



GAYLE A. CORRIGAN
TOWN MANAGER

February 7, 2018

East Greenwich School Committee
c/o Ms. Carolyn Mark, Chair
Victor Mercurio, Ed.D, Superintendent
111 Peirce Street
East Greenwich, RI 02818

Re: Consolidation of Municipal and School Department Functions

Dear East Greenwich School Committee and Dr. Mercurio:

East Greenwich was one of the first communities in Rhode Island to explore the possibility of consolidating common functions and offices between its municipal and school district operations. Initial efforts grew from a performance audit performed in 2004-2005 by Municipal Resources, Inc. (MRI). In its report delivered to the Town Council in April of 2005, MRI found that the "current system is not functioning properly" and documented numerous audit findings, a lack of protocols and manuals, duplicate payments, and lack of adequate information systems as evidence. The MRI report concluded that the "Town and School Finance Departments should seriously consider combining under one management structure."

MRI was then engaged by the Town to develop a plan for consolidating the two Finance Departments and subsequently released its Combined Finance Department Implementation Plan on July 1, 2005. Attached to the Plan was a four-page MS Excel spreadsheet that set forth a litany of tasks and unanswered questions. Although the Plan was arguably more of an extension of MRI's performance audit than an actionable plan, it was apparently informally adopted by the Town Council resulting in several existing vacancies in the School Finance Department being filled on the Town side. There were no amendments made to the Town Charter, nor were there any Ordinances adopted to document this attempt at consolidation.

Over the years between 2005 and 2017, there were a number of efforts by the Town to provide assistance to the Schools in terms of assuming fiscal liabilities and ongoing adjustments to what fiscal operations were handled on the School or Town sides. In a report dated September 8, 2008, then Town Manager William Sequino, Jr. reported that that the 2005 Plan resulted in the rather limited consolidation

of School Department payroll and accounts payable into the Town Finance Department. However, the lack of documentation, which is largely reflective of the lack of a concrete plan, coupled with changes of both elected officials and administrators over time, resulted in a cumulative degree of confusion. It was that uncertainty that prompted the Town Council to order a review of School Department financial operations in early 2017, which led in turn to a similar review on the municipal side.

As a result of those external reviews, the Town Council endorsed a new approach at consolidation, which it labeled the “One Town” initiative. On June 20, 2017, the Town Council amended its proposed budget to conform to the level-funded appropriation by the Council, and in so doing, absorbed the budgeted cost of eight positions previously included in the School Department, as well as full financial responsibility for the budgeted cost of four functions: grounds-keeping, rubbish disposal, unemployment, and the employee assistance program. An MOA between the Town Council and the School Committee was prepared and signed by the School Committee Chair, but never adopted by the Town Council, given that its seminal elements were already fully documented in the FY2018 Budget itself.

As we move forward through the series of action steps set forth in the Town of East Greenwich FY 2019 Budget Schedule, I believe it is time to take a moment to review the purpose and intent behind any attempt to consolidate functions and/or positions across the municipal and School Department aspects of the overall budget. There are generally three reasons to explore consolidation:

1. Efficacy – improve performance;
2. Efficiency – reduce redundancy and lower cost; and,
3. Maximize the ability of the school district to focus on its education mission.

Historically, attempts at consolidating municipal and school operations have been less than successful in Rhode Island. There are identifiable lessons to be learned from these failures. It is not a coincidence that most efforts to “consolidate” have been generated exclusively on the municipal side and have generally fostered a level of defensiveness on the part of school district governance and administration. That is unfortunate and ironic, because schools have the most to gain. Too often school districts have become virtually stand-alone municipal corporations who are in the business of education, rather than educational institutions to whom non-education functions merely serve the imperative given them under state law – to continuously improve the processes of teaching and learning.

In order to be successful, there must be an initial understanding of the purpose of the exercise. Both sides must agree on which goal or goals are served by any initiative contemplated: efficacy, efficiency, or maximizing mission focus. Done correctly, consolidation is complex and time-consuming. Too often, efforts to “consolidate” begin with existing budgets with little to no thought put into whether the community is thinking of consolidating structures, functions or personnel. Knowing which is appropriate and under what circumstances requires a shared understanding of the status quo, as well as an honest appraisal of potential impediments and barriers. Transparency is a must or mistrust will quickly derail the process.

One of the first steps in the process is arriving at a clear and objective picture of the organizational structures on the municipal and school sides, as well as a clear picture of the budgeting and expenditure histories on each side. Second, there must be a shared awareness and acknowledgement of the differing roles, and different sources of law, that govern operations on each side. Although this is a complex set of relationships, two things stand out as critical to a mutual understanding.

1. The functions of schools and school committees are largely driven by state law; whereas municipal operations are governed by the Home Rule Charter, which reflects the will of local voters.
2. The responsibility to fund education, although supplemented by state and federal grants, is a local responsibility under Rhode Island law. While the adequacy of local funding is subject to standards established by the State and subject to enforcement in the courts, the municipality controls the budget process and the school budget is part of the town or city budget. In many states, school committees have independent taxing authority, but that is not the case in Rhode Island. The municipality controls the revenue stream, as well as the process of creating and approving the actual budget.

As the Rhode Island Supreme Court famously noted, "school committees are agents of the state," but are nonetheless "municipal bodies." *Coventry School Committee v. Richtarik*, (411 A.2d 912, 914 (R.I. 1980)), citing *Cummings v. Godin*, 377 A.2d 1071 (R.I. 1977). A school committee acts "as an agent of the state in that they exercise state power that has been delegated to them by the state." *Id.*, 377 A.2d at 1073. Given that the School Committee exercises authority granted it by the State, there is little to no danger of the Town usurping control over school functions.

Assuming there is a shared empirical, data-based picture of current operations and expenditure patterns, the next step is to derive a set of common goals that can be agreed to by both the Schools and the Town. Ideally, any effort at "consolidation," a term the community will need to define for itself, will result in improved levels of service at lowered overall cost. Cost should be measured both in terms of financial outlay and the opportunity cost of human capital. Administrative overhead freed from certain tasks, especially on the school side, is human capital that can be appropriately applied to furthering the educational mission.

Unfortunately, neither the School Department nor the Town is coming to this conversation with a completely clean slate. In a perfect world, we would be moving forward with a shared understanding of what "consolidation" means for East Greenwich, a shared knowledge of the status quo and how we got here, a shared plan of how to move forward, and a shared vision of where we should end up. The conversation about consolidation has been ongoing since 2004, when it was commenced at the request of the School Department. Over the last thirteen years, a number of functions and fiscal obligations of the School Department have been absorbed by the town. The most recent of these occurred in the FY 2018 budget. Over a period of years, the School Department's share of the cost of grounds-keeping, rubbish removal, snow plowing, vehicle maintenance and repair, school resource officers, substance abuse counseling, finance, fire marshal fees, among others have all been absorbed by the municipality. In addition, there have been additional obligations that have not been addressed, such as the School Department's sewer bill, which is seriously in arrears.

As you know, we have met multiple times over the past few months. It is disappointing that we have not yet been able to come to agreement as to how best to move forward with the FY 2019 budget. It is beyond time to come to agreement on exactly what consolidation means for East Greenwich and, further, to come to agreement on how to maximize functionality, efficiency and predictability in both our budget and operations going forward.

Let me be clear that neither I nor the Town Council has any desire to interfere in the operations of the schools or School Department in any way. We are cognizant of the fact that the School Department operates under State control and that there are complex aspects of that operation that are uniquely tied

to your education mission. There are aspects of grant management and fiscal reporting that are unique to public education. Decisions relating to personnel and the use of instructional technology are likewise inextricably and uniquely enmeshed with educational decision-making. However, there are also aspects of financial operations, payroll, human resource management and IT that are agnostic to your core mission. There are also a number of responsibilities that we share that do not involve education per se and those are worthy of further discussion.

I see two distinct options before us. One is relatively simple – at least in theory. The School Department will return to its pre-2005 state and take full responsibility for all aspects of administrating and managing the schools and their requisite support systems. This will necessitate an immediate and honest conversation about the School Department's ability to maintain current service levels within the fiscal constraints imposed by state law and the level of available resources. Alternatively, we can agree that the Town will continue to cover a range of functions within its side of the budget to the benefit of the School Department. To that end, we would need to agree on the full implementation of the plan for consolidation and organization that we have discussed and fine-tuned over the last several weeks, as set forth as Attachment A. These two options were discussed at length at the joint meeting of the Town Council and School Committee that occurred on December 18, 2017. It was mutually agreed that a decision would be made in regard to the two options, and that the decision, as well as a timeline and implementation strategy, would be presented at the next joint meeting on February 12, 2018.

I look forward to continuing to work with you, regardless of which option you choose, for a successful future for the Town of East Greenwich.

Sincerely yours,

Gayle A. Corrigan
Town Manager

Attachment

cc: Mrs. Mary Ellen Winters, Dr. Yan Sun, Mr. Jeff Dronzek, Mr. Michael Fain,
Dr. Lori McEwen, Mr. Matt Plain

