

**MINUTES
JOINT MEETING
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
&
TRANSYLVANIA COUNTY BOARD OF EDUCATION
May 12, 2011 – Transylvania County Library, Rogow Room**

The Board of Commissioners of Transylvania County met jointly with the Transylvania County Board of Education on Tuesday, May 12, 2011 at 6:30 p.m. in the Rogow Room at the Transylvania County Library. 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, Daryle Hogsed and Vice-Chairman Kelvin Phillips. 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 500+ 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 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/COMMENTS

Chairman Hawkins discussed the complexities of County funding, explaining that while education is of paramount importance, it is not the only need competing for local funding. He gave a presentation showing that the County's State ranking in terms of total funding/ADM increased from 11th to 6th over the last 10 years (includes funding for current expense, capital outlay and debt service), while the 10-year ranking for current expense/ADM increased from 17th to 5th in the State. During that time period funding per student has increased from \$2,200 per student to \$3,600 per student. He stated that total County appropriation for the School System in FY 2010-2011 was 32.5% of the total County budget. Chairman Hawkins stated that Commissioners had asked County departments to find efficiencies in order to have a flat budget for FY 2012, in keeping with the County's goal of not having to raise property taxes. Department Heads identified several hundred thousand dollars that could be cut from next year's operating expenses. However, that still left a \$1 million deficit for the County's first pass of the budget. This deficit is projected to rise to \$1.9 million in FY 2013. County departments and staff continued to review their budgets and could potentially reduce their budgets by another \$430,000. Chairman Hawkins identified four possible solutions to solving the deficit, as follows:

1. Fund Balance – Chairman Hawkins reported that county governments must maintain at least 8% of their total budget in fund balance. Transylvania County’s current fund balance of \$9.3 million represents 21% of its total budget. Chairman Hawkins reported that Commissioners have traditionally tried to keep a 20% fund balance on hand for emergencies or unexpected expenses. He stated that using the fund balance is a short-term solution that would do nothing to fix the underlying problem.
2. Capital Reserves – Approximately \$2 million is reserved for specific building projects. A new animal shelter and the renovation of the old Sheriff’s building and old Library for office space are the two biggest projects within this category.
3. Raise taxes and fees. The current tax rate is 39 cents. There are a number of services for which the County charges fees.
4. Additional efficiencies and/or cuts. This is always the best option but at this time is problematic for the County.

Chairman Hawkins reported that the County had conducted a 10-year analysis of how it spends its resources. The study showed that total County spending increased 10.7% (adjusted for inflation) from 2001 to 2010. The majority of the spending went toward public safety, education and capital. Removing these three components from the equation reflected an 8.5% decrease over 10 years. In other words, County government is operating on 8.5% less in real dollars than it did 10 years ago. Chairman Hawkins suggested that this trend is not sustainable if the County intends to continue depending on efficiencies as a strategy to solve the problem. He expressed his hope that the County could do more than just get by for the next two years, and urged Commissioners to take the necessary steps to begin addressing the infrastructure problems, facilities needs, and economic development issues that the County and School System face now and for the future.

FY 2012 EDUCATION REQUEST

Chairman Whitmire introduced the members of the Board of Education and staff in attendance.

Dr. McDaris reported that Transylvania County Schools has cut \$1.6 million from their budget over three years. Those cuts included field trips, activities, transportation, supplies and materials, computers, and increased class sizes. Transylvania County Schools also eliminated four programs, reduced one program, reduced personnel by 25 employees in the last three years, reduced energy costs and lawn maintenance, etc.

Dr. McDaris reported on the known budget changes for FY 2012:

- Health Insurance – 4.7% increase = \$18,196
- Retirement increase of 1.1% = \$47,803
- Title 1 cuts – 4 TA positions = \$150,811
- ARRA Funding ends = 15 teachers, 0.5 instructional support, 3 TA’s = \$891,152
- IDEA VI funding loss – 1 TA = \$28,666

TOTAL = \$1,136,628 (Includes potential cut to 25 people)

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

TOTAL = \$1,395,923 (Includes potential cut of 32 people, not including additional State cuts)

- 9.4% cut as proposed by the NC House of Representatives – job losses to 38 people = \$1,573,141

The Senate Budget has increased some of the funding back. Also the School System expects some revenues lowering the potential reductions from \$1,395,923 to \$609,097, saving 15 teaching positions. With the known changes, the House Budget options, and including EduJobs and the discretionary decrease, the potential loss in State funding could be \$2,182,238, a loss of 55 people.

Dr. McDaris reviewed the potential options available to make up for the shortfall. Those options could come in the form of an increase in the State allocation, an increase in the local government allocation, make severe cuts and use a portion of the fund balance, or a combination of any of these items.

Dr. McDaris offered some figures comparing Transylvania County with surrounding counties. Overall, the comparisons indicate that surrounding counties have more jobs, higher taxes, yet lower school performance than Transylvania County.

The estimated budget shortfall for FY 2011-2012 is \$2.2 million and growing depending on the Senate's Budget. Dr. McDaris gave a reminder that \$770,000 in the budget this year which came from stimulus funds will not be available for next year. There are also liabilities with potential reversions to the State, losses due to charter school legislation, additional federal and State cuts, legal fees, emergencies and operational liabilities totaling \$1.3 million.

Funding sources include:

- Lottery Balance – estimated balance as of 6/30/2011 = \$900,896
- Undesignated Fund Balance – Local Current Expense = \$1,433,232
- Unused Capital Reserve = \$519,320

Dr. McDaris presented Transylvania County Schools' budget request as follows:

- Capital funding equal to current year (1,046,963)
- Request \$200,000 of this to be moved to current expense
- Use allowable percentage of lottery funding for jobs (\$131,581)
- Use another \$200,000 of current lottery balance to offset capital loss
- Use \$200,000 (14%) of undesignated fund balance
- Request increase in local current expense (not including capital conversion) of \$1,650,657

In summary, the Board of Education's request includes a total local current expense appropriation of \$11,057,040, an increase of \$1,850,657 from FY 2011, and a capital outlay appropriation of \$846,963, a decrease of \$200,000 from FY 2011.

BOARD DISCUSSION/QUESTIONS

Chairman Hawkins gave a reminder that the purpose of the meeting was for discussion and information sharing only. No actions or decisions would be made. He opened the floor for questions.

Commissioner Chappell asked whether the \$1.6 million increase includes \$100,000 for Child Nutrition. Dr. McDaris responded that it does. Commissioner Chappell asked how the Board of Education plans to cover the EduJobs amount, which will not be available for FY 2013. Dr. McDaris reported that the difference could hopefully be made up through retirements and attrition. He clarified that the Board of Education is not saying it wants to cut sports and extra-curricular programs. Although to do so would save approximately \$340,000, the loss in dividends for children would be immeasurable.

Commissioner Chapman expressed appreciation for the large turnout and thanked everyone for their emails to Commissioners. Noting the large number of students in attendance, he commented that he hoped they would learn a lesson from the meeting, namely that there comes a point when entities can no longer spend more than it takes in. He stated that implementing a local tax increase in the current recession would severely impact the County's hardest hit citizens. He noted that 230 homes are in foreclosure, 2,400 families are receiving food stamps, and the unemployment rate is at 9%. He feels that the November election sent a message that governments cannot continue spending and taxing. He questioned whether the issue at hand is a revenue problem or a spending problem, and reiterated that in his opinion, the budget deficit cannot be resolved by raising taxes.

Commissioner Chappell asked about the lottery funds and whether the Board of Education would use this year's allotment to help cover salaries. Dr. McDaris reported that the Board of Education would, but believes it is risky to count on the lottery allotment for salaries because the State can delay disbursement until June 30 or beyond. Chairman Whitmire pointed out that lottery funds are sorely needed as an emergency capital fund. Citing the broken chiller at Pisgah Forest Elementary School and the advanced age of the mechanical systems in all schools, he emphasized that one large emergency repair can deplete what has taken years to accumulate. Adding to that the fact that the School System had to pay \$120,000 to Brevard Academy due to the Sugar Creek lawsuit, and the likelihood of losing even more to charter schools thanks to Senate Bill 8, the Board of Education may have even less ability to address urgent needs.

Commissioner Chapman asked what criteria would be used in the event the School System had to reduce staff. Dr. McDaris explained that the employees are funded from a combination of State, federal and local monies, and no category of funding would be protected should cuts become necessary. The major impact of staff reductions would likely be teacher assistants in the second and third grades. Chairman Whitmire reported that the State is rather foolishly attempting to set the criteria for furloughs rather than leave that decision to the local schools.

PUBLIC COMMENT

Chairman Hawkins opened the floor for public comment. Due to the large number of people who signed up, speakers were directed to keep comments to three minutes. Chairman Hawkins asked the audience to control their responses and be respectful of everyone.

1. Meredith Licht: Ms. Licht is a teacher. She stated that schools have reached a tipping point where nothing more can be cut without significant impact to the classroom. She reported that Transylvania County's School System attracts families, which in turn bring in doctors, business owners, and other professionals to the County. Without a sound, quality public school system, those professionals will eventually begin to leave, resulting in a declining County. She urged Commissioners to raise taxes and fees in order to support education. She stated that it may be hard to pay more taxes, but it would be even harder to witness what would happen to the children and the County without it.
2. Gerry Hunsicker: Mr. Hunsicker addressed Commissioner Chapman's comments about voter mandates, saying that the mandate was targeted at curbing wasteful spending at the State level, not at lean, top-achieving school systems like Transylvania County's. He stated that industry has gone and many businesses have cut back due to reduced work. However, the School System does not have reduced work and has already implemented much efficiency. He cautioned against chasing away the remaining County residents by letting the School System decline. He expressed support for a five-cents tax increase designated for the Transylvania County School System.

3. Robert Porter: Mr. Porter stated that he and many others would be willing to pay more taxes to help the School System. He warned that if not now, it will be later with the loss of revenues from families moving away, and with increased dropouts, drugs and crime. He also predicted more students would return to live and work in the County if the School System remains strong.
4. Dr. Tim Shea: Dr. Shea stated that he and his family moved to Transylvania County 13 years ago due to the quality of the public schools. He believes that the Board of Education has stepped up and made cuts and dipped into their reserves. He urged Commissioners to do the same.
5. Debbie Holden: Ms. Holden expressed disappointment with Commissioners' decision to cut the New Adventure Learning infant program. She stated that as a mother of six, she feels that cutting extracurricular activities and teacher assistants would be a terrible mistake. She stated that she would be willing to pay extra taxes for schools.
6. Sarah Kane: Ms. Kane reported that her family moved to Transylvania County 12 years ago for the excellent schools. She feels that Transylvania County Schools are superior to any others in the region and should be preserved. She encouraged Commissioners to visit classrooms to see for themselves how hard teachers and teacher assistants work. Ms. Kane challenged them to take this opportunity to do what is right and change the course of history. She stated that her husband is unemployed, yet she would still support a tax increase.
7. Carol Weeks: Ms. Weeks is a teacher. She stated that she too moved here for the quality schools. As a taxpayer and single parent, she stated she would be willing to pay extra taxes in order to continue in the same manner that drew her here. She questioned why anyone would exacerbate the County's economic problem by causing even more families to move away in search of better programs that will meet the needs and expectations of these families.
8. Patrick Miller: Mr. Miller said the School System has been able to achieve a lot with modest tax rates and he believes a tax increase is unavoidable. Without a tax increase, unemployment will increase and there will be a loss of talent. Children unable to participate in sports will transfer to other school systems or drop out. The County will no longer be able to use the School System as an attraction for families to move here. He urged the leadership of the County to support the School System which he feels is also a great way to celebrate the 150th anniversary of this County.
9. Aaron Neumann: Mr. Neumann is a student. He stated that he has been working hard since the third grade in hopes of playing middle school sports. He said he would be very disappointed not to play next year for his school.
10. Paul Folkomer: Mr. Folkomer is a business owner. He reported that he and his family moved here primarily for the schools. He commented that he can tell the schools are underfunded just by looking at the crumbling parking lot at Brevard High School. Mr. Folkomer was alarmed to learn that the budget for the School System could be trimmed even more. He understands that Commissioners are reacting to downturns in the economy that are beyond their control; however he feels they were elected to lead and not simply to react. He urged Commissioners to react by raising the tax rate to show the children of this County are worth it and funding education now.
11. Betty Scruggs: Ms. Scruggs is a retired teacher. She asked Commissioners to think about positional leadership versus influential leadership. Ms. Scruggs advocated strongly for the School System noting that they have been cutting their budgets continuously over a number of years. She urged Commissioners to stand up and make a difference by exhibiting true, influential leadership.

12. Heidi Bullock: Ms. Bullock is a teacher. She read a quote from one of the Founding Fathers Thomas Paine and said the School System cannot go back and educate children retroactively once the economy improves. She urged Commissioners to craft the leanest budgets possible without hurting the needs of the children.
13. Tami Forte Moss: Ms. Moss addressed an earlier comment about how people are struggling. She stated that people were struggling with their finances long before the current economic recession. Yet it is those people who recognize that they can lift their children from poverty through education. She said people will do whatever it takes, even those who do not have the means.
14. Kaitlyn McCreery: Ms. McCreery is a student and she spoke about her passion for sports and the discipline and hard work she learned through public schools. She urged the County to step up and make a difference.
15. Susan Burger: Ms. Burger asked how cutting arts programs can be considered in a community renowned worldwide for musical excellence. She stated that the School System needs to be a home for students to become all that they can be. She encouraged a property tax increase that would be designated exclusively for schools. She also recommended that County tax bills be changed to show a breakdown of where each dollar goes.
16. John Waldo: Mr. Waldo is retired. Mr. Waldo asked everyone to make a distinction between being elected and holding office. He stated that being an elected official takes courage and wisdom and also the knowledge that one is no longer campaigning. He said the job of a Commissioner is not to keep his job, but to work to keep everyone together.
17. David Siniard: Mr. Siniard is a teacher. He spoke about the importance of mentoring the community's youth. He stated that it is time to stop cutting budgets and add a cent or two to the tax rate to save the children.
18. Bob Shoemaker: Mr. Shoemaker is a teacher. Mr. Shoemaker gave an analogy comparing a father's responsibility as the head of the household to provide for his family to the Commissioners' responsibility as elected leaders of the County to provide for the community. He stated that the County is facing a crisis not of its making and too many children in the County are going without. He urged Commissioners to raise taxes for the benefit of the children.
19. Stan Smith: Mr. Smith is retired. He said the School System is excellent and does not deserve to undertake major cuts, however in view of the declining enrollment, some adjustments may be necessary. He suggested finding out why parents are going to charter, home, religious and private schools and what can be done to bring them back to public schools. Mr. Smith stated that what is required is a measure of shared pain by the County, the School System and the taxpayers and he urged the County to do the right thing.
20. April McNeely: Ms. McNeely is a business owner and has children in the School System. She said she does not want teachers to lose their jobs; however she does not believe a tax increase is the answer. She sees jobs as the primary need facing the County and the ultimate solution to keeping education strong. She urged the County to offer tax exemptions or other incentives to recruit businesses to this area. She feels that raising taxes will hurt small businesses and cause more jobs to be lost.
21. Mason Sexton: Mr. Sexton is a home school parent and advocate. He offered several statistics about the County and School budgets, per capita income, private sector jobs, home-schooled

students versus public school children, etc. He objects to the fact that his children must enroll in the public school system in order to participate in their extracurricular activities. He estimated that a five-cent increase in taxes would take millions of dollars out of the economy. He stated that he works 60 hours per week, pays \$5,000 in insurance deductibles, and expects no less from those whose salaries he funds.

22. John Huggins, Jr.: Mr. Huggins stated that the County has a management problem. He feels that the County's recreation study was ignored, and that the County's sport facilities fall short when compared to surrounding counties. He said the County should put a hold on several projects and use the monies to fund education. He stated that the School System allowed a 37-year old chiller to break down due to lack of maintenance. He said he is tired of all the theatrics and suggested establishing a donation program at a local bank for those who want to contribute more to public schools rather than increasing the tax rate on all citizens.
23. Mick Davis: Mr. Davis recommended looking at ways to get more federal funds for education. He listed some ideas such as logging in the national forests, ginseng permits, highway tolls, or allowing private homes to be built on the Blue Ridge Parkway.
24. Tommy Wakefield: Mr. Wakefield is a student. He spoke about the importance of sports programs and urged no cuts to athletics. He hopes all options will be considered before sports programs are cut. He said if all the extra-curricular activities are cut, Brevard High School will become Brevard Learning Center.
25. Dick Ream: Mr. Ream is a school bus driver and business owner. He spoke about the vital roles of support staff, such as bus drivers, custodians, secretaries, etc. He urged no cuts to these positions.
26. Dianne McKinney: Ms. McKinney reported that she had started a petition expressing opposition to potential cuts. She stated that if the Board of Education cuts sports, her family will leave the County. She stated that kids are more important than anything else in this County.
27. Bob Baldwin: Mr. Baldwin is the track and cross country coach. He reported that winning is a tradition for his teams. He predicted that the County will lose its best athletes to other districts if their sports programs are cut. He stated that coaches teach kids not to give up. He hopes that County will not give up on the School System.
28. Mike Moore: Mr. Moore stated that neither the County or the School System can continue to borrow their way out of debt. He questioned the School System's recent purchase of a heavy duty school bus wrecker. Dr. McDaris explained that the new wrecker was provided free of charge by the Department of Transportation, and not purchased by the School System. Mr. Moore responded that nothing is free and even though the equipment was given to them by the State, it still costs taxpayers.
29. Jessica Porter: Ms. Porter is a student and she spoke in favor of school athletic programs. A loss of athletic programs would result in further loss of students.
30. Andy Von Cannon: Mr. Von Cannon is a teacher and stated that one rationale given for the County not meeting the funding gap is that people cannot find work or pay more taxes. He reported that he has taken on a second job as a landscaper and has seen high demand and booming business. He stated that Transylvania County Schools are fiscally responsible and will do well with taxpayer dollars.

31. Rebekah Huggins: Ms. Huggins is a retired teacher. She said the State budget is a self-inflicted wound that had more to do with political promises than with the needs of the State. She urged everyone to contact their elected officials about extending the one-cent sales tax to pay for education. She said the Republican leaders are throwing education under the bus and she hoped that local leaders would not do that here.
32. Kelly Nicholson: Ms. Nicholson is a coach. She warned that by not investing in athletics that denies students leadership skills, love and encouragement that many do not get at home. She stated that the County has lost sight of its full-time residents and focuses too much on part-time residents and tourism. She would like to see more local money directed toward education.
33. Marty Griffin: Mr. Griffin is a retired teacher. He asked Commissioners, as products of the local School System, why they would not want to ensure that their children and grandchildren had the same opportunities and same great leadership as they themselves had.

ADJOURNMENT

Ms. Fox stated that as career educators, she and her husband have shared the philosophy that academics, athletics and the arts all work together to help children become the best that they can be. She stated that the Transylvania County School System is one of the best because of that same philosophy and also because of its team approach to education. She cautioned that cutbacks may save money today, but they will cost everyone in years to come. She believes that the teacher assistant cuts that are being pushed by State legislators are insulting and a travesty. Ms. Fox stressed that teacher assistants are invaluable to the classroom and that every single one is sorely needed.

Ms. Norman urged Commissioners to set aside campaign rhetoric and realize their responsibility to current and future generations. She noted that only a few of the evenings' speakers had opposed a tax increase. She asked Commissioners to remember that they are all products of the public school system and to provide the means for today's youth to have the same opportunities that they themselves had. Ms. Norman urged Commissioners to listen to the voices that spoke this evening, set aside party stances, and be human, rather than politically expedient.

Ms. Petit said she is proud of the Transylvania County Schools' teachers and staff, and pledged that the Board of Education will fight for them until the end. She stated that the School System's budget list represents true needs, not wants, and although it is difficult to prioritize band-aids, the Board of Education has done its best with what it has. She expressed confidence that the two Boards can work together to do what is right for the School System and the children.

Ms. McCoy thanked Commissioners for their support over the years, and stated that while the current budget crisis is not their fault, they are the only funding sources to whom the Board of Education can appeal for help.

Dr. McDaris stated that everyone should be proud of the local government, the School System and teachers. He gave a reminder that public schools do not get to choose who they take in. The public school system takes in all students, from the best and brightest, to those with profound needs, and does whatever it takes to move them forward successfully. He stated that Transylvania County Schools is transparent in all of its reporting and represents the very best in American democracy.

Chairman Whitmire thanked Commissioners for patiently listening to the speakers. He emphasized that the Board of Education's funding dilemma is critical and very real and they need help from the County. He observed that over the last 10 days, nearly 800 people have come out and expressed their feelings regarding

the legitimacy of the School System's needs, and the vast majority of them stated clearly that the Transylvania County School System is worthy of a sustainable investment. He urged everyone to base their decisions on the facts for Transylvania County Schools and not on generalizations about public education as a whole. He concluded by saying that Transylvania County Schools are doing the right thing and needs and deserves a sustainable fix.

Ms. McCoy moved to adjourn the Board of Education meeting at 10:25 p.m., seconded by Ms. Norman and unanimously carried.

Commissioner Chappell offered some clarification on some items for which he felt unfairly criticized. In particular a petition which erroneously stated that Commissioners had voted to do away with extracurricular activities and sports. He said he and many others have been fighting for education for a long time. Furthermore, he wants his daughter to have the same opportunities that he had. He said he understands the importance of teacher assistants as well. He concluded by saying that everyone is in this together.

Commissioner Chapman expressed offense at insinuating that decisions are made based on party politics. He stated that his decisions will be based on what he feels is important for the majority of citizens in this County. He knows that the School System is important and any decisions he makes will be as a Commissioner, not a politician.

Commissioner Hogsed thanked everyone for their comments, opinions and attendance. He also thanked everyone who had sent emails and gave assurance that he had read every single one.

Commissioner Phillips stated that the speakers and the Board of Education have clearly demonstrated what is important to them. He gave special thanks to the students who spoke so passionately for their schools. He asked everyone to pray for wisdom and guidance for Commissioners as they make decisions for the County. He thanked everyone for their calls, emails and input.

Chairman Hawkins echoed the previous comments and expressed appreciation to the Board of Education and staff for all their hard work. He pledged that Commissioners would work with the Board of Education.

Commissioner Phillips moved to adjourn the Board of Commissioners' meeting at 10:30 p.m., seconded by Commissioner Chapman and unanimously carried.

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board