

The distrust between town government and the School Department in Barnstable probably reached its height around the time of a failed override campaign in 2003, when it had become apparent that the school finances were a total mess. At budget meetings, the school finance department often could not provide even basic numbers, such as how many people the district employed, or how much it cost to run one school versus another. Columns of figures provided in financial reports just didn't add up.

"I can remember in a budget hearing one year when the school finance staff was asked what a \$750,000 line item in their budget represented, and nobody from the school department could answer the question," says Mark Milne, finance director for the town of Barnstable. "All it said was 'Other Salaries,' and they didn't know what it was. When you stand up in front of an appropriating body like that and you can't answer a question about what three-quarters of a million dollars really represents, that's a problem."

Not surprisingly, the perceived lack of accuracy and accountability surrounding school department budgets led to acrimony and distrust between the town's two largest elected bodies: the School Committee and the Town Council. Each side accused the other of misrepresenting its financial information. The lack of confidence town officials had in the school department numbers created the impression they were making a power play to take over the school staff's function. Both sides seemed to use secrecy as a primary weapon. "For the longest time it was like a poker game," Milne says. "Neither side wanted to show its hand when they came to the budget table to negotiate revenue-sharing agreements."

After the override failed, breaking the stalemate between the town and the schools became a popular idea among candidates running for Town Council. When Tom McDonald, a former >>>

John Klimm is the Town Manager in Barnstable.



A CIVIL

How a Town Government and Schools Consolidated

Representatives from the school and municipal sides of government meet to discuss the budget. Pictured are (l-r) School Committee Chair Ralph Cahoon, Town Council President Janet Joakim, Human Resources Director William Cole and Finance Director Mark Milne.

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UNION

Functions, With Benefits for Both

BY JOHN KLIMM

>>> Horace Mann Charter School principal, became interim superintendent of Barnstable schools in 2004, he vowed to institute reforms to decentralize the school administration in favor of school-based management. In his view, the ineffective finance department was a burden the schools could no longer afford to carry. “My experience had been that the school department had its struggles providing accurate financial information that it needed in order to make good

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—School Committee Chair Ralph Cahoon



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Barnstable’s Town Hall (left) and the school administration building are just steps apart in the historic section of Hyannis.

decisions about its allocation of resources and planning for the future,” McDonald says. “I knew I’d rather spend my time focusing on reading, writing, and arithmetic than the numbers—but I needed accurate numbers in order to focus on that.”

About this time, changes on the School Committee created an atmosphere that supported creative problem-solving. “It’s difficult when you have a major enterprise like this to have financial data that’s not up to snuff,” School Committee Chair Ralph Cahoon admits. “We had a desire to improve the processes.” When the idea of consolidating the town and school finance operations was raised, he says, “we decided to at least look at the idea.”

MOVING IN TOGETHER

Fortunately, the town had an award-winning finance team that stood ready and willing to help. “From the schools’ point of view, consolidating with the town was almost a no-brainer because the town’s finance and human resource professionals are highly respected in the community,” McDonald says. “It helps when you have a finance director where you can say, ‘The guy seems to be doing a hell of a job on the town side. Why not invite him to come on over to our side?’”

The first step would have to be repairing the fractured relationship between the town and the schools. “I don’t think any community can have a successful consolidation unless there’s a good deal of trust between the school and the municipal side, and that’s the key thing in this whole process,” says Cahoon. “I honestly think that’s the major hurdle.”

As town manager, I could see how volatile, uncooperative, and unhealthy the relationship was between the schools and town government. I dreaded meetings with the School Department because the meetings were so confrontational. McDonald had a fresh approach, however, and I called on the town’s finance director to contribute to the brainstorming with him.

Soon it became clear that adding human resources operations to the initial consolidation process might address some of the efficacy issues that existed in the schools’ HR department as well. Armed with McDonald’s description of the schools’ human resources and finance needs, Milne and Barnstable HR Director Bill Cole developed a detailed plan to merge the complementary departments. The final proposal, nearly a year in the making, received unanimous approval from the Town Council, School Committee, myself, and the schools superintendent in the fall of 2004.

To create two departments from four, positions within the new human resources and finance enterprises were evaluated and restructured. Several jobs were eliminated and several new positions were created. The new finance department has sixteen positions, two fewer than before the consolidation. The new human resources department held its total body count at eight, but with duties and responsibilities

MAKING A LEAP OF FAITH

By Lynda Wright

In February 2006, soon after word leaked that she'd become a finalist for Barnstable's superintendent of schools, Dr. Patricia Grenier's phone began ringing. Instead of encouragement, however, friends and colleagues were expressing dismay. As Grenier recalls, "Many of my colleagues called asking me, 'Are you crazy?'"

Grenier says she understood their concern. Under consolidation, Barnstable schools had ostensibly lost two key executives—the school business manager and the human resources director. Nevertheless, her own investigation of Barnstable's situation convinced Grenier that the traditional structure of school departments statewide had broken down in Barnstable. The former financial and HR departments hadn't been up to the task, and the schools had suffered. It was clear that consolidation was addressing the schools' critical need for meaningful financial data that allowed educators to focus on their core mission—providing Barnstable students with a quality education.

So, she says, "I pushed my colleagues' reservations aside," and accepted the challenge. After arriving in Barnstable that July, however, reality hit. It was hard to escape the fact that she was now being served mainly by municipal employees, not experienced School Department staff. "I admit that when I first came I felt a loss for a traditional business manager," she says. "We're different, and there wasn't the depth of understanding about how schools operate." Over time, the consolidated HR department experienced more challenges in providing the specialized expertise that schools required.

To close that gap, the finance and HR directors created positions for dedicated go-to staffers who became

experts on issues unique to the schools. They provide the day-to-day support and contact that Grenier and the schools require. But, she says, "When I need to go directly to the HR director or to the finance director, I do. When I ask for something, they're incredibly responsive. So I keep pushing the envelope."

In the beginning, Grenier admits, she probably didn't use the consolidated departments as much as she should have. Only months after arriving, she spearheaded the search for a new intermediate school principal, a daunting and time-consuming task—and one that a school HR director would ordinarily conduct. The process helped her realize that "I can't not use HR and I can't not use finance; those are critical positions for me."

Several months later, Grenier asked HR Director Bill Cole to help conduct the search for a new elementary principal. Cole, who had never conducted an educational candidate search, stepped up and, with Grenier's guidance, provided all the services that a traditional schools HR director would have. The result was three "superior" candidates. "He was excellent," says Grenier, who allowed Cole's department to conduct the next principal search entirely on their own. "We're getting quality choices and quality commitments."

The consolidated finance department is providing accurate, real-time data, allowing the schools to have not only an accurate record of their day-to-day operation, but also allowing long-term planning and problem-solving, luxuries that previous superintendents didn't have. "Both departments continue to respond to the needs of the schools," she says. "So I love the consolidations."



*Barnstable Superintendent of Schools
Patricia Grenier*

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While it's clear that consolidation has resulted in better numbers and accountability, more collaboration and creative problem solving, and some cost savings, it's still a work in progress. Although the intent of the consolidation plan was to maintain the peer relationship between the chief executives of the municipal and schools sides, Grenier admits to feeling "some frustrations every once in a while because the people who consolidated were all municipal employees who took on the responsibility of the schools. Understandably, their first line of response is to the municipal side."

Despite these occasional frustrations, which she believes can be worked out, Grenier is adamant about consolidation being good for Barnstable schools. "I'm sure there are places where it could never work," she says. "But in Barnstable, there's a more cooperative atmosphere and there's a huge benefit in the unity of the mindset of a collaborative community." ❁

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Barnstable's consolidation of school and municipal finance and human resources functions won an MMA Innovation Award in 2006.

reapportioned, Cole was able to create a new assistant director position that would be solely responsible for serving the schools, at a salary \$30,000 less than the former school human resources director received. After the restructuring, employees in both departments then had to bid on the rewritten jobs.

REALIZING BENEFITS

Overall, the restructuring saves perhaps \$100,000 a year, but that wasn't the point. Consolidation boiled down to streamlining and updating processes to become more integrated and efficient, and in practical terms it makes one seamless budget process out of two disparate ones. Building on McDonald's moves to empower principals with more management power, the finance department has trained school staff to do much of the data entry work previously completed by town hall. "That allows the department to shift our focus to more of an auditing, financial analysis, financial reporting type of process," says Milne. Finance now provides a higher level of services to all of its internal customers.

employees who had left the district were purged from the system. In other instances, costs were reduced because of the new economies of scale. And Cole found that he was able to offer the 900 school employees, who were not covered by an Employee Assistance Program, the same EAP benefit that municipal employees had been enjoying for years—and at no extra cost to the town.

In addition to the financial benefits, another important result was that the distrust between both sides disappeared. Sharing departments means that both the schools and town no longer question the other's motives; both sides have access to the same information and trust the information they receive. In exchange for the schools handing over their budget process to town officials, the town readily reveals to the School Department information about its reserve balances (the "free cash" reserves that were often a point of heated debate before consolidation). The schools have learned how Proposition 2½ works and how the town's reserve balances are created and can be legally used. "Nobody's hiding their hand any more," Milne says. "All of the negative perceptions about the quality of the schools' data and the intention of the town get eliminated when you do something like consolidation."

In the end, consolidation has brought a level of professionalism, reliability, and transparency to the Barnstable school budget process. Time spent haggling over the numbers is now spent addressing student achievement and many believe that is one reason the district's dropout rate has dropped significantly in the last few years. Community members no longer openly deride the accuracy of financial data and projections provided during school budget hearings, as this information is now available for review on the Web. "Consolidation has made the entire budgeting process easier," says Town Council President Janet Joakim. "There's more trust between the two sides now. If there's disagreement, we're not sitting around arguing about whether columns of numbers are adding up, we're arguing about how to handle a given situation. We've moved to the next step of solving problems rather than arguing whether there *is* one, or how big it is." ❁

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The schools' financial data is now accurate, timely and sophisticated. Problems such as office supplies being charged to telephone accounts no longer happen. One result is that the confidence both sides have in the numbers allows each to focus on its core mission. In only a few months, the new department was producing data allowing the school side to manage its budget at a level they'd never achieved on their own.

Combining the two human resources operations was trickier—not surprising given the vast differences between the personnel and benefits issues involved. Still, there were tangible and immediate rewards there as well. For example, the initial auditing of the schools' HR operation showed that schools had been paying for more benefits than they needed. Personnel who no longer needed family health coverage were reclassified and