

Draft

**BOARD OF COMMISSIONERS
SPECIAL CALLED MEETING** March 28, 2024

**ALEXANDER COUNTY
STATE OF NORTH CAROLINA**

PRESENT: Josh Lail, Chairman
 Ronnie Reese, Vice-Chairman
 Kent Herman
 Marty Pennell
 Larry Yoder

STAFF: Ben Faulkenberry, County Attorney
 Shane Fox, County Manager
 Gary Herman, PIO
 Jamie Starnes, Clerk to the Board

SCHOOLS: Robert Arguelles, Board of Education Chairman
 Matthew Reese, Board of Education Vice-Chairman
 Scott Bowman, School Board
 Josh Dagenhart, School Board
 Anthony McLain, School Board
 Brigette Rhyne, School Board
 Ramie Robinson, School Board
 Dr. Jennifer Hefner, Superintendent
 Sharon Mehaffey, CFO
 Dr. Denita Dowell-Reavis, Director of Communications, Testing, & Accountability
 Andrea Robinette, Director of Federal Programs & Budget Analyst
 Debra Watts, Administrative Assistant to the Superintendent

A joint meeting was held between the Alexander County Board of Commissioners and the Alexander County Board of Education on Thursday, March 28, 2024 at 6:00 PM in the Alexander Central Auditorium in Taylorsville, NC. The purpose of the meeting was to discuss a \$1.5 million shortfall for the 2024-2025 School System budget.

OPENING COMMENTS

Rob Arguelles, Chairman of the Board of Education, began by discussing current budgetary obstacles that include a reduction in enrollment, unfunded mandates towards salary/benefits increases, and underutilization of facilities, mostly in the elementary schools which operate at about half-capacity. From 2013-2023, the School System lost 919 students (77 to homeschooling, 318 to private schools, and 524 due to population shrinkage), and another 93 is projected for the coming school year. Based on 2010 and 2020 Census data, reduced enrollment appears to be a trend that will continue.

ESSER & RIF TOTALS FOR POSITIONS BEING ELIMINATED

In an effort to reduce operating expenses, the School Board proposes to eliminate 41 positions that were hired using ESSER (Elementary and Secondary School Emergency Relief) funds received during the COVID-19 pandemic. This funding will expire on June 30, 2024. In addition, another 22 positions are to be eliminated thru a RIF and to date, 7 more will be reduced through attrition.

Commissioner Ronnie Reese asked why ESSER funds were used to hire new positions. BOE Chairman Arguelles explained that these were temporary positions and that each individual hired to fill them were aware that contracts would not be renewed once the ESSER funds were no longer available. Sharon Mehaffey, Alexander County Schools CFO, also stated that, to avoid a RIF as long as possible, some employees who were already on staff were moved into the ESSER funded positions.

2024-2025 STATE ALLOTMENT PROJECTIONS

Andrea Robinette, Director of Federal Programs & Budget Analyst, reported that Alexander County Schools was projected to lose another 93 students for the 2024-2025 school year resulting in a \$623,435 reduction in the state allotment, equal to 10 positions (3 teachers, 5 teacher assistants, one counselor, and one instructional support staff).

Dr. Jennifer Hefner, Alexander County Schools Superintendent, added that allotment funds are required to be sent back to the state if student enrollment on the 20th day of school or 2nd month is 100 less than the projected number. Close to \$400,000 was reverted for the current school year.

Commissioner Marty Pennell mentioned that personnel statistics for Alexander County Schools provided on the NCDPI website showed a 13.7% decrease in the number of teachers since 2013 along with a 13.2% decrease in teacher assistants and support staff; however, he questioned what positions were considered as “other” under the Professionals category which had increased by 146.4% (from 28 to 69 positions). Dr. Hefner and Ms. Mehaffey felt the ESSER funded positions were accounted for in that category, but could not confirm without further research.

Commissioner Pennell also asked what steps had been taken over the years to address budget shortfalls caused by declining enrollment. Dr. Hefner, as well as Brigette Rhyne, School Board Member, discussed the capturing of positions through attrition, saving ARRA funds in fund balance, and the selling of property. Ms. Rhyne also pointed out that consolidation of schools had been considered, but the community was very much opposed at the time.

IMPACT OF MANDATED SALARY INCREASES FOR CLASSIFIED STAFF

Ms. Mehaffey advised that in 2021-2022, the state mandated a salary increase for all classified staff to at least \$13 per hour, resulting in an increased cost of \$739,927 for salaries and benefits expenses. The following year, a \$15 per hour minimum was mandated, increasing these expenses by another \$777,993 – more than \$1.5 million over a 2-year period.

5-YEAR LOCAL ALLOCATION INCREASES

Dr. Hefner provided a 5-year history of the School System’s requested local allocation increases as follows, noting that the cumulative total increase received for the last 3 years was \$318,368:

School Year	Increase Requested	Increase Given
2019-2020	\$1,060,798 to keep fund balance at \$2 million	\$279,149
2020-2021	\$265,060 – pre-planned increase of \$200,000 plus extra \$65,060 to cover benefit costs for locally paid employees	\$265,060
2021-2022	\$0 due to receipt of COVID-19 funds	\$0
2022-2023	\$252,368 to cover benefit costs for locally paid employees	\$252,368
2023-2024	\$1.9 million for loss of state funds, local salary increases, 3 mental health support positions, funding matches for Sugar Loaf and Bethlehem grant projects, Fire Academy operations, SRO grant matches, and to keep the Virtual Academy open.	\$66,000 for SRO grant match

In response to questions asked by Commissioner Pennell, Dr. Hefner was not aware of any increases in positions during this time, other than those paid by ESSER funds, but again could not confirm without checking the data. Ms. Robinette replied that the SRO grant was in its second year, but staff expects it to be renewed at its expiration.

AVERAGE LOCAL ALLOCATION COMPARISONS

According to a Local School Finance Study released by the Public School Forum on February 24, 2024, the average local appropriation per pupil in NC is \$2,158. Based on 2022 data, Alexander County ranks 72nd out of 100 counties with a local appropriation of \$1,609 compared to Caldwell at 80th (\$1,415 per pupil), Catawba at 53rd (\$1,888 per pupil), Iredell at 27th (\$2,472 per pupil), and Wilkes at 68th (\$1,699 per pupil). Dr. Hefner challenged the School Board, Board of Commissioners, and staff to work towards meeting the state average.

BOC Chairman Josh Lail informed the group that these specific rankings were for base local appropriations per student, but when considering local appropriations as a percentage of revenue per student (county’s ability to pay based on property tax base and student enrollment), Alexander County ranks 29th – better than all surrounding counties that have a much larger tax base and population (Caldwell is 52nd, Catawba is 75th, Iredell is 73rd, and Wilkes is 38th).

Commissioner Reese, who pointed out that the County had increased its allocation to the School System by 39.4% since 2014, felt both boards should be good stewards of taxpayer money, noting that the County's main source of revenue was through property taxes, which had recently increased due to revaluation.

TENTATIVE BUDGET REQUEST FOR 2024-2025

For the 2024-2025 school year, the Board of Education requested an increase of \$903,966 over current year funding for the following:

- Fire Academy – the County currently provides \$40,000 for this program, but an additional \$46,016 is needed to cover the instructor's salary, transportation costs, and supplies.
- NC Pre-K – the federal government no longer allows the use of Head Start funds to operate this program, leaving a shortfall of \$63,596. There is a plan to seek 9 private pay students to cover this cost, but with no guarantees.
- Increase in benefits for locally funded employees – \$170,919 is needed to cover a projected 3.5% salary increase as well as increases in health insurance costs for staff.
- Loss of state allotment funds due to decreased enrollment – projected at \$623,435 for 93 less students.

BOE Chairman Arguelles clarified that the School Board was not asking the County for a bail out, but taking ownership of the system's budgetary issues and developing ways to address them. He alluded to the series of meetings held earlier in the school year with parents, the community, and school staff to determine the best approach with the least impact to students, with the top suggestions being to cut/consolidate positions and also consolidate schools. Although the topic of school consolidation became very contentious when last discussed in 2016, he stated that a school consolidation plan was something that must be considered because of continued enrollment reductions; however, he stressed the importance of working together and having the County's support throughout the process.

Scott Bowman, School Board Member, agreed that the School System was not looking for a bail out, but assistance and time to develop the best plan of action, retain employees, and recruit quality people to fill upcoming vacancies.

Ms. Rhyne was appreciative of the County's annual appropriation, but stated that members of the School Board weren't doing their jobs if they didn't ask for help when needed.

BOC Chairman Lail stated that Alexander County Government and the School System were businesses that offered a product(s) to the citizens, noting that businesses must sometimes cut expenses to stay financially stable. Like the School System, the County is held to unfunded mandates and the governing board is tasked with making hard decisions when necessary; however,

he explained that the Board of Commissioners must also maintain a “big picture” approach, giving consideration to the efficiency of every department and organization funded by the County while keeping property taxes manageable. Chairman Lail added that the Board of Commissioners didn’t withholding funding simply to be difficult and felt the School System should have been more proactive many years ago to address budgetary issues.

Commissioner Herman agreed and felt the School Board now had no choice but to make drastic cuts that would be difficult and unpleasant. He added that he did his best to spend the citizens’ money like it was his own, which was why he voted against the 2023-2024 Alexander County budget.

Shane Fox, County Manager, requested official documentation from the School System related to their 2024-2025 budget request, noting the he and Finance staff were in the early stages of reviewing anticipated expenses and revenues.

CLOSING COMMENTS

Chairmen Lail and Arguelles discussed the need for better communication and to work together to plan for the future. It was agreed that the Finance Committees would establish a regular meeting schedule moving forward.

After relaying a recent conversation he had with an ACHS senior about the availability of courses at ACHS not offered in other counties, Commissioner Larry Yoder stated that he was proud of our school system and in favor of working together to provide our students with the best education possible.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 7:41 PM.

Joshua D. Lail, Chairman

Jamie M. Starnes, Clerk to the Board