

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
CUMBERLAND COUNTY BOARD OF EDUCATION
CUMBERLAND COUNTY LEGISLATIVE DELEGATION
MONDAY, FEBRUARY 9, 2015 – 8:00 AM
EDUCATIONAL RESOURCE CENTER–396 ELEMENTARY DRIVE–FAYETTEVILLE, NC
SPECIAL MEETING MINUTES

CUMBERLAND COUNTY

PRESENT: Commissioner Kenneth Edge, Chairman
Commissioner Marshall Faircloth, Vice Chairman
Commissioner Glenn Adams
Commissioner Jimmy Keefe
Commissioner Larry Lancaster
Amy Cannon, County Manager
James Lawson, Deputy County Manager
Melissa Cardinali, Assistant County Manager
Rick Moorefield, County Attorney
Sally Shutt, Governmental Affairs Officer
Candice H. White, Clerk to the Board

ABSENT: Commissioner Jeannette Council
Commissioner Charles Evans

CUMBERLAND COUNTY SCHOOLS

PRESENT: James McLaughlin, Board of Education Chairman
Susan Williams, Board of Education Vice Chairman
Carrie Sutton, Board of Education
Judy Musgrave, Board of Education
Donna Vann, Board of Education
Greg West, Board of Education
Alicia Chisolm, Board of Education
Rudy Tatum, Board of Education
Frank Till, Cumberland County Schools Superintendent
Tim Kinlaw, Associate Superintendent
Ricky Lopes, Associate Superintendent
Allison Violette, Associate Superintendent
Joseph Locklear, Associate Superintendent
Mary Black, Associate Superintendent
Ron Phipps, Associate Superintendent
Pete Horne, Clerk

LEGISLATIVE DELEGATION

PRESENT: Representative Elmer Floyd, 43rd District
Representative John Szoka, 45th District
Senator Wesley Meredith, 19th District
Senator Ben Clark, 21st District

ABSENT: Representative Marvin W. Lucas, 42nd District
Representative Rick Glazier, 44th District

James McLaughlin, Board of Education Chairman, welcomed everyone in attendance. Chairman Edge, Chairman McLaughlin and Representative Szoka called the special meeting of their respective bodies to order. Roundtable introductions followed.

Chairman Edge stated in March 2014, the Board of Commissioners and the Board of Education approved a four-year school funding agreement that outlined county funding through fiscal year 2018. Chairman Edge stated this agreement allows both boards to better project and plan for the future.

Amy Cannon, County Manager, referenced the Cumberland County Board of Commissioners and Board of Education Legislative Goals Overview as recorded below and stated this meeting will include discussions about unique county goals, unique education goals and joint goals that affect both the Board of Education and Cumberland County. Ms. Cannon stated funding reductions put pressure on county funds that are allocated to the Board of Education because the

Board of Education has no other resource for raising revenue. Ms. Cannon stated if local funds cannot support revenue reductions, then the Board of Education is faced with budget reductions.

Cumberland County Board of Commissioners and Board of Education
Legislative Goals Overview

JOINT GOAL: Seek legislation to restore the statutory requirement that 40% of the net lottery proceeds be allocated to counties for school capital needs and increase the annual appropriation of lottery funds until the 40% allocation is restored.

- When the N.C. Education Lottery was enacted, 40% of the annual net proceeds were directed to the Public School Building Capital Fund for county school construction needs. Since 2010, the General Assembly has set the county lottery appropriation below the statutory 40% of the net proceeds and has appropriated a flat \$100 million, which now represents about 20% of the expected net proceeds.
- Consequently, counties have lost more than half a billion dollars in school construction funds since the recession, and have been forced to delay construction projects, use their emergency fund balances to make up the debt service losses, or to reduce funding for other essential services.

JOINT GOAL: Revise the low-wealth funding formula for military impacted communities.

JOINT GOAL: Support legislation to fully fund state-mandated education programs from state revenue sources.

- State law stipulates that counties are responsible for building, equipping and maintaining public school facilities and the state is responsible for funding salaries and school operations, known as current operating expenses, from state revenues.
- Counties supplement state funding for school operating expenses, and that amount continues to grow. During FY 2011-12, counties spent more than \$2.5 billion to augment state school operating dollars, leaving only \$700 million for maintenance and construction.
- The General Assembly's passage of the 2014-2015 Appropriation Bill has shifted funding for the Driver's Education Program from the Department of Transportation Highway Fund to the Department of Public Instruction (G.S., 20-88.1).
- Impact for the 2015-2016 school year for CCS:
 - NO state funding for the driver education program
 - Cumberland County Schools will need to use available funds to support the program (approx. \$395.00/student /total cost of \$1,185,000.00)
 - A student fee of sixty-five dollars (65.00) may be charged to offset additional costs.

JOINT GOAL: Oppose shifting of the state's responsibility for replacement of school buses.

- Counties are responsible for the initial purchase of new school buses, either to service new schools or new routes. The state is responsible for replacing school buses after 250,000 miles or 20 years in service.
- In 2011, the governor's budget proposed shifting school bus replacement to counties, which would result in a cost of approximately \$57 million to counties. The proposal was not included in the final state budget act.

COUNTY GOAL: Support continued state funding of Medicaid and support efforts by the state to provide healthcare access for all citizens.

- The Affordable Care Act, as originally written, required states to expand their Medicaid programs to cover the income-eligible single or non-custodial parent, or risk losing all federal Medicaid funding. The federal government guaranteed 100% federal funding participation for the first three years to cover these new participants, with federal funding stepping down to 90% in 2020 and thereafter.
- The U.S. Supreme Court ruled that the federal government could not compel states to expand their Medicaid programs, leaving that decision to be made individually by state Legislatures.
- North Carolina's General Assembly elected to not expand the state's Medicaid program, citing a broken state system plagued with cost over-runs and faulty administrative oversight.

- An estimated 500,000 uninsured state residents would be covered if the state chose to expand Medicaid.

COUNTY GOAL: Oppose unfunded mandates and shifts of state responsibilities to counties. Oppose any shift of state transportation responsibilities to counties.

COUNTY GOAL: Support the current model of public mental health administration, ensure adequate state funding for services and facilities at the local level, and structure appropriate county participation in governance.

- The state is restructuring community mental health services, converting and merging existing local management entities into managed care organizations charged with overseeing a capitated model of funding. The state has maintained these new structures within the public arena administered and controlled by public agencies.
- State budget cuts and federal policy changes have reduced statewide resources to support crisis services, chronic mental health management, and state psychiatric hospital capacity.
- The state is considering several models of care moving forward in its Medicaid reform efforts, and some would outsource the continuum of care of the whole person to private, for-profit managed care entities.
- Counties seek a continued constructive voice in mental health policy and administration as partial funders of the public mental health system and as community representatives of mental health clients and their families.
- As the General Assembly considers options for reshaping the state's Medicaid system, it is in the best interest to maintain the current MCO model. The LME/MCOs across the state are proving to be highly effective in responding to their mandates to ensure high-quality services while containing costs. This has produced Medicaid budget predictability on the behavioral health side and \$153 million in system savings since the implementation of MCO operations statewide.

COUNTY GOAL: Seek legislation to reverse changes made to the childcare subsidy program available to working families.

- The 2014-15 state budget tightened eligibility standards for childcare subsidies and increased co-payments for program participants. Since eligibility changes for children currently enrolled do not become effective until the next annual eligibility review, the number of children affected is uncertain.
- Around 85,000 children currently receive childcare subsidies, with 18,000 awaiting placement.
- The program is financed primarily through federal, not county funds. Counties are responsible for local administration and eligibility determination.
- The 10 percent increase in co-payments presents a financial hardship for parents and caregivers, which could prevent children from receiving childcare subsidies. The impact could lead to lack of proper supervision of children, an increase latch key children and a reduction in early education opportunities for children, which also increases incidents of child neglect.

COUNTY GOAL: Support legislation to restore state aid funding of public libraries to the pre-2011 level of \$15.7 million and eliminate special provisions that distribute state aid outside of the equitable formula developed by the State Library Commission.

- State budget reductions have targeted state discretionary programs such as the State Aid to Public Libraries, decreasing funding therein by \$2.5 million since 2010.
- Public libraries are critical contributors to local workforce development by providing access to computers, job search assistance, small business support, and help with educational goals. Free early literacy programs and materials ensure that all children can attain the skills needed for success in the formal classroom. Summer activities counter the "summer slide" during which school-age children lose reading skills. Public libraries are integral to our communities as centers of lifelong learning accessible to all citizens.
- Support for public libraries is a matter of state policy as described in GS 125-7. The State Aid fund supplements, but does not replace, local funding and is distributed to the 80 library systems by a population and per capita income based formula developed by the State Library Commission. As such, State Aid is a critical component of each library's operating budget, especially for regional library systems that serve multi-county areas.

- The state budget includes the following -

CAP GRANTS FROM STATE AID TO LIBRARIES FUND

SECTION 19.2. The Department of Cultural Resources shall not allocate a grant to any municipal or single-county library from the Aid to Public Libraries Fund that exceeds four hundred thousand dollars (\$400,000) for the 2014-2015 fiscal year.

Tim Kinlaw, Associate Superintendent, presented the overview and funding goals and reviewed the Cumberland County Schools Capital Outlay Revenue table below. Mr. Kinlaw stated one of the major issues faced by the school system is the loss of capital outlay funds due to sales tax legislation and the impact of annexations that occur in Cumberland County. Mr. Kinlaw stated in 2005, Cumberland County schools received about \$4 million from the state for capital outlay and in the first year of the lottery that amount just about doubled. Mr. Kinlaw stated tax revenue was eliminated overtime; however, the lottery made up the difference. Mr. Kinlaw stated in 2009, some of the lottery funds were used as a band aid to prevent the loss of teachers. Mr. Kinlaw stated at present, the school system is actually receiving less money for capital outlay than was received prior to the lottery. Mr. Kinlaw stated overtime there has been a reduction in sales tax revenue due to the economy and annexation which has resulted in a loss of \$15 million since 1995 and a continued loss of about \$1.6 million per year. Mr. Kinlaw stated with regard to debt, this year the 1997 bond will be retired and the \$5.6 million will continue for another fifteen years. Mr. Kinlaw stated the \$4.6 million in available funds represents the remainder after debt payments are made. Mr. Kinlaw stated Cumberland County Schools cannot make do with current funding because in five years there will be major failures of roofing and air conditioning systems if additional revenue is not obtained to maintain existing facilities. Mr. Kinlaw explained the \$4.6 million also includes the purchase of computers, band uniforms, furniture purchases and any other capital outlay expenditures.

Overview:

- Funding Goals
- Other County Goals
- Other Education Goals
- Other Governmental Affairs Topics

Funding Goals:

- Lottery Funds
- Low-wealth Funding
- School Bus Replacement
- Driver's Education
- Seek legislation to restore the statutory requirement that 40% of the net lottery proceeds be allocated to counties for school capital needs and increase the annual appropriation of lottery funds until the 40% allocation is restored.
 - Effect on school capital outlay
 - Cumberland lost \$5 million annually

Cumberland County Schools Capital Outlay Revenue

Year	Public School Building Fund		Sales Tax	Total	Debt	Available Funds
	Tax Revenue	Lottery				
2006-07	4,015,000	4,789,000	9,132,000	17,936,000	4,000,000	13,936,000
2007-08	1,596,000	5,920,000	11,800,000	19,316,000	3,884,000	15,432,000
2008-09	1,778,000	5,016,000	10,000,000	16,794,000	3,721,000	13,073,000
2009-10	0	8,707,000	9,500,000	18,207,000	6,100,000	12,107,000
2010-11	0	4,271,000	7,414,000	11,685,000	7,800,000	3,885,000
2011-12	0	3,277,520	7,400,000	10,677,520	8,741,000	1,936,520

2012-13	0	3,600,000	7,900,000	11,500,000	8,340,000	3,160,000
2013-14	0	3,600,000	8,500,000	12,100,000	7,412,000	4,688,000
2014-15	0				5,618,000	

Ricky Lopes, Associate Superintendent, stated the low-wealth funding loss for Cumberland County Schools has been disproportionate to other losses across the state and when considering state funding on a per student basis, Cumberland County’s funding has gone down while others have started to go up. Mr. Lopes explained factors on which the low-wealth funding is based and stated the formula hurts military connected communities such as Onslow and Cumberland counties. With regard to the ranking of adjusted property valuations per student, Mr. Lopes stated the 89-100 poorest counties are in the southeastern part of North Carolina and Cumberland County’s adjusted property tax base per ADM is about one-half the state average per student.

Funding Goal:

- Revise the low-wealth funding formula for military impacted communities.
 - Loss of \$6 million annually

Cumberland County: Ranking of Adjusted Property Valuations per Student

Rank	89
Previous Year’s Rank	88
Adjusted Property Tax Base state average per ADM	\$779,875
Adjusted Property Tax Base per ADM	\$408,669
Average Effective Tax Rate	\$0.741

Mr. Lopes explained per capita income and stated personal per capita income rankings hurt Cumberland County the most because it includes all income such as contributions to retirement and medical insurance, not just take-home pay on which people live. Mr. Lopes stated although Cumberland County is about 86% of the state average for wealth, its per capita income is about 140% of the state average. Mr. Lopes stated Cumberland County’s tax rate is higher than the state average which shows Cumberland County is making the effort to fund education.

Cumberland County Ability to Pay 2011-12

State Average Effective Tax Rate	\$0.627
2011 Per Capita Income	\$44,678
Revenue per ADM	\$5,103
% of State Average Revenue per ADM	86.7%

Mr. Lopes stated Cumberland County ranks fifth in the state on personal per capita income and that number is used to determine eligibility for low-wealth funding.

Personal Per Capita Income Rankings

COUNTY	RANK	2011 PER CAPITA INCOME
Orange	1	\$48,683
Chatham	2	\$48,191
Onslow	3	\$46,163
Mecklenburg	4	\$45,610
Cumberland	5	\$44,678
Wake	6	\$42,555

Mr. Lopes stated when comparing personal per capita income to the per capita money income, the state average is \$24,745 and Cumberland and Onslow fall below at number 36/\$22,285 and at number 48/ \$21,048 respectively. Mr. Lopes stated this is more in line with what is called living wages and because the personal per capita income ranking is being used, it is more detrimental to the county.

<u>RANK</u>	<u>COUNTY</u>	<u>PER CAPITA INCOME</u>	<u>MEDIAN HOUSEHOLD INCOME</u>	<u>MEDIAN FAMILY INCOME</u>
1.	Orange	\$32,912	\$52,981	\$79,811
2.	Wake	\$32,592	\$63,770	\$81,461

3.	Mecklenburg	\$31,848	\$55,294	\$67,375
4.	Dare	\$30,327	\$53,889	\$65,778
5.	Chatham	\$29,991	\$56,038	\$65,120
6.	New Hanover	\$29,363	\$48,553	\$65,188
7.	Union	\$28,596	\$63,386	\$71,538
8.	Durham	\$27,503	\$49,894	\$62,890
	UNITED STATES	\$27,334	\$51,914	\$62,982
9.	Carteret	\$26,791	\$46,155	\$56,842
10.	Brunswick	\$26,315	\$45,806	\$54,644
11.	Guilford	\$26,267	\$45,676	\$59,367
12.	Forsyth	\$26,213	\$46,749	\$59,867
13.	Cabarrus	\$26,165	\$53,928	\$65,594
14.	Macon	\$26,156	\$38,615	\$46,702
15.	Davie	\$26,139	\$49,727	\$61,659
16.	Currituck	\$26,083	\$55,376	\$66,213
17.	Henderson	\$26,061	\$46,446	\$58,381
18.	Moore	\$25,786	\$48,319	\$61,068
19.	Buncombe	\$25,665	\$44,190	\$54,981
20.	Iredell	\$25,610	\$48,962	\$59,639
21.	Camden	\$25,544	\$61,091	\$74,320
	NORTH CAROLINA	\$24,745	\$45,570	\$56,153
36.	Cumberland	\$22,285	\$43,834	\$50,910
48.	Onslow	\$21,048	\$43,561	\$48,380

Mr. Lopes reviewed the Comparison of State Expenditures below and stated over a five-year period expenditures were down \$25 million, part of which was low-wealth funding loss, and there was also a loss of approximately five hundred employees over the five years.

Funding Goal:

- Support legislation to fully fund state-mandated education programs from state revenue sources.
 - Comparison of State Expenditures
 - Per Pupil Expenditures
 - Personnel

Comparison of State Expenditures
FY 08-09 to FY 13-14

	FY 08-09	FY 13-14
Salaries	211,058,015 (74.7%)	182,023,797 (70.6%)
Employee Benefits	51,913,648 (18.4%)	62,219,387 (24.2%)
Other	19,638,319 (6.9%)	13,447,042 (5.2%)
Total	282,609,982	257,690,226

Salaries: \$29 million less in 13-14

Benefits: \$10.3 million higher in 13-14 even though salaries are \$29 million less

Supplies, materials and equipment reduced by 1/3

Mr. Lopes reviewed the Five-Year Comparison of Per Pupil Expenditures and stated from 2009 to 2014, per pupil expenditures for Cumberland County went down \$110 to 5,040 while at the same time the state average went up to 5,385. Mr. Lopes stated Cumberland County Schools have lost about \$14 million more than the state average on per pupil expenditures over the past five years. Mr. Lopes stated low-wealth funding is part of the reason as are changes in flexibility. Mr. Lopes stated Cumberland County Schools would at least like to be proportionate to the rest of the state in terms of per pupil expenditure losses.

Five-Year Comparison of Per Pupil Expenditures

	Cumberland County*	State*
2009-10	5,150	5,227
Rank within State	89	
2010-11	4,929	5,156
Rank within State	99	
% Change	-4.3	

2011-12	5,130	5,357
Rank within State	101	
% Change	4.1	3.9
2012-13	5,051	5,395
Rank within State	107	
% Change	-1.6	0.7
2013-14	5,040	5,385
Rank within State	106	
% Change	-0.2	-0.2

* Excludes Child Nutrition

Mr. Lopes stated a Full-Time Personnel Report is due each October 31 and Cumberland County Schools have lost 688 full-time positions in five years. Mr. Lopes stated most of the loss occurred with teacher assistant positions.

Full-Time Personnel Report		
Activity, Assignment, Classification	2008-09	2015
▪ Officials, Administrators, Managers	7	8
▪ Principals	84	86
▪ Assistant Principals (Teaching)	8	8
▪ Assistant Principals (Non-Teaching)	122	116
▪ Elementary Classroom Teachers	1,872	1772
▪ Secondary Classroom Teachers	671	621
▪ Other Classroom Teachers	1,023	938
▪ Guidance	148	133
▪ Psychological	34	28
▪ Librarian, Audiovisual staff	98	80
▪ Consultants, Supervisors of Instruction	63	54
▪ Other Professional Staff	179	191
▪ Teacher Assistants	1,156	819
▪ Technicians	55	19
▪ Clerical, Secretarial Staff	441	410
▪ Service Workers	764	763
▪ Skilled Crafts	189	179
▪ Laborers, Unskilled	88	89
TOTAL	7,002	6314

Mr. Kinlaw reviewed the funding goals below and stated with changes in legislation, it is now the responsibility of the local unit to fund driver's education. Mr. Kinlaw stated the general statutes currently allow schools to charge up to \$65 per student and Cumberland is currently charging \$45 per student. Mr. Kinlaw stated he will make a recommendation to charge \$65 and the request to the state is to either fund the program or amend the general statutes to allow a charge up to \$395 per student for driver's education. Mr. Kinlaw stated \$395 is basically the school's cost and private companies charge about \$400 per student.

Funding Goals:

- Support legislation to fully fund state-mandated education programs from state revenue sources.
 - Driver's Education -- \$700,000 net loss to CCS

Mr. Kinlaw stated there was proposed legislation last year to place the burden for replacement of school buses on the local unit. Mr. Kinlaw stated Cumberland County Schools cannot afford to take over the replacement of school buses without tremendous funding from the county. Mr. Kinlaw stated Cumberland County Schools' transportation program has approximately 450 buses.

- Oppose shifting of the state's responsibility for replacement of school buses.
 - \$80,000 per bus
 - Current year, state is replacing 8 school buses

Ms. Cannon stated Cumberland County Schools have very little flexibility in adjusting or compensating for revenue losses and the county does not have the capacity to absorb the losses or provide additional funding to the school system.

Ms. Cannon reviewed the following county-specific goals and stated with Medicaid Swap, counties gave up a portion of sales tax so the state could pick up 5% of the Medicaid cost. Ms. Cannon stated because Cumberland County remains committed to the access to healthcare for all citizens, the request of state legislators is that the state continue its funding of Medicaid because the county's portion is increasing at about \$1 million per year.

Ms. Cannon stated the request is also that the state opposes all unfunded mandates because the county's property taxes do not have the capacity to handle any shift of transportation expenditures or other unfunded mandates.

Top NCACC Legislative Goals

■ MEDICAID

Support continued state funding of Medicaid and support efforts by the state to provide healthcare access for all citizens.

■ MANDATES

Oppose unfunded mandates and shifts of state responsibilities to counties.

Oppose any shift of state transportation responsibilities to counties.

Ms. Cannon reviewed the additional top county goals and stated state budget reductions and federal policy changes have reduced resources for public services, chronic mental health management and state psychiatric hospital capacity. Ms. Cannon stated the needs continue to outweigh the resources. Ms. Cannon stated as the General Assembly considers options for state Medicaid reform, Cumberland County believes it is in the county's best interest to maintain the current Management Care Organization (MCO) model because the MCOs across the state have proven to be effective and have responded to the mandate to provide high quality services while containing costs.

Ms. Cannon stated in the 2014-2015 budget, childcare eligibility standards were tightened and co-pays were increased. Ms. Cannon stated Social Services indicated 750 children were dropped from the childcare subsidy rolls as of January 1 and the belief is that between January and June, another 150 a month will be eliminated. Ms. Cannon stated the income and co-pay thresholds have created significant hardships for working parents because they have no other alternative for daytime childcare or afternoon childcare for school age children. Ms. Cannon asked legislators to reverse changes made to the childcare subsidy program.

Ms. Cannon stated there have been significant reductions targeted at discretionary programs including the state aid to libraries. Ms. Cannon spoke to workforce and child services the library provides and asked legislators to restore state aid funding to public libraries.

Additional Top County Goal

■ MENTAL HEALTH:

Support the current model of public mental health administration, ensure adequate state funding for services and facilities at the local level, and structure appropriate county participation in governance.

■ SOCIAL SERVICES:

Seek legislation to reverse changes made to the childcare subsidy program available to working families.

■ LIBRARY:

Support legislation to restore state aid funding of public libraries to the pre-2011 level of \$15.7 million and eliminate special provisions that distribute state aid outside of the equitable formula developed by the State Library Commission.

- State Aid to Cumberland County Public Library & Information Center has dropped \$69,000 from FY2011 level.

Dr. Till spoke to other education related goals and stated his understanding is that a 50/50 growth model may be introduced that will make grading of schools much better, there is an overabundance of statewide assessments and Cumberland County Schools would like to have the same flexibility given to charter schools. Dr. Till stated the number one priority for the Board of Education is funding to provide raises for employees.

Other Education Related Goals

■ Grading of Schools

■ Statewide assessments

■ Flexibility

Dr. Till stated he wanted to make legislators aware that there have been discussions with Fort Bragg about dedicating land on the base for a new high school. Dr. Till stated the Board of Education is considering a more modern high school for the site.

Other Governmental Affairs Topics

■ High School in Fort Bragg area

Discussion followed regarding Cumberland County's sales tax agreement and the three-year agreement that expires this year. Greg West, Board of Education, offered comments about the future of the community. Representative Floyd requested greater flexibility with campaign signs at schools and expressed concern on behalf of his constituents about the selection process for the appointment of principals and administrative positions. Chairman Edge spoke to the success of mental health Managed Care Organizations (MCOs) and asked legislators to allow sufficient time for the statewide reduction to four MCOs. Representative Floyd requested support to keep teacher assistants in the classroom.

Chairman Edge, Chairman McLaughlin and Representative Szoka provided closing comments.

There being no further business, the special meeting adjourned at 9:30 a.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board