Feasibility Study Report for a Regional Human Resources Department:

for the towns of Conway, Deerfield, Sunderland and Whately, Massachusetts, and the Frontier Regional School District.

Prepared by Deborah Radway
Montague MA
November 2019
For a Community Compact grant
From the Commonwealth of Massachusetts
Introduction and Executive Summary
The Towns of Conway, Deerfield, Sunderland and Whately and the Frontier Regional School District "hereafter referred to as District") commissioned this study to evaluate the feasibility of shared Human Resources services amongst the four towns and the District.

This project is funded through the Massachusetts Community Compact program which seeks to assist municipalities in identifying and implementing best practices in order to achieve efficiencies and effectiveness in management and operations. None of the Towns or school district currently employees a human resource professional, although basic HR functions are conducted by administrative and financial managers.

The primary recommendation of this report is that there exists a defined need for full time human resources support for the four towns and the school district. How that support is structured (HR generalist/HR Manager/HR Consultant) depends on the willingness of the District to participate, the ability of the participants to continue to provide existing levels of HR support, and the results of a comprehensive human resources audit conducted by each participant. The variety and complexity of these results will also inform decision making as to the type of human resources professional to be employed. The cost of HR staffing should be allocated by formula that calculates on a per FTE employee basis amongst the participating organizations.

Background and Scope of the Study
The project consisted of several elements, which together will inform the participating entities decisions regarding formation of a regional or shared Human Resources function. These elements include:

1. To assess the HR needs of the four towns and the Frontier District; not including benefits administration;
2. To provide an inventory of the tasks necessary to meet those needs, including options for basic and fuller staffing;
3. To provide an analysis of how much staff time, and at what levels, it would take to meet those needs;
4. To determine what a new position(s) would cost.

Each of these elements were delineated in the Community Compact grant agreement and are detailed within this report, along with the methodology utilized. Essential to the success of the study has been regular communications with the Town Administrators throughout the project.

The objectives of the project are to provide an assessment of the need for and options for
organizational structure of human resources shared services. Implicit in this assessment is the opinion that it is beneficial for all involved to pursue because there will be opportunities to share in the best practices and successes, to share staff and associated costs, and to explore joint purchase of trainings, benefits, payroll, workers comp or unemployment claims administration. There are also multiple areas that may produce potential collaborative efficiencies between the general government and school administration.

**Methodology:**
The approach used by the project manager was comprehensive and fact-based. The project manager worked collaboratively with staff, elected officials and citizens to understand human resources service delivery issues and alternatives, including shared services opportunities. These approaches included:

- Interviews with management and supervisory staff in Town departments. Town Administrators and Treasurers were the primary resources.

- Interviews were supplemented through a survey soliciting input on top human resources issues and needs, preferences for staffing allocations and employee headcount.

- Reviews of collective bargaining agreements, budgets, personnel policies, town bylaws, compensation and classification plans.

- Interviews with primary authors of previous HR studies for the towns with the regional services director at the Franklin Council of Governments and a senior associate with the Collins Center for Public Management at UMASS Boston. These studies provide input on existing and potential expanded shared services.

- Salary surveys for HR Generalist and HR Manager from municipalities west of I-495 and from Pioneer valley based local industry organizations.

- Collection of various data describing organization and staffing patterns, workloads and service levels, etc.

- This study represents the culmination of these efforts. Available copies of previous analyses referenced are provided in the Appendix at the conclusion of this report.

**But first — Why is human resources important to small towns?**
People are the most valuable resource in any organization. Most public sector organizations spend more than 70 percent of their annual budgets on personnel costs. It is the people who provide services, manage the operations and come up with creative solutions that keep organizations strong and vibrant. This, how staff are recruited, managed and motivated is essential to the town’s success. Even, and especially, if there are just a few of them. If your
people are the lifeblood of the organization, human resources is the pumping heart that keeps it alive. HR needs to be attuned to and perform recruitment, training and development, payroll, compensation, and benefits, labor relations, legal compliance, safety and employee relations. Each of these responsibilities is crucial to the overall success of the Town workforce and productivity.

Existing staffing model:

All four towns have a decentralized human resources structure with various staff and boards responsible for key functions. The Select Boards serve as the appointing authority and as the Chief Executives of the towns. The Select Boards appoint the members of the volunteer citizen personnel committee and retains a full-time Town Administrator and a part or full-time Town Treasurer. These positions conduct all the human resources functions performed by the Towns except for day to day supervision of employees assigned to other departments. For the Frontier School District, human resources responsibilities are conducted by the Superintendent and the business manager, with day-to-day supervision performed by the elementary school or Frontier principals. There is no dedicated human resources professional employed by the Towns or Frontier School District.

The four towns collectively employ about 218 year-round benefited municipal employees and are legally liable for another 281 benefited elementary school employees under the employ and direction of the School Superintendent and town school committees. Frontier Regional School employs an additional 145 benefited employees, bringing the total employee population of the four towns and the District to 644 benefited employees. According to LinkedIn, a reasonable ratio of HR professionals to employees in the private sector is 1:100.
<table>
<thead>
<tr>
<th>CHART 1</th>
<th>Staffing Levels reported September 2019</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Town Municipal</td>
<td>Percent of Cost share Non-School Municipal employees</td>
<td>Town’s Elementary employees</td>
<td>Combined Town &amp; Elementary Employees</td>
<td>Percent of cost share with Frontier included</td>
<td></td>
</tr>
<tr>
<td>Conway</td>
<td>51</td>
<td>23%</td>
<td>53</td>
<td>104</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Deerfield</td>
<td>70</td>
<td>32%</td>
<td>107</td>
<td>177</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Sunderland</td>
<td>45</td>
<td>21%</td>
<td>74</td>
<td>119</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Whately</td>
<td>52</td>
<td>24%</td>
<td>47</td>
<td>99</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>218</td>
<td>100%</td>
<td>281</td>
<td>499</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frontier Total employees</td>
<td></td>
<td></td>
<td>145</td>
<td>23%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand total all employees</td>
<td></td>
<td></td>
<td>644</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Because elementary school staff are under control of Frontier Superintendent, their cost is allocated only if Frontier participates in shared HR staff model.

**Analysis of HR needs of Towns and District:**

Following are the basic human resources functions that need to be performed by each Town and School District:

1. Recruitment and hiring, including a legal employment application form and an effective recruitment strategy and approach that generates qualified candidates for posted jobs.
2. Background checks and pre-employment physicals (if required).
3. Orientation of new employees to provide them with the information that they and their families need in order to feel a part of the town team.
4. Personnel files maintenance, with separate and secure file maintenance where required for CORI, SORI, I-9, medical records, drug testing and background checks.
5. Equal opportunity and Americans with Disabilities Act compliance.
6. Ethics and conflict of interest training.
7. Regularly reviewed position descriptions, position classification and internal/market-based compensation planning and FLSA (Fair Labor Standards Act) management.
8. Compliance with local, state and federal laws.
9. Policy development to comply with ongoing state and federal law changes relating to leaves and compensation and OSHA.
10. Trainings for Supervisors on the sexual and unlawful harassment policy, OSHA and other legal compliance.
11. Leave management, including Family Medical Leave Act, Military Leave, parental leave, Small Necessities Leave, domestic violence leave. State and Federal governments have been adopting and changing policies at record pace in the past decade.
12. Workers compensation and unemployment claims management and administration.
15. Employee relations, recognition and morale—not to be overlooked when the unemployment rate is at or near zero!
16. Staffing support to personnel committee.
17. Benefits administration and enrollment, including Affordable Care Act reporting and compliance, and COBRA.
18. Payroll processing.

**Inventory of tasks needed & performing the role today**

Human Resources is currently, and will continue to be, a role that is performed by multiple people in each municipality. It is not a standalone assignment due to the breadth of complexity of responsibilities and the time required to perform them.

The **Treasurers** assume primary responsibilities for payroll, employment eligibility, employee leaves, insurance and benefits management.

**Administrative clerks** and **Department Heads** assist with file maintenance, job postings, interviewing, CDL drug testing programs and pre-employment paperwork.

The **Town Administrators** and **School Administration** perform most other identified duties. Each Administrator performs these responsibilities with varying degrees of success and challenge given the many other areas of focus and assignment by their hiring authority. It is not possible that the Town Administrators can perform each of these functions in addition to their municipal support role.

Human Resources tasks and functions that should be performed but are not currently adequately or comprehensively addressed by any of the participating communities include:

- Performance evaluations
- Compensation planning
- I-9 compliance
- Fully up-to-date legal policy development
- Personnel Committee support and
- Training and professional development

The Town of Conway and Frontier School District have up-to-date personnel policies. The other communities should review their town general and personnel bylaws and then separate out human resources procedures, benefits and practices into an employee handbook. Bylaws should specify the appointment of, role and responsibilities of those in the community charged with
personnel management, how additions to or changes to human resources practices may be promulgated and the notification and hearing requirements for doing so.

School District Human Resources
Frontier Regional School administration also does not have a designated human resource professional. Human resource responsibilities are dispersed amongst multiple positions. The Superintendent, elementary and regional Principals, Business Manager, and Bookkeeper are all involved in aspects of human resource management. Personnel records are mostly kept manually. School administrative staff meet with new employees to complete onboarding paperwork. The paperwork is then submitted to the appropriate municipal Treasurer’s office. The ultimate responsibility for benefits, insurances and payroll rests with the individual town Collector/Treasurer’s office.

Frontier Regional School administration also has responsibilities related to employee fingerprinting, classroom safety, teacher licensing and certification, substitute teacher and instructional assistant hiring and scheduling, and employment of seasonal coaches. The Massachusetts Association of School Committees performs a valuable service by sending the Superintendents draft model policies and procedures to address most new legal requirements. In discussion with the Superintendent, it is not evident that a full-time human resource professional, shared or otherwise, is a top priority for the District at this time.

Identification of top HR needs:
The following chart identifies the Town Administrator and School Superintendent’s analysis of each participating entity’s top 5 HR needs. There is no consensus on the top priorities and in fact, only 3 needs were identified in the top 5 by 3 participants.

CHART 2
<table>
<thead>
<tr>
<th>Ranking of perceived HR needs by Participant</th>
<th>Town of Conway</th>
<th>Town of Deerfield</th>
<th>Frontier RSD</th>
<th>Town of Sunderland</th>
<th>Town of Whately</th>
<th>OVERALL</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining current state and federal legal compliance</td>
<td>1</td>
<td>4</td>
<td></td>
<td>4</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Recruiting and hiring process</td>
<td>2</td>
<td></td>
<td>3.5</td>
<td>5</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Compensation issues</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td></td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Personnel Policy/Bylaw needs updating</td>
<td>2</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Collective Bargaining or grievances</td>
<td></td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>Ongoing Personnel Board support</td>
<td>3</td>
<td></td>
<td></td>
<td>2</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Unemployment/workers comp</td>
<td>3</td>
<td></td>
<td>3</td>
<td></td>
<td></td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Other: On Call Assistance with questions</td>
<td>4</td>
<td></td>
<td></td>
<td>2</td>
<td></td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Training and professional development for employees</td>
<td>3</td>
<td></td>
<td>4</td>
<td></td>
<td></td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Need for standalone employee handbook</td>
<td></td>
<td></td>
<td>5</td>
<td>5</td>
<td></td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Benefits: (specify leaves of absence)</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other: Communication with School HR</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Safety</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Employee Morale</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Unaddressed disciplinary issues</td>
<td></td>
<td></td>
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</tbody>
</table>

**Analysis of Staffing Options, Rationale and Recommendations:**

- A shared services model for providing professional human resources support to the towns and District is recommended.

As communities and personnel issues have grown more complex, the responsibilities of town administration have also changed. There are more federal and state compliance demands to be adhered to and followed. Ongoing legal compliance and personnel bylaw and policy revisions are the top commonly identified needs. Many municipalities have encountered difficulties in keeping up with the legal requirements of employment through cumbersome bylaws and handbooks. Towns and school districts need more flexible and nimble mechanisms to make policy changes in an efficient manner while respecting collective bargaining agreements and the employment environment. Staying on top of labor laws and human resources practices is full-time work and drives the top two recommendations of this study.

- **Needs Assessment- Human Resources Audit**

A first recommended step to identifying the tasks required to address human resources needs in each participant governmental organization is an in-depth human resources audit.

A Human Resources audit will take an objective look at existing policies, practices, procedures, staffing and systems to identify voids, opportunities for improvement and to adopt best practices. An audit can also help an organization know if they are on the right track in terms of effectiveness and efficiency. Often, it is not what an organization is doing with human resources, but what it is not doing. The results of a human resources audit will inform where
effort should be focused both initially and over time. There will be quick short term “fixes”, such as adoption of required legal policies and revisions to employment applications and there will be long term “initiatives” that will take energy and resources, such as a revised and updated compensation and classification plan. Some recommendations of the audit may be resolved in house and some may require contracting with a professional consultant.

The audit will provide the road map for achievement and will help the participants to determine short- and long-term human resources staffing support needs. The audit should be repeated every 5 years.

➤ **Personnel Bylaw Revision**

Each of the participating entities should consider removing the actual policies and processes from the Personnel or Town By-Laws into a Personnel Handbook. The Bylaw itself can reference the authority for the Personnel Board to suggest modifications to the Handbook for approval by the Select Board or Town Meeting after due notice to employees and a public hearing. This will enable the Towns to more nimbly react to changes in law and create a system for maintaining policies in an efficient manner, such as on the town’s website, allowing for easy updates. Employee acknowledgement of these policy changes can also be recorded electronically.

**Benefits of the Shared Services Model:**

With municipalities providing many of the same services, pooling resources is seen as a way to eliminate redundancies and improve efficiency. Smaller governments lack the scale to offer services or expertise in specific areas that are constantly evolving.

Much of historical impetus for shared services has been a desire to reduce costs; however, there are other benefits that can be of greater significance to towns:

- Sharing can allow governments to offer a greater range and breadth of human resources services by employing a human resources generalist. Pooled resources should provide greater ability to attract an HR professional.

- Administrative time and effort may be refocused on other municipal priorities. There can be less research, drafting of policies and procedures, job descriptions, group trainings and compensation surveying if Towns are sharing best practices. For example, a Laborer/Truck Driver or Equipment Operator job description should be nearly identical for all communities.

May achieve greater consistency among the towns in the way services are delivered. This is especially true for benefits, legal compliance and professional development.

Potentially more competitive pricing and services because of a regionalized approach to workers compensation, unemployment and training vendors.
There are challenges in implementing a shared services arrangement through regionalization. These include:

- a concern over lack of control of administration and management oversight;
- a concern that the quality of services could decline (out of sight, out of mind);
- employee resistance, conflicting union contracts, personnel plans and bylaws;
- difficulties providing employee services across multiple jurisdictions.

Successful regional service sharing can best occur when it is:

• Led and coordinated. Implementation of regional service sharing requires leadership and openness to change. They are most successful when there is an entity that is leading the charge, both advocating for the approach and helping work through logistical and other barriers. This can be the Select Boards, Personnel Committees and Town Administrators and Treasurers.

• Incremental. Incremental changes are politically and logistically easier to implement than major overhauls of policy and practice. Thus, the communities should look at ways to build on existing successes as well as to make small incremental steps that can lead the way to larger initiatives in the future.

• Reversible. Efforts at service sharing will have more support if participants see an exit strategy if the program is not a success or loses support.

**Staffing Options and Costing:**

Following are three options for staffing a shared Human Resources professional to support the member communities and/or school district. Cost allocating to participants should be calculated on a per employee basis, much like the regional school assessments are calculated on a per student basis. Municipal employee numbers were provided by the Towns and elementary and regional school employee numbers were provided by the Superintendent. If all 5 study participants participate, cost allocation should be calculated according to column E of Chart 1. If the District does not participate, cost allocation should be calculated according to column B of Chart 1.

The salary recommendations are derived from the median average salaries identified in a survey conducted by the consultant labeled Chart 3. In this survey, comparable community information was sought for Human Resources Generalist and Human Resources Manager positions. For illustrative purposes only, salaries are also shown for Human Resources Director positions that are either standalone or who supervise subordinate staff. A Director level position is not recommended.

1) **Full-time HR Manager professional** –
2019 COST: $67,300 salary plus 40% fringe benefits and office overhead = $94,220
allocated according to Chart 1 column E if all entities participate

This position could serve Frontier Regional School and its four member communities. A manager level skill set is recommended, due to the need to be familiar with Massachusetts public education, municipal and federal labor laws, and the diversity of human resources needs amongst the participating entities. This position could be largely self-directed and motivated in daily activities but receive guidance from the Town Administrators and Superintendent. This professional could provide or arrange for training and professional development opportunities and assist the communities in procuring benefits and services such as workers comp and unemployment claims administration. This position would require supplemental administrative and clerical support from existing staff in order to be successful and affordable. Many current responsibilities for payroll, recruiting, file maintenance, CORI, etc. will not change although systems and processes should improve with professional oversight and monitoring. The cost of salary plus in directs (fringe and host community overhead) would be apportioned by number of employees per participant organization. The Towns of Deerfield and Whately are the 2 possibilities for host community.

2) One-half time hybrid HR generalist-HR Manager —
2019 COST: $29,454 salary plus 40% fringe benefits and office overhead = $41,236,
allocated according to Chart 1 Column B

This position would serve the four member communities of Conway, Deerfield, Sunderland and Whately. It would not serve Frontier Regional. A 20 hour per week HR professional would serve as “boots on the ground” support for all four towns, working directly with existing staff, and citizen boards and committees to develop model policies and tools such as performance evaluations, researching and sharing best practices, and providing on call guidance and advice on all HR issues. This professional would arrange for training and professional development opportunities and assist the communities in procuring benefits and services such as workers comp and unemployment claims administration. This position can be simultaneously responsive to town administrators, Select Boards and Personnel Committees.

Ideally, this position would be created after a full-time professional HR Manager has conducted the audit, guided the communities to update policies and bylaws and implemented the top priority items in the audit. This may not be a realistic option because of funding constraints, but if combined with another professional part-time position (for example, Benefits Coordinator or Treasurer), could be sustainable as a full-time job. A one-half time position that is elastic enough to take in or exit other communities in its partnership should make the position sustainable over time. The cost of salary plus in directs (fringe and host community overhead) would be apportioned by
number of employees per participant organization. The host community could be Deerfield or Whately.

3) **HR Manager circuit rider consultant — 2019 COST: $75/hour.** Following the completion of the Human Resources Audit, this is a third option that could be a creative way of providing ongoing support without making a commitment to permanent staffing. Participants could collectively contract with a human resource professional to serve on a consulting basis. This professional could work out of a home office, managing schedule and assignments as agreed. The communities could estimate an amount of work and execute an annual professional services contract outlining goals, timelines, milestones and billing cycles with quarterly or monthly fees established. The consultant would bill for services rendered and would not be a municipal employee or receive municipal benefits. Travel and supplies might be additionally contracted. Each community would provide a non-dedicated workspace when needed.

All staffing models require a commitment to guidance and direction provided by a steering committee comprised of a representative from each participating entity.

<table>
<thead>
<tr>
<th>Employer</th>
<th>HR Specialist/Generalist</th>
<th>HR Manager</th>
<th>HR Director for comparative purposes only</th>
<th>average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>low</td>
<td>high</td>
<td>low</td>
<td>high</td>
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<tr>
<td>City of Chicopee</td>
<td>$39,777</td>
<td>$52,941</td>
<td>$46,159</td>
<td>$43,701</td>
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<td>$45,750</td>
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<tr>
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<tr>
<td>Town of Hopkinton</td>
<td>$51,000</td>
<td>$68,000</td>
<td>$59,000</td>
<td>$55,300</td>
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<td>Linked In Springfield region*</td>
<td>$55,300</td>
<td>$55,300</td>
<td>$55,300</td>
<td>$67,300</td>
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<td>Associated Industries MA*</td>
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<td>$47,890</td>
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<td>$47,890</td>
<td>$45,322</td>
<td>$42,754</td>
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<tr>
<td>MEDIAN OF AVERAGE</td>
<td>$50,516</td>
<td>$67,300</td>
<td>$79,894</td>
<td></td>
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*private sector

**Summary of Findings and Recommendations:**
The participating entities have a defined need for professional human resources support. There are enough employees to justify a full-time position. The process of conducting a Human Resources Audit and implementing the top 3 or 4 recommendations for each entity, and revising personnel or town bylaws, will take two years for an experienced full-time human resources manager, supplemented by the existing support currently provided by town and district staff as needed.

Key to the recommendations for long-term staffing will be the School District’s decision whether to participate in a shared human resources department. If the District agrees to participate, ongoing full-time managerial level human resources professional staff is warranted and needed.

If the District decides not to participate, ongoing support could be provided by a ½ time hybrid human resources generalist/manager, combined with another professional position to create a full-time position, or be a standalone “circuit rider” style consultant.