

MAY 26, 2009

MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS

NORTH CAROLINA
MECKLENBURG COUNTY

The Board of Commissioners of Mecklenburg County, North Carolina, met in Special Budget/Public Policy Session in the Charlotte-Mecklenburg Board of Education Board Room located at the Education Center, 701 E. Martin Luther King, Jr. Blvd., Charlotte, NC. at 3:00 p.m. on Tuesday, May 26, 2009.

ATTENDANCE

Present: Chairman Jennifer Roberts and Commissioners
Karen Bentley, Dumont Clarke, Harold Cogdell, Jr.
Neil Cooksey, George Dunlap, Bill James, Vilma Leake
and Daniel Murrey
County Manager Harry L. Jones, Sr.
County Attorney Marvin A. Bethune
Clerk to the Board Janice S. Paige

Absent: None

The Board met in joint session with the Charlotte/Mecklenburg Board of Education.

Commissioners Bentley, Cooksey, Clarke, and Dunlap were absent when the meeting was called to order and until noted in the minutes.

Board of Education Chairman Molly Griffin called the meeting to order.

Chairman Roberts noted the topics scheduled for discussion: Budget Issues, specifically, the FY2010 County Manager's Recommended Budget, FY2010 CMS Budget Request, and Functional Consolidation.

(1) FY2010 COUNTY MANAGER'S RECOMMENDED BUDGET

Budget/Management Director Hyong Yi addressed the FY2010 County Manager's Recommended Budget. The following was covered.

General Overview

Revenues

Expenditures

County Services, including Reductions

Commissioner Bentley entered the meeting during the overview of County Services.

Education Services

Director Yi concluded by saying there was less money to go around this year.

A copy of the presentation is on file with the Clerk to the Board.

County Manager Jones said this has been the most difficult budget he's had to do in his entire career. County Manager Jones said he's concerned about what's going to happen with the state budget in the House and that the "wildcard" out there is "what is the state of North Carolina going to do."

County Manager Jones said typically what happens is that the County will have its budget adopted by June 30th, but the State doesn't have its budget done by this time. Thus, adjustments may have to be made to the budget, if the State imposes some unfunded mandates or requirements on the County.

Commissioner Dunlap entered the meeting.

Comments

Board of Education Member Kaye McGarry asked about CMS debt service and why isn't it included in the operating budget. *The response was that it's separated out, because it's for different purposes. It was noted that the debt payment for CMS is tied to principle and interest on the loans that the County takes out for school construction. The operating budget is just for salaries and other operational expenses that you consume to run your operation. Also, that a lot of it is tied to accounting rules and general accepted accounting principles.*

Commissioner Cogdell asked how much debt service was for Charlotte-Mecklenburg Schools (CMS). *The response was \$111 million, that the \$94 million in general debt listed in the handout is County only.*

Board of Education Chairman Griffin said she understands the financial difficulty that the County is facing, along with everyone else.

Board of Education Chairman Griffin said she just returned from a School Board Association meeting in Raleigh and there was discussion of how everyone focuses on CMS and Mecklenburg County and the fact that our situation is worst than others. Chairman Griffin asked why is it that Mecklenburg County is worst than other counties. *County Manager Jones said it has a lot to do with the sales tax numbers more than anything.*

Chairman Griffin asked how much has the sales tax declined. *The response was \$4 million.*

Chairman Griffin also asked for clarification with respect to the decline in fund balance, which was addressed.

(2) FY2010 CMS BUDGET REQUEST

School Superintendent Dr. Peter Gorman addressed the FY2010 CMS Budget Request.

Dr. Gorman, like County Manager Jones, said the unknown with respect to the State's budget, makes it difficult to know if any additional adjustments will need to be made.

CMS Finance Officer Sheila Shirley gave an overview of the FY2010 CMS Budget Request.

The following was covered:

- Framework for Budget Development
- Comparison to Prior Year
- Sources & Uses of Revenue
- Budget Reductions & Redirections
- Factors Increasing the Budget
- Program Expansion & New Initiatives
- American Recovery and Reinvestment Act of 2009
- Capital Replacement

A copy of the presentation is on file with the Clerk to the Board.

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Commissioner James asked about the process used for determining cuts and questioned the cutting of teacher positions, but leaving, for example, Bright Beginnings in the budget.

Commissioner James asked why does the tier assessment reduce teachers instead of reducing non-core functions or services. *The response was that no teacher cuts are in the first tier of the potential budget reduction options. With respect to core programs, it was stated that the definition of a "core" program may vary for some, but the belief of CMS staff and many others is that the pre-kindergarten program does contribute to students being ready when they enter school. Bright Beginnings is considered a very important program. Dr. Gorman said he couldn't comment on others that Commissioner James may be thinking of because Bright Beginnings was the only one he specifically mentioned.*

Commissioner James posed the following questions: 1) What's going to happen if after the budget is adopted and there's a reduction in State revenue, which necessitates additional cuts in County services and possibly funds having to be reduced for CMS. 2) How will the return of funding to the County be handled or what process will be put in place for this to occur if it's necessary; 3) Will the County have to go through the process it did earlier this year.

Commissioner James addressed the County's funding of Partners in Out of School Time (P.O.S.T.) and Communities in Schools (CIS), which he said was sort of CMS related.

Commissioner James said he doesn't understand why the County is in the business of giving CMS funding for K-12 and also giving funding out for other K-12 programs. Commissioner James said he feels CMS should be supervising all K-12 programs, including P.O.S.T., CIS and any others. He said these programs may be legitimate, but he feels the control should be with the Board of Education and not the County Commission.

Commissioner James said he thinks it was set up this way in the past for political and personal reasons.

Commissioner James said he'd like to know if these programs were rolled into CMS' budget, would the Board of Education take the position that they should be funded; and would the Board of Education be receptive to this being transferred over to them.

Board of Education Member Trent Merchant said yes, speaking as an individual Board member.

Chairman Roberts noted that City of Charlotte funding is also involved. Chairman Roberts said it's an interesting question with respect whether it would make sense to have the education experts make this allocation, but that question can't be answered today, because it's broader than just the County Commission and the Board of Education.

Chairman Roberts said it's a good conversation to have, but at a later date.

Board of Education Member Joe White said he agrees this is a matter that goes beyond what's on the table today. He said the other bodies involved have the ability to raise funds, but the Board of Education is a "beggar" of funds. Therefore, as a "beggar" for funds, he doesn't think the Board of Education should be in the business of distributing funds it "begs" for to other agencies that aren't a part of CMS.

Board of Education Member White said the two programs that have been mentioned are great programs.

Board of Education Member Tom Tate asked where do those funds appear in the information that's been provided and how much is the funding. *The response was that it's under County Services and P.O.S.T. receives about \$200,000 and Communities in Schools about \$700,000 and Starfish Academy \$70,000.*

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Commissioner Leake addressed the need for teachers and the issue of low performing teachers.

Commissioner Cooksey entered the meeting.

Commissioner Dunlap addressed pay issues and noted that CMS is proposing a two percent salary increase and expecting the County to match it, when the County is freezing salaries. He said Board members need to take this into consideration during budget deliberations and CMS' budget request.

Board of Education Member McGarry asked was Commissioner James' question going to be answered, with respect to core programs. She said the only one addressed was Bright Beginnings, but that she can think of others such as food service outsource, transportation, CMS TV, and perhaps a more extensive reduction in force in the Central Office and Walton Plaza and any place where there are people.

Chairman Griffin said some of the items mentioned by Board member McGarry will come up under the discussion of Functional Consolidation.

Dr. Gorman said with respect to matters mentioned by Board member McGarry, he's aware there's disagreement amongst Board of Education members regarding who should get transportation and who should not, etc., and whether it is or isn't a core function. Dr. Gorman said there's a student assignment plan in place that includes transportation as part of it. He said CMS will continue to provide transportation in alignment with that Plan. With respect to outsourcing food service, Dr. Gorman said a report was shared with the Board of Education regarding that. Dr. Gorman said feeding children is a core part of having them ready to learn. He said if the Board of Education wants to outsource food services, then that's a discussion the Board has to have if that's something it wants to consider. He said discussions are scheduled concerning CMS TV and possible partnerships

Commissioner Murrey asked for clarification with respect to a decrease in state funding projections for CMS. *The response was that it was originally \$30 million, but now it's \$80 million.*

Commissioner Murrey asked what's the impact if the number is \$80 million and the County holds to its ten percent reduction, since there's no information from CMS regarding tiers 5, 6, & 7, which is where the impact would occur. *The response was that staff is working on the other tiers.*

Chairman Griffin said with the state a lot of things are categorical, so the state will dictate to CMS where those cuts will be.

Dr. Gorman said Chairman Griffin was correct, because in the House subcommittee they are looking at taking away the discretionary reduction and that it would be line item. Dr. Gorman said that's a problem also, because if the line items don't line up with reductions that have already been proposed, some things that have been proposed could theoretically be back in the budget and other things out.

Commissioner Clarke entered the meeting.

Commissioner Murrey asked about federal dollar projections, which was addressed.

Commissioner Murrey asked about maintenance cost of new schools and how is it calculated, which was addressed.

Commissioner Cogdell said both bodies have the same desire, which is "to educate children."

Commissioner Cogdell asked how could he be convinced that additional dollars received would be used specifically to address student achievement and the drop out rate.

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Chairman Griffin said funds received from the state are category specific.

Board of Education Chairman Griffin referenced the High School Challenge funding provided to CMS years ago by the County. Chairman Griffin said that was sort of a quasi-grant and to her knowledge, about the only time when funds from the County were to be used for a specific purpose.

Chairman Griffin said she would not want the County to dictate how funds are to be spent.

Commissioner Bentley addressed accountability measures and referenced the County's use of Managing For Results and the Balance Scorecard. Commissioner Bentley asked how has funding from the County resulted in certain results. Commissioner Bentley said this is something that's important to know. Commissioner Bentley asked what process does CMS have in place to conduct programmatic assessments.

Dr. Gorman said the Board of Education recently agreed to focus on a growth and is looking more at a growth model that looks at where do you start and where do you end up.

Dr. Gorman said the Board of Education has actually converted that to be his evaluation tool and that it will be exclusively based on student growth and the graduation rate.

Dr. Gorman said CMS looks at growth "school by school." They also look at growth by subgroups. Dr. Gorman said CMS actually have multiple accountability systems overlaying, which he doesn't think helps, but hurts because there's a layering of a state accountability system, a federal accountability system, and in some cases, sometimes local directives are on top of that that must be done along the way.

Dr. Gorman said student growth, as far as what goes on with CMS' core function, would be the number one form of measurement. How do children grow year over year. Dr. Gorman said this is measured not only by student but by classroom teacher, and by school. Dr. Gorman said with respect to schools, teachers are being looked at through the local bonus program. In CMS' business operations in Mr. Guy Chamberlain area CMS measures meals per labor hour and in transportation CMS measures things the mechanics do, with respect to maintenance of buildings, they look at how many square feet someone maintains. Dr. Gorman said there are a variety of measurements.

Chairman Griffin asked Dr. Gorman to comment on the new policy about program evaluation, which he did.

Board of Education Member Larry Gauvreau said he doesn't feel Bright Beginnings is a core function of public education. Board member Gauvreau said there are those that care about the fiscal, the monetary, the spending of the public's resources. Board member Gauvreau expressed his dissatisfaction with the use of the tiered approach by CMS. Further, that performance and spending are not necessarily linked. He said management and performance are linked and "we don't do that in CMS." "We don't think that way."

Board member Gauvreau said CMS should be able to absorb the cut from the County, if it focused on its spending and performance that it hopes to generate based on that spending.

Board member Gauvreau said he hopes this Board of Commissioners will look at CMS' budget a little differently than previous Boards and that he's available to answer any questions the Board may have.

Commissioner Leake said she would like to know how much was spent last year from Title I to support disadvantaged children.

Commissioner Leake asked how has CMS responded to the Equity Committee reports.

Commissioner Leake also asked the following: What's being done to close the gap? Why is there

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still a two-tiered system depending on where you attend school? Commissioner Leake questioned the elimination of the Career and Technical Education Program. How can we save on the five Learning Community Sites to cut down on cost and can they be placed in existing school facilities? Commissioner Leake said the Learning Communities are not supporting student achievement. She questioned how many parents have visited the Learning Communities. How many failing schools are there today compared to five years ago? How are Title I, II, III, IV, IDA funds being spent? Which magnet programs are successful? Commissioner Leake questioned the cutting of the AVID program.

Commissioner Leake said she would not take money from the County to fund staffing at CMS.

Commissioner Leake said she's not anti-education but that she's "anti non-educating all children in this district with a two-tiered system."

Commissioner Leake said there are CMS paid Afterschool programs.

Commissioner Leake said she's not saying that P.O.S.T. is needed or not needed, but her concern is the way the funds are handled.

Commissioner Leake said she would like answers to her questions by budget deliberation time.

Dr. Gorman clarified that the Career and Technical Education Program was not being cut, but there's a reduction in the program.

Board of Education Member White said CMS continues to ask the state for more flexibility.

Commissioner Cooksey commented on the dual system that he said Commissioner Leake spoke of. He asked was there data available with respect to that. He also asked what's the per capital spending on children in the free and reduced lunch program versus the rest of the CMS student population. He wants to know if there's any data available that shows the impact of the early childhood development programs.

County Manager Jones noted his comments made to the Board at its May 19th meeting, copies of which were provided to Board of Education members.

Board of Education Chairman Griffin said in closing, with respect to budgets, that they understand the predicament that the County finds itself in.

(3) FUNCTIONAL CONSOLIDATION

County Manager Jones addressed Functional Consolidation and said staff would report back on the process for moving forward.

It was noted that the following areas are being considered:

- Athletic Facility Management and Maintenance
- Building/Facility Management and Maintenance
- Food Purchasing
- Human Resources
- TV Production/Graphics Production

County Manager Jones noted that functional consolidation is a very labor intensive effort, time consuming effort, and will require a lot of thought and due diligence in developing the business case for consideration.

A copy of a handout, with respect to functional consolidation is on file with the Clerk to the

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Board.

Comments

Chairman Roberts asked that staff include WTVI in the discussion with respect to TV Production and to also look at library services.

Commissioner Dunlap said the City of Charlotte should also be involved.

Commissioner James said in closing, he's concerned about the process used by CMS to prepare its budget.

Commissioner James said he thinks CMS needs a new approach. Commissioner James said he doesn't think CMS has done anything wrong, but he thinks they're not starting or re-doing the budget based upon "what's really important." "You've just taking everything and lowered the amounts" and some things haven't been touched at all.

This concluded the discussion.

Note: None of the above is inclusive of every comment but is a summary.

ADJOURNMENT

There being no further business to come before the Board the meeting was declared adjourned at 5:02 p.m.

Janice S. Paige, Clerk

Jennifer Roberts, Chairman