

November 19, 2012

County of Greene, Virginia

THE GREENE COUNTY BOARD OF SUPERVISORS HELD A WORKSHOP MEETING WITH THE GREENE COUNTY SCHOOL BOARD ON MONDAY, NOVEMBER 19, 2012 AT 7:00 P.M. IN THE COUNTY MEETING ROOM.

Present were: Clarence Peyton, Chairman
Davis Lamb, Vice Chairman
David Cox, Member
Eddie Deane, Member
Jim Frydl, Member
Patti Vogt, Deputy Clerk
Tracy Morris, Finance Director

Michelle Flynn, Chairperson
Sharon Mack, Vice Chairperson
Jason Collier, Member
Troy Harlow, Member
Rodney Kibler, Member
Dave Jeck, Superintendent
Kim Powell, Business and Facilities Director

Mr. Peyton called the meeting to order at 7:00 p.m.

Mrs. Flynn opened the conversation asking two key questions about funding expectations and raises. The Schools are likely to lose money again this year from State and Federal sources. If the Schools are able to offset cost increases and any further State/Federal revenue losses with more cost cutting, can the Schools depend on County funding to at least hold level with the current 2012-2013 appropriation? Also asked for information regarding proposed raises for County employees in FY 2014. The Schools and the County must provide at least a 1% raise to compensate for the minimum 1% VRS pass along to employees.

Mr. Peyton responded that the Board does not know what revenue expectations will be. The assessor has indicated property values dropped an average of 6% during the reassessment. It is unknown, at this time, how this will affect revenues.

Mrs. Flynn said details on ERIP and the pre-school program was included in information provided. The pre-school program is mandatory. ERIP is not mandatory but is financially beneficial to the Schools.

Mr. Peyton said he thought ERIP, in the past format, was a very valuable tool. It is important to have qualified, certified retired teachers who can substitute. The program was originally designed to backfill for teachers in the classroom. Mr. Peyton said he did not object to bus drivers being included in the program but did not agree with other positions. Taxpayers have told him they do not agree either. It was a good program that has eroded and he doesn't support it.

Mr. Cox asked how many teachers participate in ERIP. Mrs. Flynn said there are currently 19 participants. It was not known how many participants are bus drivers. Mr. Cox said he does not have a problem with bus drivers being included in the program but questions the inclusion of secretaries, maintenance personnel and custodians.

Mr. Peyton questioned insurance claims for retirees. He suggested that information be included in the justification for this program. The Board of Supervisors allocates funds and it is up to the School Board to spend how they see fit.

Mrs. Flynn said she was surprised at the concern about maintenance and custodian participants. These positions are also essential services.

Mr. Peyton said he is disappointed that funding from the State and Federal governments continues to decrease. He asked if specific programs are targeted when Federal funds are cut saying he did not want a replay of the Health Cottage. Mr. Jeck said typically Title 1 and Special Ed 6B are impacted the most.

Mr. Harlow noted the School Board has made cuts elsewhere in order to keep beneficial programs.

Mr. Peyton spoke about last year's \$16 million "rainy day fund". That pot of money should have been allocated to certain entities, including capital improvement projects, such as cafeteria enlargement, etc. Two million dollars are already committed for water impoundment.

Mr. Peyton felt the County will be looking at a revenue shortfall which could mean a tax increase. It was assumed last year that the County would recoup funds used from the reserve but that remains to be seen.

Mr. Deane, Mr. Cox and Mr. Lamb attended the VACO conference recently and there wasn't any good news. Mr. Lamb said he questions why the Governor is so reluctant to increase the tax on gas when a substantial amount of revenue could be realized.

Mr. Frydl pointed out that the school side of the budget is still \$1 million in the hole because the Board made that up with one time money last year. We won't know what is going to occur with the reserve until the audit is received. Each penny on the levy brings in about \$180,000. We can't tax our way out of it even if we thought that was a wise idea. Even the equalized rate will be a tax increase for some people. The tax rate is the same for everyone but the change in property values is not. A property that did not decrease the average amount will pay more in taxes. We need to be cognizant of that fact because of the economy.

Mr. Frydl said the real question is what options are we looking at? He felt it is important to get more community input. Ideally the public would say what is important.

Mr. Harlow said school funding is a function of the composite index. Madison County has a different composite index and gets a lot more funding percentage wise. What is it we are doing as a County that is causing the composite index to go up?

There was discussion regarding the composite index and how revenue increases affect the number. Mr. Harlow said revenues are reflections of how the County is encouraging or handling businesses. He suggested this may be something to look at.

Mr. Peyton said the Board of Supervisors made the decision years ago to install a new sewer plant. The debt service for the plant was supposed to be paid by hookup fees. The bottom fell out of the economy so the anticipated fees are not being received. The County tries to bring in businesses but unfortunately we don't have the water supply to bring in some of the big businesses. The businesses that have located here have caused the change in the composite index so we lose money for school funding. We hoped to recoup that on the other side with sales tax and other revenue from businesses but it just hasn't worked out that way. Funds will now have to be drawn down from the general fund to pay \$2.2 million in debt service each year.

Mr. Harlow said he could understand the frustration. We all experience bad luck at times in life.

Mr. Peyton said the Board has obligations and at the top of the list is education, followed by emergency services. He said he would be willing to pull money from other areas to fund those obligations as opposed to raising taxes.

Mr. Harlow said cutting \$200,000 from the School budget could result in losing programs worth \$500,000.

Mr. Peyton said this is not an easy job and he gets "beat up" all year long. For example, taxpayers question why teachers were flown to Florida for a one day seminar. Mr. Harlow said the School Board gets the same questions. Mistakes happen. The School Board responds and reacts. That particular situation was addressed but that is what the public remembers.

Mrs. Flynn suggested the response to those questions be to talk about what's happening now. She said she gets very frustrated when issues that have been resolved are still discussed. She hoped the individuals are being referred to the School Board, Superintendent or other appropriate school personnel.

Mr. Lamb said he agreed that the Boards need to look at today and move forward.

Mr. Cox said when he has questions regarding an issue at the schools, he contacts Mr. Kibler who has always been prompt in responding. He thanked the School Board for meeting tonight and starting early. Mr. Cox said we all have to work together for the good of the kids in the County and the taxpayers. Let negative things stay in the past.

Mr. Kibler asked what is being discussed. Are we talking about how to cover the \$1 million shortfall? How do we do that?

Mr. Frydl suggested a hearing can be scheduled in January to hear public comment.

Mr. Deane commented on the \$1.4 million shortfall last budget year. The Schools let the public know what might be lost (i.e. buses, Vo Tech, sports programs). Mr. Deane asked if the shortfall would really affect those things to the point of shutting them down. Mr. Harlow said yes it would. He noted the biggest part of the school budget is staff salaries.

Mr. Jeck said the School Board has been resolute about not impacting class size. If we had to look at cutting \$1 million, then those programs, in some way, shape or form, could be impacted. That's where you find that kind of money. He said a stakeholder survey will be sent out asking preferences if the School Board is facing cuts.

Mrs. Flynn said this needs to be the start of moving forward. The unfortunate reality is that until we start talking about cutting programs and positions, we get very little reaction from people. Had the first budget "101" in September. It is important to motivate the public. If we start talking about looking at a budget shortfall, to save or cut, people will speak up. It's not business as usual. This is a great start at being transparent about the fact that we're talking about the possibility of a \$1.2 million budget shortfall. The amount is massive. She thought the survey is a great idea and agreed with a public hearing in January to inform the public of what the County is facing.

Mrs. Morris noted the budget has to be done the first two weeks in March this year because of the reassessment so time is short.

Mrs. Flynn said she thought there is time for people to say what they think is important.

Mrs. Mack asked if the meeting would be specific to education or county-wide noting the community is not just the schools. Everybody has room, or needs to find room, to cut.

Mrs. Flynn pointed out that the tendency is to have a very large turnout for school budget discussions. Citizens were upset that they didn't have time to speak on other budget issues at the

meeting last year. She said she is cautious about a combined meeting and suggested separate meetings for education and the County overall.

Mr. Frydl felt the hearing should be advertised for discussion of general county priorities. Isolating the school budget may send the wrong message. We need to look at ways to cut on the County side, School side and potentially increase revenue. The community needs to provide input on all those issues.

Mr. Deane commented that the "rainy day fund" can't be the source this year. The audit will provide information regarding fund balances. Mrs. Morris said the most recent Treasurer's report indicated a fund balance of approximately \$10 million.

Mr. Frydl said revenue from businesses has affected the local composite index but does not offset the other cuts from the State. Are we collecting everything that we should be from businesses? In the county form of government, that is the constitutional responsibility of the Commissioner of Revenue and he would have to answer that question. The Commissioner gives information to the Board, the Board selects a tax rate and the Commissioner applies that rate.

Mr. Harlow said the composite index is a complicated formula. State funding for schools is the function of the composite index. Mr. Harlow said there has to be some way we can manage fiscal policies to produce optimal revenue. A change in the composite index might be \$1 million but the actual "penalty" is \$1.5 to \$2 million. Madison County seems to benefit from the composite index while Greene experiences the opposite effect.

Mr. Frydl said the LCI is a shared misery index. If our ability to pay suffers, but not as badly as other counties ability, then we're still going to have an increase in the LCI because it is compared to others. If we do a little bit less worse than everyone else, we're still going to have to pay more money and we don't have anything to replace it with. The extra money Madison received was helpful to them but they are still suffering.

The Board has to try to manage, as best we can, reserve funds based on what capital needs and other needs are. The County is obligated to make debt payments for water and sewer. We have to hope for the best in making good decisions.

Mr. Frydl noted the County's main source of revenue is the tax rate. One penny equals approximately \$180,000. The rate would have to increase twenty cents to cover everything and that is not realistic.

It was the consensus of both Boards to hold a public hearing on January 15 to receive public input on budget issues.

The meeting was adjourned at 8:09 p.m.



Jim Frydl, Chairman
Greene County Board of Supervisors