

MINUTES

**STATE OF NORTH CAROLINA
COUNTY OF HENDERSON**

**BOARD OF COMMISSIONERS
TUESDAY, JUNE 7, 2011**

The Henderson County Board of Commissioners met for a continuation of the June 6, 2011 regularly scheduled meeting at 5:00 p.m. in the Commissioner's Meeting Room of the Henderson County Historic Courthouse on Main Street, Hendersonville.

Those present were: Chairman Michael Edney, Vice-Chairman Tommy Thompson, Commissioner Bill O'Connor, Commissioner Larry Young, Commissioner Charlie Messer, County Manager Steve Wyatt, Attorney Russ Burrell, and Clerk to the Board Teresa Wilson.

Also present were: Finance Director J. Carey McLelland, Planning Director Anthony Starr, Engineer Marcus Jones, Research/Budget Analyst Amy Brantley, PIO Christy DeStefano, Code Enforcement Director Toby Linville, Public Health Director Tom Bridges, Assistant Engineer Natalie Berry, Building Services Director Tom Stauffer, Environmental Health Supervisor Seth Swift, Hr Director Jan Prichard, Recreation Director Tim Hopkin, Lieutenant Vanessa Gilbert and Sheriff Rick Davis.

Absent was: Assistant County Manager Selena Coffey

CALL TO ORDER

Chairman Edney called the meeting back to order and welcomed all in attendance. He noted the meeting was continued in order to further discuss the budget.

FY 2011-2012 BUDGET

County Manager Steve Wyatt stated, based on discussion from the previous night, the two outstanding issues are the school's budget and the fee schedule.

Henderson County Public Schools

Mr. Wyatt stated the following concerns noted by the Commissioners at the previous evening:

- The overall budget for the schools remains at \$29,129,196 (operational, capital, maintenance, repair, and debt service)
- Increase the local supplements by 2% for teachers, teacher assistants, principals and assistant principals.
- Teacher assistants employment days remain at 215
- Funding for capital expense maintenance and expense raised to \$2 million

Commissioner O'Connor stated the concern is focus on the classroom. Teachers are the most important thing. He feels evaluations of teachers should be tightened. Mr. O'Connor also felt that it was important to designate more to maintenance and repair.

Superintendent David Jones agreed with the assessment. He felt the challenge or task is to increase the supplement within the reduced budget, a cut of \$1.5 million. Of the \$20 million received from the county, 20% of their total budget, almost \$14 million is for employees and benefits. All support staff and cleaning supplies come out of the local budget also. The decision they must now make is where to take the \$1.5 million cut from. Henderson County is one of the leanest school districts in North Carolina. It will difficult for the school to take a 7.5% cut along with designated additions.

APPROVED: July 20, 2011

Commissioner O'Connor noted the \$3.315 million contingency fund at the end of the budget.

Mr. Jones stated as planned, it will be used in the next two years to compensate for the reductions.

Chief Finance Officer Kerry Shannon explained the contingency is not a normal item. It was made up of the federal stimulus funds which go away next year. Next year the school board will not be able to generate local savings through state funds.

Mr. Jones noted it was a school district decision, when the federal dollars came down, not to spend them. It was put away for this rainy day.

Commissioner O'Connor requested that any reference to federal or state monies should not be included in this discussion as the Commissioners have no control over these agencies. There are three income sources coming into the school system. Some funds are earmarked for specific purposes. The County can only deal with local funds and focus primarily on the classrooms. Mr. O'Connor stated he had not seen any document where the \$3.315 million contingency funds were not included.

Mr. Jones expressed that they do not want to lay people off. As reductions are being made or attrition occurs with positions that are not filled, they are looking to see where people can be moved.

Ms. Shannon explained that the 2% supplement increase would amount to \$1.1 million. ARRA funds (which go away next year) have been used to fund sixty-six positions. These folks were hired with temporary contracts. They knew when the money went away, so would their jobs. There are approximately sixty-six teaching positions normally funded in the local budget, and by using the ARRA funds and ABC transfer capability, for two (2) years, they were able to save local dollars due to the flexibility of moving positions around making use of the fact that some of the positions are funded at below the state-wide average. Their general fund (emergency) is at \$1.8 million.

Chairman Ervin Bazzle stated with the 7.5% reduction, designation of 2% supplement increase and \$1 million to maintenance, this will be a people cut. He feels it is wrong for the Commissioners to place specifications on the budget which places a burden where it shouldn't be. He urged the Board not to earmark and part of the budget. Mr. Bazzle would keep jobs over raises.

Commissioner O'Connor expressed that the Board of Commissioners is looking at something other than just this year's budget. Long-range planning is necessary as next year may be worse. If we try to get through this year without taking a hit, and next year turns out to be worse, it will snowball to where it is almost non-survivable without massive cuts. When looking into maintenance, attempt to do as much inside without hiring outside services. To realistically be at revenue, the county would have to ask for an 8.6% reduction. Mr. O'Connor encouraged the school system to look at cuts of hardware, software, and services first before doing anything about people.

Ms. Shannon stated there are approximately 1800 full-time employees, and approximately 980 are teachers.

Chairman Edney questioned with the 7.5% reduction, where the cuts would be.

Mr. Jones responded they did look at cutting or reducing the supplement, furloughs, fund balance, cutting programs, cutting people, etc. The three main guidelines they are looking at is the least impact on the classroom, what the long range impact will be, and share the pain.

Chairman Edney asked how the teacher assistants could be protected from losing the 15 days per year.

Mr. Jones explained with the budget as it is, the teacher assistants will have 5 instructional days, which will be 205 working days as opposed to 215 days.

Chairman Edney asked how many positions were lost or cut within the last 3 years.

Mr. Jones stated that twenty-seven (27) teaching positions were cut either last year or the year before. He feels the total is in the vicinity of 50-60 over the years.

Commissioner Thompson asked how many teaching positions were paid by county funding.

Mr. Jones responded that approximately 65 are local. The state of North Carolina gives every school system its budget and in it they revert funding. This year and the two prior years, the school system has had to revert \$2.8 million. The latest shifting of numbers will put them in the \$4 million range that must be reverted back to the state. Even with attrition loss you are impacted.

Commissioner Thompson asked if all one-hundred (100) county school systems were paid a supplement.

Mr. Jones responded some pay a flat amount, some pay supplements. It is up to each individual county.

Commission Thompson stated that all Henderson County School system personnel receive the supplement, but Henderson County and State employees not in the school system do not receive a supplement. Henderson County is being generous to the school system.

Mr. Jones responded that the school system has heard the Board of Commissioners loud and clear in regards to their desire not to utilize a reduction in the supplement as part of their process. He asked that the Board just let them know what they need to do.

Chairman Edney asked the Chief Finance Officer of the school system what is the amount for supplements outside of teachers, teacher assistants, principals, and vice principals.

Ms. Shannon stated it was in the range of \$418,000.

County Manager Steve Wyatt noted that Henderson County cuts of personnel were in the range of 52-54 positions.

Commissioner O'Connor requested a transparent proposed line item budget analysis for FY 11/12 from the school system.

Commissioner O'Connor made the motion that the Board sets a special called meeting for Monday, June 13, 2011 at 6:00 p.m. for purpose of a budget workshop. All voted in favor and the motion carried.

ADJOURN

Chairman Edney adjourned the meeting at 7:20 p.m.

Attest:

Teresa L. Wilson, Clerk to the Board

J. Michael Edney, Chairman