

# MeASBO

The official publication of the Maine Association of School Business Officials  
Summer 2016

## Money Tree:

'Naming Rights'  
a new revenue stream

Tri-State Conference:  
Nuts, Bolts & Advice

Holly Eggleston helps  
hometown's tough battle



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**DON WEST, TRANSPORTATION DIRECTOR, HARLEM SD  
MACHESNEY PARK, IL**



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### 5-6 Tri-State Conference

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### Homeless Assistance Act

Federal law's changes are contradictory on effective date of implementation.

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## PRESIDENT'S MESSAGE

# An honor to serve



Happy summer, everyone! It is hard to believe that another school year is behind us and my year as your president is coming to an end.

It has truly been an honor to serve all of you.

I continue to be amazed at the wealth of knowledge that resides in our group, and I am grateful to each of you for what you bring to the mix.

I want to thank everyone who came out to a meeting this year. I was especially pleased to see the great turnout at our spring meeting in Bangor.

It was certainly the largest Bangor gathering that I can remember.

As we look ahead to next year, I know that MeASBO, under the direction of incoming President Cathy Messmer, will continue to bring you all the latest information on the topics that we face in our jobs every day.

What topics would you like to see us address at a meeting next year?

Please log on to our forum at [www.measbo.org](http://www.measbo.org) and let us know by going to the "Future Meeting Topic Ideas" section and leave your thoughts.

I hope each of you will be able to find the time this summer to get away from your desk, turn off your phone and enjoy some rest and relaxation with family and friends. See you in September!



*Adam Hanson*

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## Technology panel adds Milewski, Prill

### Expanded committee to explore new peer reporting system

Luci Milewski and Aaron Prill have joined the MeASBO Technology Committee and will help the panel to move forward with some of MeASBO's goals.

Milewski is the business manager for East Millinocket School Department and Northport School District.

The product manager for the School Division of Tyler Technologies/ADS, Prill specializes in Visual Basic, C#, T-SQL, ASP, net AJAX, Crystal Reports & Wordpress. He has worked for Tyler Technologies in its Bangor office since 2004, at that time Advanced Data Systems, and has been on the ADS Profund product team ever since. He is lead developer and has also served as product manager of Profund since 2013. He graduated from the University of Maine-Orono Business School in 2001 with degree concentrations in information systems and finance.

"Both will bring great perspectives and new ideas to the committee for website development, improving member tools and communication and developing a webinar system for our most remote districts," said committee chair Sue Lambert.

Steve Perea spoke at the Tri-State ASBO Conference about data analysis, benchmarking and dashboards. The Technology Committee will further explore the development of a peer reporting system.



Aaron Prill



Luci Milewski

"We would like to see what is being done in other states as well as other industries," Lambert said, "and then make a recommendation pro or con to the Executive Committee regarding the feasibility, the method and/or the need for an annual data collection."

In the future the Technology Committee will likely report and post on the recent announcement of a change in the Tyler/ADS software conversion. Tyler/ADS has converted a few users to the custom Incode program, but recently announced they will not be moving forward with that product but will instead move people to a new product, IVEE.

The following is a question-and-answer session with Michele Richardson of Tyler Technologies:

MeASBO: Is Profund going away?

Richardson: Eventually, once all clients have migrated to IVEE.

MeASBO: Will Profund be supported and maintained?

Richardson: Yes. We will continue to support Profund, correct defects and enhance the product for federal- and state-mandated requirements.

MeASBO: When will the Profund-to-IVEE migrations start?

Richardson: Profund-to-IVEE migration projects will start in July 2016.

MeASBO: How long do we have?

Richardson: Profund-to-IVEE migration projects will occur over the next three to four years.

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# International ASBO Meeting & Expo promises a full agenda for all

PHOENIX, Ariz. — Professional development sessions, networking events with colleagues from around the world, and the latest education solutions and insights will highlight International ASBO’s Annual Meeting & Expo here, Sept. 23-26.

IASBO promises “a powerhouse of professional collaboration alongside fellow colleagues who sharpen your ideas, share proven solutions, and confirm the value of community” — all encompassing “the biggest, brightest event for school business professionals.”

More than 1,000 school business leaders from around the world gather each year for the conference which this year, at the Sheraton Grand Phoenix, will cover the top issues impacting school finance, countless networking opportunities, and the latest products and services in school business.

Opportunities exist to:

- Dialogue with peers on topics and trends in school business.
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- Build confidence to effectively communicate and negotiate in high-stakes situations.
- Develop skills to budget effectively despite unknown variables.
- Discover valuable products and services for your schools and your office.
- Earn CPE credits and SFO recertification contact hours.

Maine ASBO members who have attended previous IASBO annual conferences have raved about their impact.

Interested people may register on-line at <http://asbointl.org/meetings/annual-meeting-expo/registration>



Sherrie Small

## Small honored with Dave Holden Award

Sherrie Small, financial coordinator for MSAD #61 in Bridgton and MeASBO’s treasurer for the past six years, was presented the Dave Holden Award as Maine’s Outstanding School Business Official at the organization’s spring meeting.

Presenting the award, Past President Stacy Fied of RSU #16 said, MeASBO leadership “work behind the scenes so much and we certainly contribute to the success of the organization and most of the time we don’t get any credit for it — which is fine with us — but it is nice every now and then to be recognized. Sherry has been working for us quietly for years and I was thrilled to see that she has been recognized for all those efforts.”

“I was totally surprised and very honored,” said Small, who paid the bill for the plaque but never realized it was for herself.

A 1985 graduate of Lake Region High School, Small has been its financial coordinator for 15 years.



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Photo by Sue Lambert

Mount Washington Resort in Bretton Woods, N.H.

# Risk management a lasting message and lesson

By Sue Lambert

BRETTON WOODS, N.H. — Ty Gagne, CEO of the risk-management insurance company Primex, highlighted this year’s Tri-State ASBO Conference here, relating “Trouble in the Presidentials: What a Mountaineering Accident Can Teach Us about Managing Risk.”

Lessons learned in mountaineering obviously relate to risk management in general and, in concept, to business managers in particular. But one story was particularly powerful and it was set in the very Presidential Mountains overlooking the Mt. Washington resort where the event was held.

Once Gagne hiked with some new partners — not his regulars — so it not only took him outside his comfort zone, it put him at risk.

When working with people over time, he said, you develop an understanding and communication style that usually works. But when you attempt this with new people, you often lose those advantages until you get to work with them over a period of time.

This was a reminder of some of the challenges school business officials face. Changes in the district’s leadership or the make-up of the school board can create the scenario that puts us outside our com-

fort zone.

Gagne said how the new people communicate, their expectations and their leadership style can require changes to our interactions and how we present things to them.

Changes in your peer group, fellow administrators and the makeup of the administration team can create challenges, Gagne said. Changes to your staff, and how the work flows in your office can put a temporary monkey wrench in your systems.

All of these can be challenging, but many school business officials have had to deal with some of these in multiples. Changes in our peer group, requiring us to spend more time with them on finance and budget along with changes in our staff, such as a new payroll person can really tip the risk boat and may put at risk the areas of our responsibilities.

Gagne spoke of 32-year-old Kate Matrosova of New York, who embarked Feb. 15, 2015, on an ambitious adventure to hike the Presidentials. Her plan included a 15-hour day, starting in the early morning while it was still dark and was planned to end 15 hours later, hiking out in the evening, again in the dark. She was doing this all by herself, no partner, no group, only herself.

Her courage and adventure was remarkable, Gagne said. Unfortunately, the story ended in tragedy when the weather shifted with 100-mile-per-hour winds and temperatures 30 degrees below zero. She set off her emergency beacon but because of the incredibly challenging weather and an inaccurate signal, she perished — her body recovered the next day.

Rescuers were put at significant risk the day before, trying to find Kate, Gagne said.

He again drew parallels between the incident and school business officials, who can be ambitious and have their day’s schedule and projects perfectly planned but need to know when to alter those plans.

ASBO members need to know when to go it alone, and when to have a partner or a group to help. Maybe it’s having another business manager who always is available with good advice. It may be a group of MeASBO members receptive to questions and with a good round of answers that will help guide us on whatever problem we are resolving.

It may mean changing ambitious plans when circumstances show the need. It’s important to know that balance between tenacity and time to go to plan B (and always have a plan B), he said. •••

# Schools have room to improve data-driven systems

BRETTON WOODS, N.H. — While American school officials believe they are advanced in their use of data, expanding it in classrooms and educationally, they are lacking in several areas, according to Steve Pereus, founder and owner of Enlit LLC, a data-driven improvement system for educators that provides the technology, analytical tools and information they need to adapt and use data-driven methods.

Speaking on “Nuts and Bolts of Dashboards and Data Analysis” and “Strategies and Methods for Using Data to Tell Your Story in Presentations,” Pereus said operational services such as facilities, human resources and transportation are specifically falling behind.

Private companies use data and benchmarks to measure and improve their systems, but school districts, he said, have been behind in developing systems to measure and improve.

Many school districts deal with the same problems in developing their use of data, Pereus said.

He pointed to the issue that while there is information “somewhere” in schools’ databases, they can’t effectively pull out that data in a form to be useful and helpful. It’s the major missing

step, he said.

Often, the other issue is time. It requires time to develop and implement systems of measuring, comparing and reporting, and many business officials know that finding the time to develop any of their ideas is always a concern.

Pereus showed several examples of how charts and graphs and solid numbers can help produce more effective presentations to superintendents and school boards, leading to better decisions.

Meanwhile, he said a “dashboard” can be a way to put every important fact at a business official’s fingertips. Used in banking, investments and other management software, dashboards help keep on top of the most crucial information.

It is a way to develop an early warning system, or highlight the most important reminders to work successfully.

Data plays an important role and there is room for improvement with business officials’ use of data in the operational and business areas of school district management, Pereus said.

Enlit, the company that Pereus founded in 2009, is one of several companies offering products that deal with data management.

# Upcoming Fair Labor changes fraught with danger

BRETTON WOODS, N.H. — Adhering without fail to the Fair Labor Standards Act has always been a fraught with danger and the situation might get more ominous with changes taking effect Dec. 1.

Speaking at the Tri-State ASBO Conference here, attorney Kathleen Peahl said the new changes can affect school districts.

Peahl listed the categories of employees who can be considered exempt based on their duties. The second step to that exemption, however, is the salary amount.

That, she said, is where it gets dicey for schools.

Teachers have an exemption from the minimum salary requirement of \$47,476, which might sound like schools were all set.

But upon further discussion, there were issues with guidance counselors, speech pathologists and nurses. In some districts these groups are all in the same bargaining group and using the

same salary scale.

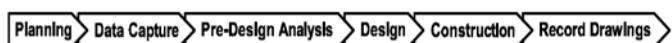
According to Peahl, even though schools can still pay these people “salary,” they are, in fact, not exempt from overtime and there has to be a method to ensure that if they go over 40 hours that they receive overtime compensation.

This might mean setting an hourly rate and tracking their time, she said. Employees in these groups will question why they are being handled differently than other employees in the same bargaining group.

Librarians were also discussed and the question was whether they could be considered “teachers” under the teacher-salary-amount exemption. They do provide lessons to children, but no clear answer came out of the session. There was a lot of discussion on this topic and everyone walked away realizing it was going to require some planning and changes.

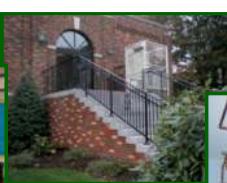


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# 'Home sweet home' with Eggleston

MSAD #59's  
finance director  
is totally invested  
in her hometown

By Mark Leslie

In the business of school finances, turmoil comes and goes, bureaucrats 800 miles away make foolish demands that must be met, challenges arrive and are overcome, sometimes leaving the most astute business officials beat up and weary. But when three of the four towns in a School Administrative District withdraw, followed by the closing of the remaining community's single largest taxpaying industry—which happens to be your spouse's workplace—that moment truly tests a person's fortitude.

And that is precisely the trial facing MSAD #59 Finance Director Holly Eggleston as she, Superintendent Todd LeRoy and, indeed, the entire town of Madison march into an uncharted future.

Here's the situation:

- On March 14, Madison Paper, by far the town's largest employer and taxpayer, announced it would soon close its doors, eliminating 214 jobs, including Holly Eggleston's husband, Scott, and brother.

- This followed the dismantling of MSAD #59 when Starks withdrew to join RSU #9 in Farmington; Athens left to create its own district; and Brighton Plantation voted out and to tuition its five high school students to Madison.

"It does sound a little depressing and the mill closing is extremely emotional," Eggleston said, "but I'm usually quite a happy person with a positive attitude, looking for the best in the situation. I 'hold it together' by trying to remain pragmatic and optimistic at times but some praying never hurts."

"We've worked very hard to try and limit any increases, and we haven't had any, in the community's portion of our budget," said LeRoy, a veteran superintendent now in his fifth year at MSAD #59.



*Maine SAD #59's financial brain trust: Finance Director Holly Eggleston and Superintendent Todd LeRoy check over the district's figures.*

"We recognize there are a lot of people who are scared and afraid of the future and we don't want to put them in the situation where they feel like they're getting farther in the hole. In the five years I've been here we've been able to produce five budgets that [all together] have gone up one-quarter of a mill.

"Other than the state-imposed mill increases, based upon our budget development, we have almost zero increase."

LeRoy, whose career spans posts in Madawaska and two school districts in Wisconsin, places much of MSAD #59's budgeting success on Eggleston.

"Holly's a lifesaver," he said. "She's extremely efficient, highly talented and qualified. I rely on her very heavily during the budgeting process because she knows more about it than anybody. She's an incredible person to have in that job."

Besides that, as a financial director "she's stingy," LeRoy said with a chuckle. "She's very protective of the district and community funds, yet she knows there are things we have to do."

Before the mill closing, Eggleston proved her worth dealing with the withdrawals of Starks, Athens and Brighton Plantation.

"Withdrawal's quite a process to go

‘ **Zero-percent increase was quite an accomplishment. We worked hard for it.**  
— Holly Eggleston



Holly Eggleston

through,” she said. “Back when John Baldacci was governor they forced people to consolidate, and now because you don’t have to merge, a lot of these consolidations are pulling apart. Here, we’ve ended up with even more districts than we started with. It’s crazy.”

But the lowest blow is Madison Paper, where Holly’s father and his father before him worked their lives, a mill that has fallen victim of the U.S. being too late in

imposing a duty on competing Canadian paper mills that get government subsidies.

**Zero Increase**

So, when budget season arrived, loaded with potential gloom, Eggleston, LeRoy and the administrative team maneuvered through a process that held the bottom

line at zero. And then the state Legislature breathed some life into the city when it passed LD 1699, giving Madison \$585,000 in relief because Madison Paper’s closing cost the city more than 4.5 percent of its valuation.

“The week we voted on the budget we heard of LD 1699,” Eggleston said. “We anticipated something to pass, but weren’t sure how much it would be. So in order to pass a budget we came in with an increase of less than 1 percent. We pulled all revenues forward that we could to bring the taxpayer a zero-percent increase from last year.

“It was quite an accomplishment. We worked hard for it. And I’m so grateful that this was passed and this money is coming to us in next year’s funding.”

How does a district hold cost increases to zero percent? Sacrifice and its employees realizing the schools are more important than individuals.

Twice, the MSAD #59 teachers and administrators have accepted one-year contracts with salary freezes.

“People don’t want to lose jobs and they don’t want their taxes to go up,” Eggleston said. “They understand and have the best

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*At home in her garden, or cycling with husband, Scott, Eggleston is happiest.*

interest in educating our kids.”

A timely development was a natural gas pipeline coming through Madison, allowing the district to tap in for major savings, not long after a geothermal heating-cooling system was installed at Madison High School.

Also, Eggleston said, MSAD #59 shares various services with neighboring districts, including bus garage, mechanic, PT and transportation — all of which helps the bottom line.

Meanwhile, the district was recently awarded a \$50,000 Gear Up grant as well as a \$12,366 food-service-equipment grant to replace a steamer in one of its kitchens.

Every dime counts in school finance and Eggleston attributes much of her objectivity to the fact she was born and raised in Madison (as Holly Vigue) and lives in town with husband Scott Eggleston, a stock prep operator at Madison Paper, and son Matthew, a student at Husson University.

That connection to the community, Eggleston said, is important to her work.

“If someone comes to me with a question about the budget,” she said, “I can connect with them as a neighbor. I want an efficient and effective school just like they do.”

Good? The Gear Up and food-service grants attest to that. Check.

Efficient? Zero budgets for five years.

Check.

Effective? US News and World Report’s National Rankings for achievement based on graduation rates and student performance on state proficiency tests has ranked Madison High School 15th in the state. Checkmate.

As Eggleston said, “We are a small local school district that takes pride in providing a good education to our kids, and by being small we are able to know and understand our students. We also take pride in our facilities. We budget annually for upgrades to our buildings and grounds to keep them looking good so that the staff and students are welcomed daily into a clean comfort-

able atmosphere.”

So, at least for the coming school year, the budget is solid and townspeople are optimistic about the successful Backyard Farms, which has grown to meet growing demands for its tomatoes, and about Madison Electric’s coming solar farm that is expected to reduce electricity rates and offer employment.

“As for my husband, he is looking for work and I am hopeful that he will not be unemployed for long,” Eggleston said.

“Honestly, I don’t know where this will take us. We are dealing with it all day by day. There are many small school districts around the state and some have gone through this same saddened event that we are. I believe we will be able to pull through and be fine.”

### Hard Work Pays Off

One could argue that Eggleston embodies the hard-working reputation of Madison citizens over the years.

After graduating from Madison High School in 1986, she worked 14 years as production manager and in charge of quality control at Dirigo Stitching in Skowhegan. When her boss asked her be the backup for payroll and bookkeeping, she went back to school part-time, taking two or three classes a year until she earned a two-year associate’s degree in business administration accounting from Kennebec Valley Community College in Fairfield.

When she was hired in 2000 as a bookkeeper at Madison School District, she again returned to school, this time at Thomas College in Waterville, receiving a bachelor’s degree in business administration in 2011 — the same year her son graduated from Madison High School.

**‘It’s a busy atmosphere and I love to have a busy atmosphere.’**

— Holly Eggleston

They had a joint graduation ceremony.

“It was a long road,” Eggleston understated, but during that journey something else happened. Roles changed and, more hats were added to each central office employee, leading to her promotion to finance manager.

“I still do accounts payable, purchasing, budgeting and most of the finances, while another girl does payroll,” she said.

“One thing I’ve noticed over the years going to MeASBO meetings is that all business managers have different roles,” Eggleston said. “Some deal with transportation and so many things. I do work with transportation, but we have a transportation director. I work with buildings and grounds, but we have a stipend position for that director. I work with food service, but we have a director for that, also. So I’m involved in all those aspects but am not the person in charge of them.”

And while her duties have changed considerably, she said, “Most of it is a fun challenge. Learning something new is good and putting your hands into different things makes you learn and keeps you going... It’s always something different. Never do I come in and it’s the same thing. There are days I can have something I want to do or need to do, and I come in and never get to it.

“It’s a busy atmosphere and I love to have a busy atmosphere.”

There appears to be one thing that is constant in Eggleston’s life.

“Your numbers are always going to equal the same,” she said. “Math never changes. It’s cut and dry and that’s a good thing.”

One thing Eggleston would like to see changed is the budget process, which has become significantly more complex.

Whereas early in her career a budget meeting would be held, a budget developed, and at the end of that meeting a show-of-hands vote approved it, based on a what was wanted by the townspeople who were interested in the budget and attended.

Today’s meeting and referendum process is a different matter altogether, with many people entering the voting booth without having attended any work sessions or meetings and “not having the information they need to make the best choice.”

“That’s frustrating because the people at our budget meetings are the ones involved and know and care more than the average citizen... People who know the budget can vote ‘No’ and that’s okay. They might just disagree and I have no problem with that.”

### At Home

To find calm in the storm, the green-thumbed Eggleston goes home to her garden, or joins her husband aboard his motorcycle for trips that inevitably end at the ocean, if not on an airplane to Florida or the Caribbean.

“When I get home I can walk out there and work the gardens as a stress-reliever,” she said. “You get out there on your hands and knees and do some digging and mulching and everything looks good when it’s done.”

Kind of like when you get your budget done and have time for a deep, relaxing breath. •••

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## Obamacare: IRS issues guidance on 'cash in lieu'

By Christopher G. Stevenson, Esq.

**S**chools in Maine have historically provided their employees and their dependents with very generous health-insurance plans — benefits that come at a significant price to the school districts. To reduce some of this burden, many schools allow their employees to opt-out of receiving health benefits in exchange for a cash award. The practice: “cash in lieu” of health insurance.

Since the passage of the Affordable Care Act (ACA), numerous people have asked whether “cash in lieu” is still permitted. Up until very recently, IRS offered no guidance on the issue. However, the IRS finally released a notice that includes important new restrictions on cash in lieu<sup>1</sup>:

√ For school districts that are “large employers” and subject to the ACA, certain cash-in-lieu awards must be included in the full-time employee’s cost of coverage for determining if the coverage is “affordable” under the ACA Play or Pay rules.<sup>2</sup>

√ When determining the employee’s cost of coverage for purposes of avoiding the so-called ACA “Affordability Penalty,” the IRS now requires that the employer count both: (a) the actual out-of-pocket amount the employee would have to pay for the coverage; and (b) for certain cash-in-lieu benefits, the amount of

cash in lieu they have to forgo in order to elect coverage through the school.

In addition, the IRS notice indicates that the employer must include the cash in lieu in the employee’s cost of coverage as listed on the IRS Form 1095-C (although this requirement does not apply for the 2015 Form 1095-C).

For example, if an employee’s contract calls for them to pay \$100/month for the cheapest single coverage available but also provides that they can receive \$200/month of cash in lieu if they waive coverage, the new restrictions provide that the employee’s cost of coverage for ACA compliance purposes would be \$300 (the \$100 they would have to pay to get the coverage and the \$200 in cash in lieu they would have to give up). If this \$300/month is not “affordable” under the ACA rules, the employer would face a \$250/month Affordability Penalty if the employee waives coverage and purchases subsidized coverage on the Exchange (in addition to having to pay the employee cash in lieu).

The good news is that if the employee uses the cash-in-lieu benefit to purchase coverage through his or her spouse’s employer and is not on the Exchange, the \$250/month Afford-

*Continued on page 18*

# Need a ‘money tree’? Try

By Mark Leslie

**Y**our school district has tapped out all its revenue sources, every bit of energy savings and deals your vendors can swing, the very last tax dollar, subsidy and grant, yet the bottom line remains below the water line and you can sense the boat taking on water. Things look bleak. But what if ... what if a money tree actually DOES grow in the backyard? Here's to “naming rights.”



*St. Dominic Academy in Auburn named its gymnasium after the donor who paid for construction.*

Ready for this?

- Since 2009 Maine-based TD Bank has shelled out \$6 million per year to have its name on the old Boston Garden, and its contract runs through 2025.

- Cross Insurance of Bangor is paying \$250,000 a year for 10 years for the naming rights of the old Cumberland County Civic Center, and paid the city of Bangor \$3 million over 15 years to place its name over the former Bangor Auditorium which underwent a \$34-million transformation.

Outside of New England:

- Under the Houston Astros naming-rights deal, Minute Maid pays more than Enron did, about \$7.4 million per year.

- The University of Phoenix forks over \$8.6 million a year for the stadium where the Arizona Cardinals play.

And are you really ready for this one?

- AT&T inked a deal with the Dallas Cowboys for \$19 million a year to have its name atop the billion-dollar stadium.

Correct, Bangor High School's football field is not in Phoenix, Portland High's baseball diamond is not in Houston, and Cony's

## ANALYSIS

basketball team doesn't play ball in Boston.

But neither is Mishawaka, Indiana's Penn-Harris-Madison School, and in the last two years the school district has sold the naming rights to its football field to a bank for \$400,000, its baseball field to an auto dealership, its softball field to a law firm, its tennis court to a philanthropic couple and its concession stands to a tire and auto care company and a restaurant.

Hempfield High School in Landisville, Pa., is no metropolis, but in 2010 it sold the naming rights to its softball field to Schwanger Bros., a heating and air-conditioning company in nearby Lancaster.

Westfield Washington Schools, about 25 miles north of Indianapolis, Ind., agreed in 2014 to a 10-year, \$1.2-million naming

# ... selling 'naming rights'

rights deal with a health-care provider to help build a 5,000-seat high school football stadium. (Nick Verhoff, the district's director of business and operation, told a local newspaper, "We wanted to build a new stadium and we didn't want to go to taxpayers.")

In Riverside, Ill. a western suburb of Chicago, school officials planning an \$8-million renovation of Riverside Brookfield High School's outdoor athletic complex, placed ads, contacted businesses and sold naming rights in a 20-year, \$140,000 deal to a man who named the complex after his great-uncle Martin Kennelly, who served as mayor of Chicago from 1947 to 1955. ("School funding in Illinois, every dollar counts, and if we could find a way to lessen the burden on the taxpayer, we thought that would be a fiscally responsible way to proceed," said Superintendent Kevin Skinkis.)

And while field hockey and lacrosse players at Hempfield compete on Heart of Lancaster Hospital Turf Quad, the baseball team at Conestoga Valley High School in Lancaster plays at SmileMaker Dental Field and the basketball teams at Wilson High School in West Lawn, Pa., compete at Discovery Federal Credit Union Gym.

Jeff Bertoni, president of sales at Market Street Sports Group in Lancaster, Pa., which handles naming rights for 10 school districts, told MeASBO that corporate naming isn't limited to athletic facilities.

For these districts, that extra money each year saves programs.'

— Jeff Bertoni  
Market Street Sports Group

Almost anything with a physical presence on campus can be negotiated, Bertoni said. That includes auditoriums, theaters, libraries, administration buildings, cafeterias, conference rooms, guidance offices, nurse's offices, art rooms, photo labs, band rooms and chorus spaces.

For instance, at Reagan Elementary School in New Berlin, Wis., the commons area is named after a local manufacturer that donated \$150,000 for the rights.

Early on in their firm's existence, Bertoni and partner Jason Jesberger connected with Pennsylvania Interscholastic Athletic Association, which was bringing in \$30,000 a year.

"Now it's \$750,000 to \$1 million a year, including contacts and sponsorships," Bertoni reported.



The Lancaster, Pa., school system is one that has tapped into the corporate resources in its city.



St. Dominic Academy in Auburn recognizes all its “corporate sponsors” on two signs visitors see as they leave the parking lot.

Fortunes are not always made. While Texas, California and Ohio are huge markets, in comparison, Bertoni said revenue at his 10 districts in Pennsylvania range from \$40,000 to \$110,000 a year.

“But for these districts, that extra money each year saves programs,” he said. “Some districts have told us, ‘We’re going to have to get rid of our golf program.’ It’s a niche sport but tell that to the kid on the team or in the marching band.”

### Maine in Play?

All of this means that Maine schools could tap into a brand-new (for them) revenue source that could make up the difference for the state Legislature not meeting its mandated 55-percent educational funding. (Remember LD 1?)

“I can’t believe no one in Maine’s ever discussed this,” said outgoing MeASBO President Adam Hanson, business manager at the Lewiston School Department, after a member-wide inquiry found no comments. “Someone somewhere must have talked about it.”

Yes, but briefly. Alan Kochis, Bangor School Department’s director of business services, said a group called Friends of Cameron briefly discussed buying naming rights when the school was raising money to improve the football and track complex.

“But the timing of the capital campaign wasn’t good,” he said. “The hospital was doing a major campaign and the economy was in the tank.”

Since then, the topic’s never arisen, Kochis said.

Joanne Allen, director of school finance and operations for the Maine Department of Education, said, “This is new territory — not something we’ve discussed here at the department.”

Perhaps they should talk to development directors at the state’s

**“When we have new facilities going up or if we’re going to build a building, we look at a naming possibility. Right now we’re looking at building additional soccer and baseball fields ... and that [naming rights] came back as a possibility.”**

**— Donald Fournier,  
St. Dom’s president**

private schools.

St. Dominic Academy President Donald Fournier said the school has long sought out area residents and businesses that have been donors to help with new projects.

The St. Dom’s gym bears the name of the Callahan family that paid for the construction.

“We also have plaques on doors in the high school naming the corporations that donated to the building,” Fournier said. “When we have new facilities going up or if we’re going to build a building, we look at a naming possibility. Right now we’re looking at building additional soccer and baseball fields ... and that [naming rights] came back as a possibility.”

In the high school parking lot a handsome black sign carries the names of several area businesses that support St. Dom’s.

The names of those “corporate sponsors” are included in all

*Continued on page 16*

# Int'l ASBO lists 'naming rights' possibilities

In its September 2014 edition, ASBO International's *School Business Affairs* magazine published an article by Brian O. Brent, Ph.D., and Stephen Lunden about school-based commercial activities outside of "naming rights," listing several possibilities.

Following is an excerpt from that article:

Many districts have turned to nontax resources to support their schools, including forming district education foundations, imposing user fees, and using volunteers. Evidence also suggests that an increasing number of districts are using commercial activities to supplement their budgets — a controversial resource stream (Molnar, Boninger, and Libby 2014).

## **Commercial Activities Defined**

School-based commercial activities involve any relationship between a district and a business whereby the business exchanges fiscal or in-kind resources for access to students and staff. Molnar (2004) offers a useful typology of those relationships:

**Exclusive agreements.** Districts grant businesses the exclusive right to sell or promote their products or services. Examples include pouring rights agreements and vending contracts.

Sponsorship of programs and activities. Businesses associate their name with a district event in exchange for paying for or subsidizing the event. Examples include advertising with banners and handouts during an athletic contest or a play.

**Appropriation of space.** Districts allocate school space to businesses that then display their logo or advertisements. Examples include the allocation of space on scoreboards, rooftops, buses, textbook covers, and computer screens.

**Incentive programs.** Businesses give districts fiscal or in-

kind resources (e.g., pizza) when school community members perform a given task. Examples include students and staff collecting vendor-specific product labels or receipts.

**Sponsored educational materials.** Businesses give the district instructional materials that highlight the business, while promising to serve a legitimate learning outcome. Mr. Peanut's Guide to Nutrition is one such example.

**Electronic marketing.** Businesses give districts technology to provide instructional programming in exchange for the right to advertise to students during the programs. Channel One is a prominent example of this type of activity.

**Fund-raising.** Businesses provide districts with products, which are then sold and distributed by students, with the profits shared between the district and the vendor. Candy and catalog sales are among the most visible examples of such activities.

Conducting a study of New York and Pennsylvania schools, Brent and Lunden reported that "94 percent of Pennsylvania's respondents and 75 percent of New York's respondents used one or more commercial activities, giving credence to those who argue that school-based commercialism is widespread...

Notably, 50 percent of the Pennsylvania respondents reported having a pouring rights contract, compared with 23 percent of the New York respondents. Substantially more Pennsylvania districts also appropriated space when compared with New York.

Although New York did not prohibit the use of those activities, its prohibition of electronic marketing possibly had a tempering effect on districts' use of commercial activities more generally. That said, the majority of districts in both states used fund-raising and incentive programs." •••

Continued from page 14

the school's newsletters.

"It's not advertising," Fournier said, "but works like that."

### Why Not Us?

This all begs the question: Why not Maine's public schools?

Hospitals everywhere have plaques thanking donors to the cancer wing, the maternity suite, the physical therapy room. At the Greater Androscoggin Humane Society in Lewiston even the bricks on its entrance pathway bear the names of donors.

From Kittery to Ft. Kent, from Fryeburg to Eastport, large businesses and not-so-large may be a gold mine waiting to be tapped. School officials simply need to grab a mule, pick-ax and go exploring.

Can you envision it?

- √ Hannaford Sports Complex at Scarborough High School
- √ Bath Iron Works Field at Morse High School
- √ Cianbro Baseball Field at Maine Central Institute
- √ UNUM Provident Tennis Complex at Portland High School
- √ Pratt & Whitney Auditorium at Noble High School
- √ National Semiconductor Swimming Pool at South Portland

High School

√ SD Warren Baseball Field and IDEXX Astronomy Building at Westbrook High School

√ Lee Auto Mechanical Center at Lewiston's Regional Technical Center

√ Jackson Laboratory Scientific Labs at Bar Harbor High School

The possibilities are myriad.



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**“If you don't want to cut programs,  
or for the kids to see this extra  
advertising, then give us another  
source of revenue. Where is it? At  
some point there has to be some  
give-and-take.”**

**— Jeff Bertoni  
Market Street Sports Group**

"It's about building relationships, gaining trust, finding corporations who want to help," said Bertoni. "We've had great success with credit unions. They seem to jump on this. And car dealerships work out well. You never know."

Boots on the ground. Sweat on the brow. All toward a productive result.

Sure a Maine school district official could pick up as phone, call Bertoni and have his team work as a consulting service, do an inventory study, and find 15 or so possible elements that could produce revenue.

Or officials could grab hold of the idea and run with it.

The school should write its own parameters for the naming rights program, keep tight control of what will and will not be allowed, the design of signs, that sort of thing, to make sure the school board has final say.

For instance, it's probably not a good idea to follow the lead of the school district near Dallas-Ft. Worth Airport that allowed Dr. Pepper to sponsor the high school and have its logo painted on the roof — this before nutritionists nationwide went ballistic over carbonated sodas.

There are naysayers to the idea.

For instance, psychologist Susan Linn, co-founder of the Boston-based Campaign for Commercial-Free Childhood, told one newspaper: "What this issue is, first of all, is the way we have abandoned public space and the notion of the public good. People don't see the cost, and the cost is our values and the values we are passing onto children."

"I understand her angst with what's going on," said Bertoni. "As a former teacher I would not want things going directly into the classroom. We're not talking about the classroom plastered with ads, or their lockers, or buses.

"I'm talking the football stadium, tennis courts, mainly athletic facilities but not always. We generally stay away from elementary and middle schools, but stick with high schools because kids 14 to 18 are a very savvy group and they're being exposed to a lot more. They're also a huge buying force, making purchases I never would have made then — everything from cell phones to cars. That's a piece of it. But if you look at our litany of sponsors, 85 to 90 percent are geared toward the parents."

Acknowledging the possibility of a public outcry against naming facilities for businesses, Bertoni added, "If you don't want to cut programs, or for the kids to see this extra advertising, then give us another source of revenue. Where is it?"

"At some point there has to be some give-and-take." ...



Governor Mifflin High School in Shillington, Pa., named its stadium Visions Federal Credit Union Field, while Westfield (Pa.) High School enticed Car-X Tire & Auto to do the same.



## Possible school partners in the naming-rights pool

Maine school districts might consider Maine's leading employers as possible buying-rights possibilities. Here are the top non-academics:

**7,501-8,000 employees**  
Hannaford Supermarkets

**7,001-7,500 employees**  
WalMart/Sam's Club  
Mainehealth, Portland

**6,001-6,500 employees**  
L.L. Bean, Freeport

**5,501-6,000 employees**  
Bath Iron Works, Bath

**3,501-4,000 employees**  
Eastern Maine Medical Center

**3,001-3,500 employees**  
MaineGeneral Medical Center  
UMUM Provident, Portland  
Central Maine Healthcare Corp., Lewiston  
TD Bank

**2,001-2,500 employees**  
Shaws Supermarkets

**1,501-2,000 employees**  
Webber Hospital Association, Biddeford  
Mercy Hospital, Bangor  
St. Mary's Regional Med'l Center, Lewiston

**1,001-1,500 employees**  
Goodwill Industries  
Pratt & Whitney, No. Berwick  
Home Depot  
Lowes Home Centers

Mid-Coast Hospital, Brunswick  
Circle K  
Jackson Laboratory, Bar Harbor  
SD Warren, Westbrook  
Rite Aid of Maine  
UPS Solutions  
St. Joseph Hospital, Bangor  
IDEXX Laboratories, Westbrook  
York Hospital  
Bonney Staffing Center  
Bank of America  
Maine Behavioral Healthcare  
Penobscot Bay Medical Center  
Aroostook Medical Center

**501-1,000 employees**  
Cianbro, Pittsfield  
EMHS  
New Balance Athletic Shoe  
Central Maine Power  
Mardens  
Athena Health Inc, Belfast  
Pine State Trading Co.  
Spurwink Services  
Dead River Co.  
Time Warner  
CN Brown  
North Country Associates  
Perrier Group, Poland Spring  
Family Practice Center

**Others:**  
National Semi., So. Portland  
Lee Auto  
Wiscasset Ford  
John F. Murphy Homes  
Liberty Mutual  
Carbonite  
Pioneer Plastics, Auburn  
Tambrands, Auburn  
Intermed  
Tyler Technologies  
Fairchild Semi., So. Portland  
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# IRS reveals new cash-in-lieu regulations

*Continued from page 11*

ability Penalty would not be triggered.

The Affordability Penalty is only triggered by a large employer if: (1) the coverage offered to the full-time employee is not “affordable”; and (2) the employee is on the Exchange, receiving coverage subsidized by the IRS.

## When Will the Ax Fall?

When, and if, the new rules governing cash in lieu will apply to a particular school district differ depending upon whether the cash in lieu is “unconditional” (meaning the employee receives payment if they merely waive their benefit, regardless of whether they have coverage available elsewhere) or “conditional” (meaning the employee only qualifies for a cash in lieu if they provide proof of coverage elsewhere, such as through their spouse’s employer).

Unconditional cash-in-lieu programs that were adopted by an employer prior to Dec. 17, 2015, (for example, those that are part of a collective-bargaining agreement that took effect prior to this date), the IRS notice indicates that these new rules will not take effect until on or after the IRS issues final regulations covering this issue.

There is no way to know for certain when the final regulations will be issued.

What we do know is that prior to issu-

ing final regulations, the IRS will first issue proposed regulations and allow a period of time for public comment, and then issue final regulations.

For unconditional cash-in-lieu programs that are newly adopted by an employer on or after Dec. 17, 2015, the IRS notice indicates the final regulations will implement the new rules retroactively to the program’s start date.

For example, if a school district adopts a new, unconditional cash-in-lieu program effective Jan. 1, 2016, the IRS notice indicates the final regulations will call for these new rules to apply to the school’s program as of its Jan. 1, 2016, start date.

For opt-out payments that require the employee to provide proof of coverage elsewhere (for example, through a spouse’s employer) in order to qualify for the payment, the IRS notice does not clearly indicate when, or even if, the new restrictions will apply.

The IRS indicates that it is still consid-

ering whether the new rules would apply in this case.

This is a silver lining because many cash-in-lieu benefits require the employee to provide proof of coverage through the spouse’s employer in order to receive payment. It is important to note, though, that if a cash-in-lieu benefit is conditioned

on the employee receiving coverage elsewhere, the school district should require proof of other employer-sponsored group coverage as opposed to coverage through the Exchange or another policy issued directly to the individual (as opposed to through a group health plan).

This is important for a couple of

reasons. First, and most importantly, there are significant penalties for employers (up to \$100 per day, per employee) who reimburse employees for coverage received through the Exchange or elsewhere in the individual market.

Second, if a school district conditions cash-in-lieu benefits on employees providing proof of other employer-sponsored group coverage, even if the school’s offer of coverage is considered “unaffordable” under the new rule, the so-called Affordability Penalty will not be triggered because the employee will not be on the Exchange, but rather getting insurance through their spouse’s employer.

In light of the new IRS notice, school officials should:

- Determine whether their district is a “large employer” subject to the ACA Play or Pay rules. If the district is not a “large employer,” it is not required to offer “affordable” coverage under the ACA and these new restrictions on cash in lieu and the affordability calculation will not apply to the district.

However, they should still verify that their school district does not reimburse its employees for coverage received through the Exchange, as discussed above.

- For larger employers, with respect to

**For opt-out payments that require the employee to provide proof of coverage elsewhere (for example, through a spouse’s employer) in order to qualify for the payment, the IRS notice does not clearly indicate when, or even if, the new restrictions will apply.**



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any cash-in-lieu programs in effect on Dec. 16, 2015, (whether conditional or unconditional) the new rules will not apply until, at the earliest, whenever the final regulations are issued. There is no need (and schools should not) adjust their 2015 Form 1095-Cs to include any cash in lieu.

- For school districts that are large employers, determine whether any cash-in-lieu program offered is “conditional” or “unconditional” under the new IRS guidance.
- For cash in lieu that is unconditional, schools that are large employers should note that once the final regulations have been issued and are effective, schools will have to list the employee’s “cost of coverage” on future Form 1095-Cs as both the employee’s required contribution for health insurance, plus the amount of any cash in lieu they would have to forgo in order to elect coverage.

In addition, once the new rules become effective, this may have the effect of causing the offer of coverage to be considered “unaffordable” and trigger Play or Pay penalties to the extent that the employee waives the school district’s coverage and instead purchases coverage on the Exchange.

- For cash in lieu that is conditioned on

the employee providing proof of coverage elsewhere, the school district should verify that the proof of coverage is coverage provided through another employer’s health plan and not coverage on the Exchange or another individual health insurance policy.

- For all future cash-in-lieu arrangements (including those established in collective-bargaining agreements), school districts should make eligibility conditioned on proof of other employer-sponsored group coverage.

It’s possible that such conditional programs will be exempted from the new restrictions under the final regulations. Also, as long as the employee receiving the cash-in-lieu benefit is receiving coverage someplace other than the Exchange, even if the final regulations include rules that result in the coverage being deemed “unaffordable,” the employee will not trigger an Affordability Penalty for the school district.

- School officials should carefully consider the collective-bargaining implications of these new developments when addressing cash-in-lieu arrangements in any contracts that they will be bargaining.

Drummond Woodsum will continue to monitor the ever-changing landscape of

the ACA and keep schools informed on all applicable developments.

#### Endnotes

1 IRS Notice 2015-87.

2 The ACA’s Play or Pay rules require any school district that is a “large employer” to offer all full-time employees health insurance that is “affordable” or face significant penalties. Under the ACA a full-time employee’s coverage will be deemed “affordable” and avoid triggering ACA penalties if the employee’s cost for the cheapest self-only coverage option offered to him is no more than 9.5% (as indexed for inflation) of his/her “monthly rate of pay.”

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*Chris Stevenson is a member of Drummond Woodsum’s Business Services*

*Group, practicing primarily in the area of tax and employee benefits law.*



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# Homeless assistance changes contradictory on date of implementation for schools

By Gerald M. Zelin & Hannah King

The Every Student Succeeds Act (“ESSA”),<sup>1</sup> signed by the President last Dec. 10, amends some important provisions of the McKinney-Vento Homeless Assistance Act (the “Act”). The ESSA is internally contradictory on when those amendments become effective; one section of the ESSA says July 1, 2016, but another section says October 1, 2016.<sup>2</sup>

To understand these amendments, one must first understand how the McKinney-Vento Act operates.

## Background

The McKinney-Vento Act addresses a wide array of issues related to homelessness. These include removing barriers for homeless children to access public education.

The Maine Department of Education and Maine school units follow McKinney-Vento.<sup>3</sup>

Like many federal laws regulating public education, McKinney-Vento is a grant statute. It attaches strings to federal funds. Since the Maine Department of Education has received McK-

inney-Vento funds, the public education provisions of the Act ostensibly apply to all Maine school units.

The Act’s public education provisions<sup>4</sup> protect two categories of students: “homeless children and youths” and “unaccompanied youth.” The rights the Act confers on “homeless children and youths” extend to “unaccompanied youth.” The rights the Act confers on parents of homeless children and youths likewise extend to unaccompanied youths, who have no parents to represent them.

The term “unaccompanied youth” includes “a youth not in the physical custody of a parent or guardian.<sup>5</sup>

The Act’s definition of “homeless children and youths” is more complex. The term means “individuals who lack a fixed, regular, and adequate nighttime residence within the meaning of [42 U.S.C.] section 11302(a)(1).”<sup>6</sup> Examples include children and youths who:

- “are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason”;
- “are living in motels, hotels, trailer parks, or camping



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equally.”<sup>16</sup>

The ESSA’s Amendments to McKinney-Vento

Two amendments are, in our view, most significant.

First, the ESSA revises McKinney-Vento’s “best interest” standard. These amendments:

- remove the phrase “to the extent feasible”;
- insert a presumption that continued attendance at the school of origin is in the child’s best interest (unless the student’s parent disagrees);
- authorize a school district to override that presumption based on “student-centered” factors such as “the impact of mobility on achievement, education, health, and safety”;
- still allow a student’s parents to appeal the school district’s decision.<sup>17</sup>

Second, the ESSA expands the definition of “school of origin” by adding the following to McKinney-Vento:

When the child or youth completes the final grade level served by the school of origin, as described in clause (i), the term “school of origin” shall include the desig-

nated receiving school at the next grade level for all feeder schools.<sup>18</sup>

The ESSA also subtly amends some key McKinney-Vento terms. For example, the definition of “homeless children and youths” no longer includes “children awaiting foster care placement.”<sup>19</sup> The label “unaccompanied youth” is now replaced by “unaccompanied children and youth.”<sup>20</sup>

Importantly, the ESSA does not reduce a school unit’s duty to transport a student to the school of origin when parents select that option. In fact, the amendments may have the opposite effect. The amendments destroy the argument that continued attendance at a school of origin is not “feasible” due to the high cost of transportation. By replacing feasibility with a purely “student-centered” standard, the amendments further discourage school units from considering factors such as cost and administrative convenience.

#### Endnotes

- 1 U.S. Public Law 114-95.
- 2 P.L. 114-95, sections 5(b) and 9107.
- 3 See <http://www.maine.gov/doe/homeless/>; see also 20-A M.R.S.A. §5205(7);

Maine Department of Education Regulations, 05-071 C.M.R. ch. 14.

4 42 U.S.C. §§ 11431-11435.

5 *Id.* at § 11434a(6).

6 *Id.* at § 11434a(2)(A).

7 *Id.* at § 11434a(2)(B).

8 *Id.* at § 11432(g)(3)(A) (emphasis added).

9 *Id.* at § 11432(g)(3)(A)(i)(II).

10 *Id.* at § 11432(g)(4) (emphasis added).

11 *Id.* at § 11432(g)(3)(G) (recodified as 42 U.S.C. § 11432(g)(3)(I) by the Every Student Succeeds Act of 2015, P.L. 114-95, sec. 9102).

12 *Id.*; 20-A M.R.S.A. § 5205.

13 See *supra* n. 1.

14 *Id.* at U.S.C. § 11432(g)(3)(B) (emphasis added).

15 Maine Department of Education Regulations, 05-071 C.M.R. ch. 14, § 3.2(E).

16 *Id.* at U.S.C. § 11432(g)(1)(J)(iii)(II).

17 *Id.* at U.S.C. § 11432(g)(3)(B) (emphasis added), as amended by P.L. 114-95, sec. 9102.

18 *Id.* at § 11432(g)(3)(I)(ii), as amended by P.L. 114-95, sec. 9102.

19 *Id.* at § 11434a(2)(B)(i), as amended by P.L. 114-95, sec. 9105(a)(1)(B).

20 See e.g., 42 U.S.C. § 11434a(6), as

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*MeASBO Magazine* celebrated its 20th year in 2015. Past issues are available for \$6.00, including postage, by contacting Publisher/Editor Mark Leslie at 207-933-2480 or [gripfast@roadrunner.com](mailto:gripfast@roadrunner.com).

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## Membership Committee

Stacie Field, RSU #16

## MeASBO's Past Presidents

Stacie Field	Spruce Mtn.	2014-15	Donn S. Davis	Portland	1999-00
Sue Lambert	Fairfield	2013-14	Roger G. Levesque	Augusta	1998-99
Kathy Warren	Vinalhaven	2012-13	Carol A. Kinney	Yarmouth	1997-98
Kathy Warren	Vinalhave	2011-12	Kris Pottle	Farmington	1996-97
Herbert Hopkins	Yarmouth	2010-11	Sherron H. Porter	Windham	1995-96
Maddy Bassett	MSAD #72	2009-10	Jude G. Cyr	Auburn	1994-95
Scott Vaitones	MSAD #40	2008-09	Bruce Powell	MSAD #44	1993-94
Ron Lavender &	MSAD #75		Charles Richardson	MSAD #49	1991-93
Deb Holland	MSAD #52	2007-08	Edward Ainsworth	Falmouth	1989-91
Deb Holland	MSAD #52	2006-07	Russell Fearon	Westbrook	1987-89
Gary Smith	SU #2	2005-06	Robert Hodge	Biddeford	1985-87
James Reny	Waterville	2004-05	Constance Jones	Brunswick	1983-85
Alan Kochis	Bangor	2003-04	Patricia Duncan	Camden	1981-83
Scott Vaitones	Westbrook	2002-03	Thomas Connelly	SAD #71	1980-81
Dan O'Shea	Gorham	2001-02	Danville Dearborn	SU #29	1979-80
Anne Stinchfield	MSAD #58	2000-01	Francis Amoroso	Westbrook	1978-79



## Immediate Past President

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# MeASBO Membership Application

It is time to renew your membership to MeASBO for 2016-17. The membership fees have remained the same and continue to be a bargain. MeASBO is an affiliate of ASBO International and Tri-State ASBO. MeASBO provides members informative meetings with timely topics, a magazine published twice a year, and the opportunity to meet and discuss issues with peers. Contribute to the continued success of the MeASBO by sending in your membership today.

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• Downloadable forms on web site:  
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## MeASBO Magazine

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MeASBO encourages all of its members to participate in the publication. It welcomes their thoughts and opinions.

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MeASBO encourages its members to take note of the businesses supporting this magazine and, in turn, support them.

## Q&A for elected and professional school leaders

It has been **more than five years** since the Maine Legislature passed the law enabling school units to seek **competitive proposals for their health insurance**. In the ensuing time, we have been working diligently with a number of school districts to answer questions about the process.

In one of those districts, we already received firm quotes just to test the market. The plan covered approximately 400 participants in Southern Maine. The market response was more than encouraging.

Depending on the employees' choice of several offered health plan options, **this school district would save between \$300,000 and \$400,000 per year**. We are waiting for the school board to take the next step.

**Below are the questions and answers that most often arise from those conversations.**

### **Q: How does Clark Insurance go about building a plan?**

A: We are one of the leading insurance brokers in Maine that helps design plan options that fit the customer's needs. Once the plan is designed, we go to several insurance companies to refine and quote the plans.

### **Q: Would a proposal from insurance companies be competitive with MEABT plans?**

A: A competitive health plan likely would be different, likely better AND likely less costly. The MEABT plan is loaded with coverage but it makes it more expensive particularly for those who don't require all those benefits. Basically, we believe the MEABT plan over-insures its members and that better options are available for the benefit of school employees.

### **Q: How are retirees treated if the district moves to another plan?**

A: Retirees continue to receive benefits from whatever plan option they choose.

The only change would be how retirees pay for their portion of the premium. Rather than having the Maine Public Employees Retirement System (MPERS) pay the premium, that money would be sent directly to the retiree or a third party administrator to pay the premium. **Assuming the new plan's overall cost is less, the retiree would keep the savings.**

### **Q: Why would the cost of insurance vary for plan participants?**

A: Health insurance costs depend on participants' age and location as well as the district's loss experience. Older employees and retirees use more health plan services while younger employees tend to use fewer services. Those who need more services would pay a competitive price for their coverage while those who are light users would have options for even greater savings.

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*Depending on the employees' choice of several health plan options, this school district would save between \$300,000 and \$400,000 per year.*

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### **Q: How do individuals realize savings?**

A: One option is to choose a health plan funded by a health savings account. These plans are known as high-deductible plans in which the participant pays up to a certain amount from the tax-free health savings account and then the insurance company pays for covered benefits over that amount. This cost-saving benefit is not available through the MEABT.

For example, if the district offered a health plan with a \$3,000 deductible, they could fully or partially fund the employee's health savings account up to \$3,000 with the employee contributing the balance.

As soon as the first \$3,000 for claims was paid from the health savings account, the insurance company would pay for the rest. HOWEVER, if the employee *didn't* use the full \$3,000 in any given year, the employee gets to keep the balance – **it's the employee's money tax free** as long as the money is used for paying health related expenses.

**According to the federal government**, a health savings account can be used for health expenses not covered by a health plan such as eye glasses and contacts, medical devices, uncovered orthodontic expenses, fertility enhancements, dentures, hearing aids and batteries, home and automobile modifications for a disability, medically related transportation expenses, etc. For a full list, go to this IRS web page (<https://www.irs.gov/pub/irs-pdf/p502.pdf>).

If yearly claims are minimal, participants can save thousands of dollars tax-free over several years – money that can be used over the rest of your life where ever you live for uncovered medical expenses.

**You also can use health savings account money to pay the insurance premiums for Medicare Part B (medical expenses) and Part D (prescription expenses).**

### **Q: What does a school board need to do to secure a competitive proposal?**

A: First, we suggest the school board pass a resolution directing the superintendent or school board chair to secure competitive proposals for health benefits.

Second, please give us a call to begin the proposal process. We will prepare a plan and work with insurance companies like Harvard Pilgrim, Anthem, Cigna and Aetna to secure competitive prices.

Clark Insurance has done an enormous amount of work helping school districts understand the law and find suitable options. We look forward to working with school districts that have the green light to explore significant savings.

### **Contacts:**

David Hamilton, VP/Employee Benefits  
Tony Payne, VP/Business Development



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