
30 for school administrative units with 2,500 students or more for the functions of school
31 boards, elections and central offices, as defined in the State's accounting handbook for
32 local school systems for the most recent year available, excluding expenditures for
33 administrative technology-related software and less miscellaneous revenues from other
34 local governments, divided by the average of October and April enrollment counts for
35 that fiscal year and adjusted by appropriate trends in the Consumer Price Index or other
36 comparable index.

37 **2. Categories of services of regional service center.** The following are the
38 categories of services that a school administrative unit that is a member of a ~~school~~
39 ~~management and leadership~~ regional service center pursuant to chapter 123 may purchase
40 for funding purposes under section 3806.

41 A. Category 1, appropriate instructional services in the least restrictive settings that
42 comply with federal regulations and state rules, including:

- 1 (1) Special education programs and administration;
- 2 (2) Gifted and talented programs and administration;
- 3 (3) Alternative education programs and administration;
- 4 (4) Shared educational programs or staff; and
- 5 (5) Educational programs such as summer school, extended school year,
- 6 tutoring, advanced placement and other programs that serve students and improve
- 7 student achievement.

8 B. Category 2, education support services, including the following services:

- 9 (1) Substitute teachers and staff augmentation;
- 10 (2) Technology and technology support;
- 11 (3) Staff training and professional development;
- 12 (4) Regional school leadership academies;
- 13 (5) Shared support services programs; and
- 14 (6) Shared extracurricular or cocurricular programs.

15 C. Category 3, central office services, including the following services:

- 16 (1) Accounting, payroll, financial management services and procurement;
- 17 (2) Reporting functions;
- 18 (3) Food service planning and purchasing; and
- 19 (4) Superintendent services.

20 D. Category 4, facilities and transportation system services, including the following

21 services:

- 22 (1) Transportation, transportation routing and vehicle maintenance; and
- 23 (2) Energy management and facilities maintenance.

24 **3. Eligibility for regional service center allocation.** The commissioner shall
25 determine that a school administrative unit is eligible for a ~~school management and~~
26 ~~leadership regional service~~ center allocation if according to its ~~school management and~~
27 ~~leadership regional service~~ center interlocal agreement pursuant to section 3801,
28 subsection 3, the school administrative unit purchases at least 2 different services
29 covering a total of at least 2 different categories from the ~~school management and~~
30 ~~leadership regional service~~ center as specified in subsection 2.

31 **4. Total allocation and state contribution.** The commissioner shall determine an
32 eligible school administrative unit's total ~~school management and leadership regional~~
33 ~~service~~ center allocation under subsection 3 as the ~~school management and leadership~~
34 ~~regional service~~ center per-pupil rate in subsection 1 multiplied by the school
35 administrative unit's subsidizable pupil count for October 1st of the most recent calendar
36 year prior to the year of funding. The state contribution for each school administrative
37 unit's ~~school management and leadership regional service~~ center allocation is the

1 allocation multiplied by the school administrative unit's state share percentage pursuant to
2 section 15672, subsection 31, not to exceed 70% and not less than 30%.

3 **Sec. 6. 20-A MRSA §15689, sub-§9, ¶¶B and C**, as enacted by PL 2017, c.
4 284, Pt. VVVVV, §11, are amended to read:

5 B. For direct support to ~~school management and leadership~~ regional service centers
6 established pursuant to chapter 123 including those costs specified in section 3806;
7 and

8 C. For department costs incurred for the review of applications and interlocal
9 agreements for ~~school management and leadership~~ regional service centers under
10 chapter 123.

11 **Sec. 7. Role of the Department of Education.** In order to provide for the
12 orderly implementation of this Act, the Department of Education shall develop an
13 application form for the formation of a regional service center under the Maine Revised
14 Statutes, Title 20-A, section 3805 and convene an application review team. Funds from
15 Title 20-A, section 15689, subsection 9 may be used for the necessary expenses of the
16 department in the development and administration of regional service centers.

17 **Sec. 8. Transition.** A school management and leadership center pursuant to Public
18 Law 2017, chapter 284, Part VVVVV before the effective date of this Act is deemed to
19 be a regional service center under this Act.

20 **Sec. 9. Maine Revised Statutes headnote amended; revision clause.** In the
21 Maine Revised Statutes, Title 20-A, chapter 123, in the chapter headnote, the words
22 "school management and leadership centers" are amended to read "regional service
23 centers" and the Revisor of Statutes shall implement this revision when updating,
24 publishing or republishing the statutes.

25 SUMMARY

26 This bill amends the Maine Revised Statutes, Title 20-A, chapter 123, regarding
27 school management and leadership centers, and related laws to change the term "school
28 management and leadership center" to the term "regional service center." It amends the
29 law governing the geographic boundaries of centers to remove the requirement that the
30 Commissioner of Education must determine 9 to 12 geographic areas for the
31 establishment of centers with the requirement that the commissioner must determine the
32 geographic areas for the establishment of centers. It also amends the law governing
33 school management and leadership centers to allow a center to contract for leadership
34 services and hire a fiscal agent. It changes the law allowing a center to borrow funds by
35 removing language requiring debts to be repaid within one year and limiting amounts
36 borrowed to 3/4 of a center's annual approved budget. It amends the law governing the
37 withdrawal of a member school administrative unit from a center to replace the
38 requirement that the member school administrative unit must demonstrate there will be no
39 increases in costs or decrease in student programs or services with the requirement that
40 the member school administrative unit must demonstrate that the withdrawal is in the best
41 interests of the withdrawing school administrative unit and of any of the remaining

1 member school administrative units. It amends the law governing dissolution of centers
2 to replace the requirement that member school administrative units must demonstrate to
3 the Commissioner of Education that there will be no increase in costs or decrease in
4 student programs and services for any of the member school administrative units of a
5 center with the requirement that the school administrative units must demonstrate that it
6 is in the best interests of the member school administrative units to dissolve the center. It
7 amends the law governing application for and approval of a center to replace voter
8 approval with school board approval. It amends the law governing state funding of a
9 center that provides at least 2 different services to its members to include 55% funding
10 support for contracted leadership services and financial software.