

**CUMBERLAND COUNTY
FINANCE COMMITTEE JOINT MEETING
WITH THE
BOARD OF EDUCATION FINANCE COMMITTEE
TUESDAY, NOVEMBER 27, 2001, 9:00 AM**

Present: Kenneth Edge, Chairman
Breedon Blackwell, Commissioner
Jeannette Council, Commissioner
Helen Farrow, Board of Education
Rick Glazier, Board of Education Finance Committee
Diane Wheatley, Board of Education Finance Committee
Mac Williams, Board of Education Finance Committee
Milton Yarboro, Board of Education Finance Committee
James Martin, County Manager
Juanita Pilgrim, Deputy County Manager
Amy H. Cannon, Assistant County Manager
Cliff Spiller, Assistant County Manager
Grainger Barrett, County Attorney
Howard Abner, Finance Department
Tonya Harris-Council, Public Information Director
Dr. William Harrison, Superintendent, CC Schools
Ricky Lopes, CC Schools
Frances Deaton, Clerk to the Board of Education
Rhonda C. Raynor, Deputy Clerk to the Board

Others: Mike Lallier
Gloria Moore, Uniserve Director
Becky Wilson, Fort Bragg Schools
Press

Chairman Edge called the Cumberland County Finance Committee to order.

Mr. Glazier called the Board of Education Finance Committee to order.

1. Invocation

Commissioner Blackwell offered the Invocation.

2. Discussion of the Development of a Plan to Establish a Formula for the Appropriation of Local Funds to the Board of Education.

Chairman Edge noted the Board of Commissioners and Board of Education had voted to have these two committees meet in order to begin discussion on funding for 2003.

Commissioner Blackwell noted he, along with County Management and Dr. Harrison had meet and discussed this issue in March of 2000. No progress has been made up to this point. He would like the two boards to reach some understanding for a funding formula for public schools. The formula must be fair for the Board of Education and have predictability for the County. It is his idea that there should be a base budget for

the schools and then there would be some type of understanding that additional funding would be added if a new school was opened or additional enrollment was received. Additional funding would be considered for any unforeseen circumstance. Other counties have funding formulas and he believed Cumberland County can do the same. He would like to review what other counties are doing. He noted some counties provide funding based on the rate of inflation as stated by the Department of Commerce. Dare County provides funding on an inflation factor and the number of projected students. Other counties use the consumer price index. Forsyth County has no formula, but averages a 3-4% increase each year. Pitt County provides a per-pupil appropriation as their base and then adds funding based on the consumer price index. Another county gives the schools the same percentage of increase that their employees receive in raises for that year.

Chairman Edge noted certain variables need to be considered when any funding formally is proposed. He noted the upcoming revaluation must be considered in this process.

Mr. Glazier stated he would like all the committee members to have the information Commissioner Blackwell mentioned so that they could review it. He would like to know if the funding information mentioned includes both capital and operating funds. He would also like to know how the base funding was arrived at for those counties that fund on a base plus certain percentage formulas.

Commissioner Blackwell advised the committee could also seek the assistance of the state School Board Association and the NC Association of County Commissioners. He would hope that the Chairs of the two committees or management would seek guidance from these groups. Even if these associations had to get information from their national offices, he feels a formula could be found that everyone likes and then it could be adapted for Cumberland County.

Mr. Glazier stated he would like to know what the goal is for our schools. It then needs to be determined what resources are needed and the steps necessary to reach that goal.

Ms. Wheatley stated both boards could determine what they see as the goals for our schools. They need to determine where the level needs to be as a community.

Commissioner Council noted that philosophies and commitments change when personalities on the two boards change. She asked about the possibility of a special school tax or allocation.

Chairman Edge noted some counties do have a special school tax. He noted the goal of the School Board is to be the premier school system in the state. As Commissioners, they must look at other services besides education. Public safety, health and social programs cannot be eliminated. At the moment our library system is struggling due to a lack of necessary funding. He noted the state determines how much of a salary

increase teachers receive. It is difficult not to give county employees a cost of living increase when others are receiving increases. He is not sure Cumberland County could close the gap with funding on the state average in the next ten years. However, he feels some progress could be made. He feels both boards could look at expenses and determine things that could be done differently. He noted a cap on supplements could save the school system \$500,000 per year. The committees have 18 months to work out a solution. They should look at every possible scenario. One possibility could be to increase school funding based on any increase in real and personal property tax collection. He would like the financial staffs of the county and school system to bring back various formulas for review.

Commissioner Council stated she did not feel comfortable with a cap on supplements. If that is cut, the school system will have to come up with another way to recruit teachers.

Chairman Edge noted several counties cap supplements at around \$2,600. Others cap supplements at a certain percentage.

Ms. Wheatley stated the impasse between the two boards begins when they want to start looking at each others budgets and tell each other how to do what they do. She would like to see information from other counties and move forward from that point.

Mr. Glazier advised other states have funding plans where the community has made a commitment that funding would be raised if certain goals are met. These goals are not just test scores. He feels there is merit to that type of system. He also noted he does not think the committee has given staff significant guidelines to bring back the information they need to begin the process. The decision needs to be made about what they are trying to do. A budget goal is needed. The committee must give better guidance about what the goal is and where they want to go. Do they need to look at a 5-10 year goal?

Chairman Edge advised that schools are a high priority in the County. The schools receive the largest portion of the county budget. He is looking at affordability. He would like to start with different formulas and what they would look like five years down the road.

Commissioner Blackwell stated he would like to see a performance based formula. He would like to see supplements for teachers based on performance. He feels the public could buy into that. He would like to see what the Board of Education says a premier school system will cost. They must also consider how much more property tax can be withstood by the citizens. He would like to see respect for each other's position when going through this process.

Ms. Wheatley stated they could put together the information from county and school system staffs and see what looks good. She would like to see what the County thinks they would like the funding to be.

Mr. Glazier stated he would like to set out a philosophy and where they are trying to get to and use alternate proposals. They can look at end goals and proposals and have the staffs run the numbers.

Commissioner Blackwell stated that if the school board knew they would have \$55 million to start with each year and then negotiates the other needs, he feels planning would be much simpler. They could then consider a percentage of growth for new schools and increased enrollment. He noted any reduction in county revenues must also be considered in the process. Also, if, for instance the schools were to receive more impact aid than anticipated, then maybe the county could get a break on the funding for that particular year.

Commissioner Blackwell stated he would like these committees to meet again within 45 days.

Chairman Edge stated the clerks could work out a date around that time frame after consulting with the committee members.

Mr. Martin stated they must be flexible in terms of resources for funding. He likes the establishment of a base budget and the idea of some pre-approved formula for any increase of the base budget. It would certainly make planning much easier.

Dr. Harrison stated he feels this process can be a simple one. He too likes the idea of a base budget and then percentage increases. They must decide on the base. He does not feel a premier system means funding at the state level. He thinks the Cumberland County School System is providing a good "bang for the buck". He likes the idea of performance-based funding. He is willing to be accountable for the performance of the schools.

Meeting adjourned at 10:20 PM.