

**THE BOARD OF COUNTY COMMISSIONERS
DURHAM, NORTH CAROLINA**

Tuesday, June 1, 2015

Budget Worksession

MINUTES

Place: Commissioners' Chambers, second floor, Durham County Government Administrative Complex, 200 E. Main Street, Durham, NC

Present: Chairman Michael D. Page, Vice Chair Brenda Howerton and Commissioners Fred Foster, Jr., Wendy Jacobs and Ellen Reckhow

Presider: Chairman Michael D. Page

County Manager Davis provided a brief recap of the FY 15-16 budget process. The following presenters shared their budgets:

Museum of Life and Science (requested \$1.6 million – Manager recommended \$1.5 million)

Debbie Mann, Vice President for Administration/CFO and Julie Rigby, Vice President for External Relations presented highlights, accomplishments and future goals for the museum. The County's funding would be used to help with day to day maintenance and operations of the museum.

Ms. Mann noted that facility maintenance projects had been accomplished because of the County's funding. In 2016, there would be additional projects.

Ms. Rigby spoke about the 2016 goals and how they were compatible with the County's strategic goals.

Ms. Rigby noted that the museum had started to collect sales tax, and anticipated 450,000 visitors which would create an economic impact for Durham County.

Commissioners thanked the Museum administrators for working with the community to make sure there were programs for those who may not otherwise be able to afford the opportunity to visit.

Commissioner Jacobs suggested that the Library and Durham Public Schools may be resources for promoting the free days at the museum.

Vice Chair Howerton commented that she spoke to Bob Geolas about signage in the Research Triangle Park regarding the museum.

Durham Public Schools

Manager Davis commented on the School's budget. The County's budget included \$8.22 million in anticipation of 500 new students in DPS and charter schools for next year. The local per pupil allocation of \$3,069 per pupil would remain flat. He noted that there was \$58.2 million across the board outstanding in County debt. Of that amount, approximately 52 percent was related to school debt.

Heidi Carter, DPS School Board Chair; School Board Members Natalie Beyer, Leigh Bordley, Sendolo Diaminah, Mike Lee, and Matt Sears; Bert L'Homme, School Board Superintendent; and Aaron Beaulieu, Chief Financial Officer, were present.

Ms. Carter spoke on behalf of the schools. She noted the progress and accomplishments that had been made over the past few years despite cuts by the State. She noted that substantial cuts had been made in the Superintendent's budget. She expressed concern about the Manager's comments in his budget presentation regarding the peer counties he used to compare with DPS. She added that DPS must compete with its more affluent neighbors—Wake and Orange counties. She discussed the needs of the whole child and asked the Board to continue to partner with DPS.

Dr. L'Homme highlighted four priorities that were set by the School Board and the Budget Advisory Committee:

- Protecting classrooms and instruction as the highest priority
- Improving compensation for teachers
- Improving compensation for extra duty assignments
- Improving return on investment

Dr. L'Homme noted that DPS would spend down its fund balance to meet its budget needs. The proposed budget was \$415.5 million dollars, with 4,753 funded positions. He talked about supplementing teachers who provided extra curricula activities, as well as providing an increase to the classified employees. Without the funding, 33 teaching positions would be cut. All new teaching assistants would be hired for a shorter period of 205 days.

Mr. Beaulieu provided additional detail about options for the School Board to consider regarding the funding. The School Board agreed with Option 6 which put the 33 teaching positions back in the budget. He indicated that there had been a great impact by the number of charter schools since 2008-09. There was a modest growth projection (230) for the upcoming year.

Mr. Beaulieu spoke about the fund balance. There was \$7 million projected to be spent in the upcoming budget. He clarified that there was not a formal amount required to be held in the fund balance for school systems.

Chairman Page reminded both Boards of the importance of working together for the children of this community in an amicable manner. He expressed his support for teachers and classified employees who were requesting increases.

Commissioner Jacobs inquired about the \$1.5 million for salary supplements, specifically how it would be used. Superintendent L'Homme responded that the retirement was based on the four highest years, so the money would be used to retain long term teachers in Durham. Dr. L'Homme spoke about the disparity between the football coach and the band director in terms of supplements.

Directive: Commissioner Jacobs asked how many teachers would be impacted by the supplement as well as the extra curricula supplement. What are peer counties doing regarding increases for classified staff?

Dr. L'Homme commented that the proposal was not based on state cuts. He stated that DPS modeled more closely with Cumberland and Guilford counties.

Commissioner Jacobs asked whether fees had been evaluated. Dr. L'Homme indicated they would evaluate the fees.

Commissioner Reckhow commented on the administrative budget cuts. She compared the Central Office administrative budget for FY 14-15 to the current budget. Mr. Beaulieu responded that there were several variables once the State made budget cuts.

Directive: Commissioner Reckhow questioned where the pre-K line item was in the budget showing the additional funds allocated. How was it being spent? She would like a statement in the budget to show what we could do with teachers' salary supplement to remain competitive. How much can we do?

Commissioner Reckhow commented on the importance of supporting the extra curricula supplements and the need for programs for children to be involved in afterschool.

Commissioner Foster revisited the fund balance. He asked where the \$2.4 million was spent when the teachers' assistants were in jeopardy, and later, fund balance was found. Mr. Beaulieu responded that the money was used to continuously fund the teachers' assistants.

Commissioner Foster asked how the teachers would be cut if more students were attending charter schools. Superintendent L'Homme responded that the 33 positions equate to a higher teacher/student ratio if the positions were not retained.

Dr. L'Homme reiterated that none of the funds requested were a result of the state funding. Those positions were taken care of thru the fund balance or cuts made in the DPS budget. The funding requested by the County was to take care of local commitments.

Vice Chair Howerton asked for clarification on whether the teachers would be losing their jobs. She mentioned the number of emails received by teachers who felt they would be losing their jobs. Dr. L'Homme assured the Commissioners that teachers would not be losing their jobs.

Vice Chair Howerton questioned why DPS did not apply for the grant available to North Carolina counties. 75 counties applied, but DPS did not. Dr. L'Homme replied that he spoke

with the General Assembly and chose not to apply, after realizing there was a small pocket of money to be shared among a large group. He mentioned that there was “new money out there” that was much more substantial. Ms. Carter added that it would also go against their fundamental beliefs that test scores correlated with teacher qualities. The School Board further discussed their reasons for not supporting the letter grade incentive program.

Dr. L’Homme explained that the biggest problem with the grants was that they were not sustainable. Once they expired, it was up to the local counties to fund.

Vice Chair Howerton expressed concern about not pursuing a grant that might benefit teachers who taught challenging students. Dr. L’Homme commented that he expected new grants to come forward that the School Board would address.

Durham Technical Community College (DTTC)

Manager Davis commented that Durham Tech requested funds to support campus police, contracted services, HVAC maintenance, and technology replacement. \$275,000 was requested and \$196,000 was recommended. The Manager recommended that the Board amend its policy on the ¼ sales tax Article 46 to expand Durham Tech’s use of funds for their operating budget needs. The \$196,000 was the growth accumulated on the Article 46 sales tax.

Dr. Bill Ingram, President of Durham Technical Community College, Ms. MaryAnn Black, Chair of the Durham Technical Community College Board, and Mr. Matt Williams, Vice President of Financial Services for Durham Tech were present to share the budget and answer questions.

Dr. Ingram spoke on the request for salary increases for DTTC police and security staff, compensation, lease increases at Southbank and Northgate, and maintenance. He spoke about the accomplishments, including awarding 175 ConnectFund scholarships to DPS students; 25 non-credit scholarships; and 225 GEDs were paid for last year.

A fund balance of \$500,000 exists. Dr. Ingram stated he realized there had been a challenge in expending the funds, and if the Board agreed, DTTC would budget up to \$1 million in the coming budget year for purposes originally intended for the funds and use the remainder to offset the increases requested in the budget.

Commissioner Reckhow noted that she was pleased to see the increase in the number of scholarships provided. She asked for more information on the high school liaisons.

Dr. Ingram responded that the liaisons were hired in the fall. Over the past six months, the liaisons had been developing relationships in the high schools. They assisted students in preparing for testing and completing applications.

Commissioner Reckhow commented that she would be reluctant to see the money repurposed for other purposes. She would like to see more scholarships afforded students. She hoped that the Board could find the \$196,000 elsewhere.

Manager Davis clarified that the \$196,000 was the growth over last year. Commissioner Reckhow replied that it would impact future growth of scholarships.

Commissioner Jacobs expressed her desire to find the requested funds somewhere else in the budget.

Commissioner Foster asked whether the Article 46 fund increased each year. Dr. Ingram responded that the funds started at \$600,000. Most of those funds were expended during the year. This year, \$500,000 would be expected. It is likely that the fund balance would continue to decline.

Commissioner Foster asked what the impact would be if the full funding was not received. Dr. Ingram replied that no one would be laid off; hiring may be deferred when vacancies occurred.

Vice Chair Howerton asked for clarification regarding any monies not used from Article 46. Dr. Ingram replied that the funds were institutional funds and would not be turned over to the State.

Chairman Page expressed the desire to help DTTC; however, he needed more explanation regarding the growth of Article 46 before taking a position.

Ms. Black remarked about the importance of making sure the DTTC campus was safe and secure, so she appreciated whatever consideration the Board could give thru the budget.

Chairman Page announced that the Board would convene on June 3, 2015 at 12:00 noon.

The meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michelle", with a long horizontal line extending to the right.

V. Michelle Parker-Evans
County Clerk to the Board