

HOUSE No. 3476

[Pin Slip]

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act relative to the financial condition of the Spencer-East Brookfield Regional School District.

Whereas, the deferred operation of this act would tend to defeat its purpose, which is to provide the resources required for the education of students enrolled in the Spencer-East Brookfield regional school district, therefore, it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 SECTION 1. As used in this act, the following words shall, unless the context clearly requires
- 2 otherwise, have the following meanings:
- 3 “Commissioner”, the commissioner of elementary and secondary education.
- 4 “Director”, the director of accounts in the department of revenue.
- 5 “District”, the Spencer-East Brookfield regional school district.
- 6 “School committee”, the Spencer-East Brookfield regional school committee.
- 7 “Secretary”, the secretary of administration and finance.

8 SECTION 2. (a) Notwithstanding any general or special law or regional school district
9 agreement to the contrary, the Spencer-East Brookfield regional school district, by majority vote
10 of the school committee and with the approval of the commissioner, in consultation with the
11 director, may borrow up to \$3,000,000 for the purpose of funding deficits in the district's fiscal
12 year 2013 budget. The commissioner may limit the amount to be borrowed to amounts less than
13 approved by the school committee. Notwithstanding chapters 44 and 44A of the General Laws,
14 bonds or notes issued for the purposes of this act shall be for such terms, not to exceed 10 years,
15 as are approved by the commissioner in consultation with the director. Bonds or notes issued for
16 the purposes of this act shall be backed by the full faith and credit of the district and may be
17 issued as qualified bonds or notes. Indebtedness incurred under this act shall otherwise be subject
18 to the provisions of said chapter 44.

19 (b) The maturities of each issue of bonds or notes authorized under this act, including any
20 refunding bonds, may, if approved by the district officers authorized to issue and the
21 commissioner, in consultation with the director, be arranged so that for each issue the amounts
22 payable in the several years for principal and interest combined are as nearly equal as is
23 practicable, in the opinion of the district officers authorized to issue, and approve the bonds or
24 notes or, in the alternative, in accordance with a schedule providing for a more rapid
25 amortization of principal.

26 (c) All proceeds of bonds or notes issued pursuant to this act exclusive of any costs of preparing,
27 issuing and marketing such bonds or notes shall be deposited in the general fund of the district.

28 SECTION 3. (a) Notwithstanding any general or special law or regional school district
29 agreement to the contrary, at any time while debt issued under this act is outstanding, the

30 superintendent of schools and other district officials shall promptly provide such information and
31 reports as may be requested by the commissioner. The following actions shall be subject to the
32 written approval of the commissioner: (i) adoption or reconsideration of the district budget; (ii)
33 transfer of budgetary authority between line items; (iii) encumbrance or expenditure of funds not
34 included in the general fund budget; (iv) borrowing; (v) execution of new or amended collective
35 bargaining agreements; (vi) execution of new contracts or amendments to existing contracts with
36 a value of \$25,000 or more; and (vii) establishment, increase, or decrease of user fees.

37 (b) At any time while debt issued under this act is outstanding, the commissioner may impound
38 any unencumbered funds for such period of time as the commissioner determines and may
39 undertake any initiatives that the commissioner deems necessary to secure the financial stability
40 of the district. The commissioner shall require the district to employ a fiscal overseer, whose
41 appointment shall be subject to the commissioner's approval. The fiscal overseer shall: (i)
42 supervise all financial services and activities of the district; (ii) assist in the development and
43 preparation of the budget; (iii) monitor the expenditure of all funds; (iv) make recommendations
44 to the commissioner regarding the actions set forth in subsection (a); (v) assess and monitor the
45 ability of the district to manage its finances; and (vi) report at least monthly to the commissioner.

46 (c) In any fiscal year during which debt issued under this act is outstanding, the district shall
47 submit to the commissioner quarterly reports comparing the district budget to actual revenues
48 and expenditures. The reports shall be submitted within 30 days after the conclusion of each
49 fiscal quarter and shall be in such form and include such information and detail as the
50 commissioner may prescribe.

51 (d) After a period of 3 years, while debt issued under this act is outstanding, if the
52 commissioner, in consultation with the director, determines that the district has taken the
53 necessary steps to achieve long-term sustainability and no longer requires active oversight, the
54 commissioner may authorize the district to terminate the employment of the fiscal overseer.

55 (e) If at any time the commissioner believes that a finance control board should be established,
56 the commissioner, in consultation with the director, may recommend that the secretary establish
57 such a board. The secretary may, upon receipt of such recommendation, establish such a board in
58 accordance with section 8 of this act. Upon the establishment of such a board, the position of
59 fiscal overseer shall be terminated.

60 SECTION 4. (a) With respect to fiscal year 2014 and any other year in which bonds or notes
61 authorized under this act remain outstanding, the commissioner, in consultation with the director,
62 shall ascertain whether the district budget for that fiscal year contains adequate revenues to meet
63 the appropriations set forth therein and shall report his findings to the superintendent and the
64 school committee. If the commissioner determines that the district budget does not contain
65 adequate revenues to meet the expenditures set forth therein for the applicable fiscal year, the
66 commissioner may recommend further action to achieve a balanced budget. In such a case, the
67 district's net assessment of the budget in such fiscal year to each of the towns of Spencer and
68 East Brookfield shall not be payable by each of such towns unless and until the district has
69 approved or taken action acceptable to the commissioner to achieve a balanced budget.

70 (b) In any fiscal year during which bonds or notes authorized in this act remain outstanding, the
71 director shall not certify the excess and deficiency fund of the district until an audit report for the
72 preceding fiscal year has been received and accepted. The audit report shall be prepared by a

73 certified public accountant in accordance with generally accepted auditing standards and shall
74 include accompanying financial statements.

75 (c) In any fiscal year during which bonds or notes authorized in this act remain outstanding, the
76 district shall not issue any bond or note without written notification to, and the prior approval of,
77 the director.

78 (d) Nothing in this act shall abrogate the commissioner's authority to establish a budget and
79 order assessments for the district pursuant to section 16B of chapter 71 of the General Laws.

80 SECTION 5. Notwithstanding any general or special law to the contrary, for fiscal year 2014 and
81 for any subsequent fiscal year during which bonds or notes authorized in this act remain
82 outstanding, the towns of Spencer and East Brookfield, by majority vote, are authorized to
83 appropriate amounts held in any stabilization fund created in accordance with section 5C of
84 chapter 40 of the General Laws to pay each such town's allocable assessment of the district's
85 budget for such fiscal year.

86 SECTION 6. (a) Notwithstanding any general or special law or regional school district
87 agreement to the contrary, the district shall establish a special reserve fund for extraordinary and
88 unforeseen expenditures. This fund shall be separate from and in addition to any amounts
89 appropriated under section 16G½ of chapter 71 of the General Laws.

90 (b) Commencing with fiscal year 2014, the school committee shall designate in its proposed
91 budget that the following amounts be placed in the supplemental reserve fund: for fiscal year
92 2014, an amount equal to 0.25 per cent of the gross amount of the regional district budget for the
93 prior fiscal year as determined by the commissioner; for fiscal year 2015, an amount equal to
94 0.50 per cent of the gross amount of the regional district budget for the prior fiscal year as

95 determined by the commissioner; for fiscal year 2016, an amount equal to 0.75 per cent of the
96 gross amount of the regional district budget for the prior fiscal year as determined by the
97 commissioner; for fiscal year 2017, an amount equal to 1 per cent of the gross amount of the
98 regional district budget for the prior fiscal year as determined by the commissioner; and for fiscal
99 year 2018, and each subsequent fiscal year, an amount equal to 1.5 per cent of the gross amount
100 of the regional district budget for the prior fiscal year as determined by the commissioner.

101 (c) In each year the amount required to be included in the budget for the supplemental reserve
102 fund may be reduced by the amount, if any, remaining in the supplemental reserve fund
103 established for the preceding year after all expenditures have been made from it as authorized in
104 this act, and this remaining amount shall be retained in the supplemental reserve fund for the
105 current fiscal year.

106 (d) Transfers or expenditures may be authorized from the supplemental reserve fund of any fiscal
107 year during that fiscal year only, and then only by the school committee with the approval of the
108 commissioner. Requests for transfers or expenditures shall be made by the superintendent and
109 shall be accompanied by a written statement detailing the amount and the reason for the transfer
110 or expenditure. Except for transfers or expenditures that are authorized in this act, there shall be
111 no other transfers or reductions in the amount of this fund.

112 (e) All amounts required by this act to be included in the district budget for each fiscal year shall
113 be included in the calculation of assessments to the member towns by the regional school district
114 treasurer.

115 SECTION 7. (a) No official of the district, except in the case of an emergency involving the
116 health and safety of the people or their property, shall knowingly expend or cause to be expended

117 in any fiscal year any sum in excess of that official's departmental or other appropriation duly
118 made in accordance with the law, nor commit the district, nor cause it to be committed, to any
119 obligation for the future payment of money in excess of that appropriation, with the exception of
120 court judgments.

121 (b) An official who intentionally violates this section shall be personally liable to the district for
122 any amounts expended in excess of an appropriation which the district does not recover from the
123 persons to whom the amounts were paid. The superior court or a single justice of the supreme
124 judicial court shall have jurisdiction to adjudicate claims brought by the district under this act
125 and to order such other relief as the court finds appropriate to prevent further violations of this
126 section. A violation of this section shall be considered sufficient cause for removal of an official.

127 (c) For the purposes of this section, "official" shall mean a permanent, temporary or acting
128 district department head; a member of the school committee; or any other district employee with
129 authority to authorize or approve the expenditure of funds. For the purposes of this section,
130 "emergency" shall mean a major disaster including, but not limited to, flood, drought, fire,
131 hurricane, earthquake, storm or other catastrophe, whether natural or otherwise, which poses an
132 unexpected and immediate threat to the health and safety of persons or property.

133 SECTION 8. (a) If a finance control board is established by the secretary pursuant to section 3 of
134 this act, it shall consist of 5 members: the secretary or a designee, the commissioner of revenue
135 or a designee, the deputy commissioner of the division of local services of the department of
136 revenue or a designee, the commissioner or a designee, and the chairman of the school
137 committee or a designee. Members of the board who are employees or officers of the
138 commonwealth or the district shall serve without compensation. The board shall initiate and

139 assure the implementation of appropriate initiatives to secure the financial stability of the school
140 district. Until the board ceases to exist, no appropriation, borrowing authorization or transfer
141 within the district budget shall take effect until approved by the board..

142 (b) Notwithstanding any general or special law or regional school district agreement to the
143 contrary, the board shall have the following authority:

144 (i) The authority, by majority vote, to amend at any time any appropriation, borrowing authority,
145 transfer, or other spending authority. The authority to amend, under this section, shall include the
146 power to increase or decrease an existing appropriation, borrowing authorization, transfer or
147 spending authority; the authority to eliminate an existing appropriation, borrowing authorization,
148 transfer or spending authority; and the power to create an appropriation, transfer or spending
149 authority. In exercising its authority under this clause, the board may act with respect to district
150 spending purposes that are not the subject of separately identified appropriations;

151 (ii) Notwithstanding section 16B of chapter 71 of the General Laws, or any other general or
152 special law to the contrary, if there is no annual budget lawfully established for a fiscal year by
153 the first day of that fiscal year, the authority, by majority vote, to establish a budget for that fiscal
154 year that it considers appropriate and to amend, as provided for above, the appropriations during
155 that fiscal year;

156 (iii) The authority, by majority vote, to encumber or impound, at any time, any unexpended or
157 unencumbered appropriation or spending authority of any kind notwithstanding the prior
158 approval of the board of that appropriation or spending authority. To the extent that funds
159 previously encumbered or impounded remain encumbered or impounded at the conclusion of the
160 fiscal year, these amounts shall revert to the district's excess and deficiency account; and

161 (iv) In addition to and without limitation of the other authority in this section, the independent
162 authority, by majority vote, to establish, set, raise or lower any fee or charge, for any service or
163 other district activity, otherwise within the authority of the district to establish, set, raise or
164 lower. No fee or charge shall be established, set, raised or lowered without written notice to the
165 school committee and superintendent at least 45 days before the effective date of such action.

166 (c) Action by the board, under authority of this act, shall in all respects constitute valid and
167 lawful action by the district for purposes of chapters 44, 70 and 71 of the General Laws and for
168 all school finance and other matters.

169 (d) In each fiscal year during which the board continues in existence, the superintendent shall, at
170 the same time as the annual budget is submitted to the school committee, provide to the board a
171 copy of the proposed annual budget, together with a supporting revenue and expenditure
172 statement in such detail as the board may prescribe. The board shall review this budgetary
173 information and may issue a report of its findings. In order to promote and ensure the fiscal
174 stability of the district, the board may also require the filing of a detailed annual work plan by
175 each district official with the power to make contracts or incur liabilities on behalf of the district,
176 setting forth certain actions which may be implemented by each official to ensure greater
177 efficiency in the delivery of services by the district. Each work plan shall be in such detail as the
178 board may prescribe, and may include, but not be limited to: (i) a plan for improved financial and
179 spending controls; (ii) budget guidelines and objectives for the fiscal year; (iii) a professional and
180 nonprofessional staffing plan; and (iv) a plan for other proposed savings to be implemented. Any
181 work plan submitted by a district official shall be approved by the superintendent and the school
182 committee prior to submission to the board. During the course of each fiscal year in which the
183 board is in existence, the board may require that status reports be filed with the board by these

184 district officials on a quarterly basis. The board shall have full authority to waive any reporting
185 or filing requirements contained in this section. The board may prepare reports of its findings and
186 issue recommendations for further action to the superintendent and the school committee.

187 (e) During such time as the board shall be in existence, the powers and authority assigned to the
188 commissioner in sections 2, 3, 4, and 6 of this act shall be transferred to and exercised by the
189 board.

190 (f) At the end of each fiscal year, the board may, by majority vote, elect to continue in operation
191 for the succeeding fiscal year. Prior to taking such vote, the board shall provide the school
192 committee with the opportunity to comment. If the board does not elect to continue in operation
193 for the succeeding fiscal year, its existence shall end as of the last day of the fiscal year.

194 SECTION 9. The commissioner of revenue may distribute state aid payments payable to the
195 district on June 30, 2013, or such earlier date as may be recommended by the commissioner and
196 the director.

197 SECTION 10. This act shall take effect upon its passage.