

MINUTES
JOINT MEETING OF THE TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
&
TRANSYLVANIA COUNTY BOARD OF EDUCATION
March 29, 2011 – Brevard High School Auditorium

The Board of Commissioners of Transylvania County met jointly with the Transylvania County Board of Education on Tuesday, March 28, 2011 at 7:00 p.m. in the Brevard High School Auditorium. The purpose of the meeting was to review and discuss the potential FY 2012 budget for the Transylvania County School System.

Commissioners present were Larry Chapman, Jason Chappell, Chairman Mike Hawkins, and Vice-Chairman Kelvin Phillips. Commissioner Daryle Hogsed was absent. Also present were County Manager Artie Wilson, Finance Director Gay Poor, and Clerk to the Board Trisha Hogan.

Board of Education members present were Sue Fox, Vice-Chair Tawny McCoy, Sheila Norman, Cindy Petit, and Chairman Chris Whitmire. Also present were Superintendent Dr. Jeff McDaris, Business Director Norris Barger, and Executive Assistant Jenny Hunter.

Media: *Hendersonville Times News* – Leigh Kelley
The Transylvania Times – Mark Todd

There were approximately 100 people in the audience.

WELCOME/CALL TO ORDER/INTRODUCTION OF BOARD MEMBERS & STAFF

Chairman Whitmire presiding called the Board of Education meeting to order at 7:08 p.m. and welcomed everyone to the meeting. Chairman Whitmire introduced the members of the Board of Education and staff in attendance.

Chairman Mike Hawkins presiding called the Board of Commissioners' meeting to order at 7:10 p.m. and welcomed everyone to the meeting. Chairman Hawkins introduced the members of the Board of Commissioners and staff in attendance.

OVERVIEW OF THE FIRST PASS COUNTY BUDGET

Chairman Hawkins provided an overview of the County's projected budget for FY 2012. The Board of Commissioners held its first budget planning session on March 22, 2011. Commissioners' goal is to process the information from the planning workshops and information received at this meeting and direct County staff on what to include in a budget proposal.

Staff is projecting the tax base to remain flat. In the first pass of the budget, no tax increase has been included for the ensuing year and there is no difference in the level of support to the school system or for public safety. Also, there will be no pay increases for County employees and departmental budgets will remain essentially flat. Chairman Hawkins noted that these are all assumptions. Based on these assumptions, the County is expecting a \$1 million operating deficit which is expected to increase in the coming years.

There are ways to deal with the deficit and during the planning workshop Commissioners briefly discussed a few different approaches to dealing with deficit. These were:

1. Fund Balance – The County projects the fund balance as of June 30, 2011 to be \$8.3 million or 21% of the County’s \$40 million budget. Over the years, the County has maintained a policy of keeping the fund balance level at 20%. The Local Government Commission recommends 8%.
2. Reduction in services and other efficiencies – This is a valid approach and it is important for Commissioners to determine what services are important to the citizens of Transylvania County. Chairman Hawkins noted that only 8% of the County’s budget is truly discretionary. Commissioners can choose to eliminate these services if they so desire. A huge percentage of the 8%, which is approximately \$3 million, is in areas such as the County library and Parks and Recreation. These are items that most people feel are important.
3. Capital Reserves – The County can utilize monies that were side aside for capital projects. There is approximately \$2.6 million set aside for such projects. \$2 million of those funds are tied up in two projects: a new animal shelter and the renovation of the old Sheriff’s building to provide much needed office space for County and State offices.
4. Fees Increase/Revenue Increase – The County charges a number of fees for many different services and the County could consider raising some of those fees. Commissioners could also consider a property tax increase. Transylvania County currently has the twelfth lowest property tax rate in the State of North Carolina.
5. Combination of any of these items

Commissioners do not yet know what the final budget will look like. The County is facing a difficult situation and although the County has tools to deal with them, none of them are without pain.

CURRENT CONCERNS FACING THE BOARD OF EDUCATION

Superintendent Dr. Jeff McDaris pointed out the school system has been a good financial steward of taxpayer dollars and has produced good results. He briefly discussed the many accomplishments of Transylvania County Schools. In terms of efficiencies, Dr. McDaris reported that since 2009, the Board of Education has made well over \$1 million in budget cuts. Furthermore, there have been cuts to field trips and student activities, cuts to supplies and materials, increases to class size, three programs cut or eliminated, reductions in personnel by 25 employees in 3 years, reductions in transportation each year for over 5 years, reductions in energy costs, and extensions in the life of worn equipment. Dr. McDaris said that because of the current political and economic climate, the school system now faces a challenge that will affect the educational, cultural, historical, and economic legacy in Transylvania County over the next 150 years.

FY 2012 CURRENT EXPENSE (DIFFERENT SCENARIOS)

Dr. McDaris presented the following known changes to the FY 2012 current expense budget:

- Health Insurance – 7% = \$28,940
- Retirement Increase of 1.1% = \$47,803
- Title 1 Cuts (4 TA positions) = \$100,276
- ARRA Funding ends (15 teachers, 0.5 instructional support, 3 TA’s) = \$891,152
- IDEA VI funding loss (1 TA) = \$28,666
- Title IID Federal Technology (0.5 position)

Total = \$1,096,837; includes potential cut to 23 people

Further changes include:

- ADM Reduction (including 4 teachers, building level administration, instructional support, and Career Technical Education) = \$217,295; includes potential cut to 7 people
- Charter School Litigation = \$42,000
- Additional Litigation and Legislative issues anticipated

Total of known changes thus far, and not including additional State cuts = \$1,356,132; potential cut of 30 people

Dr. McDaris presented the proposed State cuts currently being discussed by the NC Legislature.

Governor's Proposed Budget – Cuts

- 15% cut to non-instructional support (includes custodians, secretaries, etc.)
- Textbooks, supplies and materials
- Instructional support (includes guidance counselors, librarian/media specialist, etc.)
- Potential cuts of NC State Technology Fund (includes monies for technology expenses)
- Transportation (includes bus drivers, fuel, etc.)
- School bus replacement
- Additional categorical (includes CTE teacher allotment, teacher assistants, building administrators, and central services)
- Advanced Placement (AP) Testing Assistance

Governor's Proposal = \$842,291 in total cuts; potential cut of 9 people

Department of Public Instruction

- 5% cut = \$933,625; includes cut of 42 people
- 10% cut = \$1,670,923; includes cut of 58 people

Joint Legislative Education Oversight Committee (JLEOC)

- Option A = \$2,369,749; includes cut of 40 people
- Option B = \$2,525,933; includes cut of 53 people
- Option C = \$2,912,327; includes cut of 70 people

By combining the known budget changes with potential State cuts, Transylvania County Schools could be facing any of the following scenarios:

- Known changes + Governor's Budget = job losses to 39 people
- Known changes + DPI 5% cut = job losses to 72 people
- Known changes + DPI 10% cut = job losses to 88 people
- Known changes + JLEOC Option A = job losses to 70 people
- Known changes + JLEOC Option B = job losses to 83 people
- Known changes + JLEOC Option C = job losses to 100 people

Despite the potential cuts, Dr. McDaris reported some good news about the budget.

- State Discretionary Reduction decrease = \$16,796
- Federal Edu-Jobs allotment = \$770,030 (held in reserves as a potential cushion for FY 2012)

This would reduce the deficit to the known budget changes to \$569,306 and save 15 teaching positions and thus altering the effects of the other potential cuts as follows (known changes, plus State cut options, and including Edu-Jobs/Discretionary Decrease):

- Governor's Budget = 24 people
- DPI 5% = 57 people
- DPI 10% = 73 people
- JLEOC Option A = 55 people
- JLEOC Option B = 68 people
- JLEOC Option C = 85 people

Dr. McDaris said it is not fair that the State continues to pass along costs to local county governments; however the school system must ask for help from the County. He noted that the State considers Transylvania County to be a wealthy county; therefore it receives no supplemental funding such as "low wealth" or "small school" funding that nearly all the other counties receive. Dr. McDaris also noted that the school system lost almost 100 students last year due to the lack of jobs for their parents in Transylvania County. He concluded by saying it is time for the State to start recognizing excellent school systems like Transylvania County and making sure they have the necessary funding to maintain those levels of excellence.

BOARD DISCUSSION/QUESTIONS

Chairman Hawkins commented about the uncertainty and magnitude of the issues the schools are facing. He inquired about headcounts and noted that all the potential cuts have been framed in terms of cuts to the headcount. He asked if there are other alternatives besides reduction in staff and wondered if there were other resources the Board could draw upon to help both the schools and County over the next couple of years. Dr. McDaris said staff has already worked on preparing a number of scenarios for dealing with the potential cuts in order to save employees. Staff has also consulted with other districts to find out what they are doing to deal with potential cuts. Some districts have eliminated all school athletics, club competitions, out-of-county competitions, and non-revenue sports. Some districts are also eliminating non-core classes such as career technical, arts, etc. Dr. McDaris expressed opposition to such measures because he believes these items help provide students with a well rounded education. Again he pointed out that staff is looking at a number of items to consider cutting or changing in order to protect employees. Some of those items include hub bus stops which can be unpopular, extending the life of furniture and equipment, etc.

Chairman Whitmire followed Dr. McDaris and stated that eliminating these items is draconian. He emphasized that what is done today matters for tomorrow. The schools have already realized efficiencies in preparation for what he said both entities knew was coming. He encouraged the public to contact their legislators concerning the State continuing to push school funding down to the local level.

Commissioner Chapman said everyone is concerned about education and preserving its excellence. However, he said the federal and State governments are broke. He believes the County is heading in the same direction and the Board of Commissioners has to figure out how to deal with this. He commented that over 2,300 families in Transylvania County are on food stamps, over 200 homes are in foreclosure, and unemployment is 9% or higher. This tells him that many citizens can not stand a tax increase so both Boards have to find a way to deal with these issues and determine what is wanted and expected of County government by its citizens. He stressed the importance of education but said that everything in this County is good and important to someone if it can be afforded. Commissioner Chapman said the Board needs to determine how to fund the priorities with the least amount of disruption to the schools, the citizens and the County. He concluded by saying that the County's budget is still unknown as well. As the elected officials of this County, he said the Board wants to do what the citizens want and try to make it the least painful for all.

Commissioner Chappell requested a copy of the presentation and asked when Commissioners should expect a budget request from the Board of Education. Dr. McDaris replied that the budget request would be submitted by the deadline of May 15 although there still may be some unknowns as it relates to the State budget. Chairman Hawkins said he would be more interested in a plan rather than a budget at this time to get a sense of the options that the schools are considering to deal with at least a portion of the potential cuts by the State. He believes it will be useful for the public and the County to get a better sense of the sorts of things the schools are being forced to consider. Chairman Hawkins said this would also be important because Commissioners need to direct County staff on their budgets as well.

Chairman Whitmire said one thing that complicates compiling that sort of information is the differences between the State's proposals and scenarios. He commented that unfortunately all the scenarios affect people. Chairman Whitmire said the Board of Education will do what is necessary to protect the classrooms and the future of the children which means protecting the educators that make all that possible. He believes it would be futile to provide such a plan as Chairman Hawkins requested until there are firmer numbers from the State, plus he believes this would create unnecessary fears about jobs.

Commissioner Chappell said it would also be helpful to understand the schools request for capital outlay. Dr. McDaris said the schools main focus is employees; however there are other areas of importance such as technology because the schools' goals are for its children is to be able to compete at the next level.

Chairman Hawkins inquired about lottery funds and as to whether or not there was flexibility in the use of those funds. Dr. McDaris said the lottery was established to provide school systems with more funds to take care of infrastructure. However, Transylvania County only receives a small amount of lottery funds compared to other districts. He reported that recently the Governor withheld lottery funds from counties. Furthermore, last year the legislature decided that lottery funds from last year only could be used for teacher salaries. He is unsure what the legislature will do this year. Chairman Whitmire noted that lottery funds can not be used for routine capital needs such as repairs and replacements. He believes it would not be prudent to count on lottery funds.

Commissioner Chapman asked how many of the 490 employees are actually classroom teachers and whether or not they were primary or assistant teachers. He believes that it is most important to retain teachers in the classroom. Dr. McDaris said he does not know how small counties can continue to make cuts. He reported that several cuts have been made already and the departments are lean. Dr. McDaris said the State likes to target teaching assistants but they are part of the reason Transylvania County Schools is so successful. He reported there are 134 elementary classroom teachers, 70 secondary classroom teachers, 47 other classroom teachers (CTE, arts, special education, etc.), 9 principals, 9 counselors, and various others across several areas, including over 100 teacher assistants, plus central office administration, office support, bus drivers, custodians, cafeteria workers, etc.

Chairman Whitmire inquired about where the County believes there is excess in the schools' budget. He said the departments are lean and many employees are performing multiple jobs. He also asked Commissioners to envision the future of Transylvania County Schools because decisions made today will impact the future. Commissioner Chapman said he is trying to lay the groundwork on how to deal with the cuts. He said the County can not make up the deficits presented under the different scenarios so he wants to understand what the impact will be. Commissioner Chapman commended the schools on all they have done so far in dealing with cuts over the previous years and said it is important to determine the best way to function with the least amount of impact on the students and citizens of this County.

Chairman Hawkins discussed the next steps to help both boards determine the best way to move forward. He said Commissioners need more clarification from the Board of Education over the coming weeks so that direction can be given to staff. Furthermore, if another joint meeting is needed, that can be scheduled. Mrs. McCoy said the Board of Education is in an awkward position because it is unaware of

the impact of the State budget. She said she understands the County's position because of what it faces too; however it is hard to give the Board of Commissioners answers at this point. They are struggling because of the position they find themselves in because they depend upon the State and the County for funding. She said it is not fair for the County to be forced to absorb the cuts made by the State.

Chairman Hawkins agreed saying it is relatively early on in this process; however the sooner both Boards can nail down some assumptions the better.

Commissioner Chappell commented that the Governor's budget is probably the best case scenario and is at least a starting point for budget purposes. He appreciated the position the Board of Education is in because they are dependent upon another entity for funding. He asked how the Board of Education would respond to each scenario and the dollar amount it would be asking from the Board of Commissioners to make up the difference.

Commissioner Chapman said that the County has prepared its first pass of the budget with the assumption that the school system's budget would be flat. If the amount increases, it will have an impact on the County's operational budget. Dr. McDaris pointed out that both Boards have always had a tremendous partnership. That can be seen through the County's willing to provide School Resource Officers and Public Health Nurses in the schools and funding of the Child Nutrition program. He said he does not want the budget issues to ever turn into an "us vs. County employees" situation because there is a mutual respect and need for one another.

Chairman Whitmire inquired about how much of a tax increase would actually impact citizens. He believes it would impact citizens less than what has been communicated at this meeting. For example, a tax increase for someone with a home under \$200,000 would be impacted by \$8 per month and of course, the more expensive homes would bring in more tax dollars. He commented that most of the people who own the more expensive homes in the County are not full time residents and do not pay sales taxes on a regular basis. Chairman Whitmire reiterated Dr. McDaris' comments that it is not the intent of the Board of Education to pit County employees against school employees.

Mrs. McCoy said she wants the Board of Commissioners to understand the Board of Education's passion for the students, teachers, staff and administrators. She understands there are many in the County who are hurting; but she said it carries over to the school system so students are hurting too.

Mrs. Petit noted that everyone has had to cut back over the last couple of years. She said she looks forward to continuing work with the County to achieve the goal of protecting students and personnel.

Mrs. Norman emphasized the tough budget year the schools are facing. She pointed out that Transylvania County Schools do not qualify for funding sources that other districts do. She commented that the new leadership in Raleigh does not understand the way Transylvania County functions and they think Transylvania County can absorb the same cuts as larger school districts. Mrs. Norman said the State has forgotten about its responsibility because education is an investment in the future of this country. She believes the State legislators are making decisions that are frightening and leaving children in a vulnerable position. Lastly, she said it is not fair for the State to keep pushing funding down to the local level because the number one focus should be education.

Mrs. Fox noted that the majority of both Boards are alumni of Transylvania County Schools and that she knows that each and every Board member takes pride in this County and the school system. Mrs. Fox thanked the Board of Commissioners for all they do and for its commitment to Transylvania County.

Commissioner Chapman responded to earlier comments made by Chairman Whitmire. He said Transylvania County is seeing the results of mismanagement in Raleigh over the past several years. However the citizens sent a message in the recent election in terms of what they want and expect from

their governments. He said Commissioners have hard choices to make and can not solve all of its problems by increasing taxes and regulations. Commissioner Chapman encouraged everyone to contact their representatives in Raleigh about their concerns over education.

Commissioner Phillips commented about the inequitable distribution of funds from the State and said it would be in everyone's best interest for the State to become a partner with boards of commissioners and boards of education. He commended the Board of Education for making the necessary cuts up until this point; however he believes this budget is going to come down to making cuts that hurt the least. Although many of the new legislators in Raleigh have been former commissioners and members of boards of education and are supportive of education, they are in a position of having to reduce the overall deficit or future years will be worse. Commissioner Phillips said he is looking forward to continued work with the Board of Education to achieve the best possible outcome.

Commissioner Chappell thanked everyone for coming out and participating in this process. He encouraged members of the audience to contact their elected officials and express their thoughts and concerns. He noted that the Board of Commissioners will be asking lots of questions over the next couple of months and he hopes the Board of Education will be open to providing the requested information in order to assist the Board of Commissioners in making the very best decisions for the County. Commissioner Chappell said although this is a very difficult budget year, he and the rest of the Board will continue to be partners with the Board of Education. Mrs. Norman responded and urged both Boards to share the necessary information with each other.

PUBLIC COMMENT

Meredith Licht: Ms. Licht is a teacher at Brevard High School and mother of two students enrolled in Transylvania County Schools. She said the future of Transylvania County rests with the Board of Commissioners' decisions and urged Commissioners to keep the schools a top priority. Ms. Licht said teacher losses would be devastating to the County because the schools are one of the top employers in the County and even more devastating to the classrooms. Ms. Licht urged the Board of Commissioners to set up a special account for funds collected through sales taxes specifically for capital outlay for the schools. Then the Board of Education would only have to request operating costs from the County. Furthermore, she urged the Board of Commissioners to draft a resolution to the State in favor of continuing the current 1 cent sales tax.

Gerry Hunsicker: Mr. Hunsicker reported that his family moved to Transylvania County because of the quality of the school system. He said the teachers here love what they do and have performed miracles in the classroom even with increased regulations and new challenges. Mr. Hunsicker said the education of youth is important to the future of Transylvania County.

David Williams: Mr. Williams is the Principal of Brevard Middle School and a resident of Cedar Mountain. He commented on remarks made by members of both Boards. He said the difficulties started years ago with families leaving the County to find jobs. Furthermore, he has witnessed children coming to school stressed because of the hardships facing their families. Mr. Williams said the residents of Transylvania County are very giving and very strong and are willing to share in the pain if it helps future generations.

Rhi Matson: Ms. Matson is a teacher at Brevard Middle School. She discussed some of the exciting things going on in her classroom and emphasized that cuts in the classroom will not be cuts to "extras" because the schools have already made extreme cuts. She said she operates her classroom with the bare minimum and the only other places to cut are teachers. Ms. Matson said continued cuts will have negative impacts on the students' education.

Suzanne Barrett: Ms. Barrett is a retired resident of the City of Brevard. She said she would be willing to pay more taxes in order to protect the schools.

Dick Ream: Mr. Ream is a school bus driver and he spoke in support of school support staff saying they are also a vital part of the school system. He said many of these staff (bus drivers, custodians, cafeteria workers, etc.) is the first and last people students see everyday. He encouraged the Board of Commissioners to support these staff as well.

Jane Fuller: Ms. Fuller is a high school math teacher. She said as a parent and a teacher she is fiscally conservative; however she noted that the school departments are operating on lean budgets and many staff has taken on more responsibilities. She does not know where further cuts will come from and emphasized the importance of the teachers and teacher assistants to education and to Transylvania County.

ADJOURNMENT

Chairman Hawkins thanked everyone for their comments and thanked the Board of Education for this meeting. He said the Board of Commissioners will digest the information received at this meeting and will be in further contact with the Board of Education over the coming weeks.

There being no further business to come before the Board, **Commissioner Chappell moved to adjourn, seconded by Commissioner Phillips and unanimously carried.** The meeting adjourned at 9:27 p.m.

Chairman Whitmire commended everyone for attending the meeting. He thanked the Board of Commissioners for approaching this process in a team effort. He emphasized that the priorities of the Board of Education are to protect the classroom and said if some of the issues are not addressed now, they will cost a great deal more in the future. He hopes the Board of Education will have more concrete information to provide to the County in the near future or by the next joint meeting. He concluded by saying the Board of Education will continue to maximize the use of funding from all its sources.

There being no further business to come before the Board, **Sheila Norman moved to adjourn the meeting, seconded by Tawny McCoy and unanimously carried.** The meeting adjourned at 9:30 p.m.

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan
Clerk to the Board