

STATE OF NORTH CAROLINA)
)
COUNTY OF STOKES)
)
)
)

OFFICE OF THE COMMISSIONERS
STOKES COUNTY GOVERNMENT
DANBURY, NORTH CAROLINA
JUNE 4, 2003

The Board of Commissioners of the County of Stokes, State of North Carolina, met in recessed session (recessed from the June 3, 2003 meeting) in the Council Chambers of the Administrative Building, located in Danbury, North Carolina, on Wednesday, June 4, 2003, at 6:00 pm with the following members present:

Chairman Sandy McHugh
Vice-Chairman John Turpin
Commissioner Howard Mabe
Commissioner Leon Inman
Commissioner Joe Turpin

Darlene Bullins, Clerk to the Board

Chairman McHugh called the meeting to order.

Dr. Ron Carroll, Stokes County School Superintendent delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

Chairman McHugh opened the meeting by inviting the citizens in attendance to join the Board with the Pledge of Allegiance.

WORK SESSION-PROPOSED FISCAL YEAR 2003/04 COUNTY BUDGET

The Board met with the Board of Education and the following outside agencies to discuss the proposed budget:

Board of Education

The following Board of Education members were present:

Chairman Ernest Lankford Vice Chairman Terri Fowler
Member Ty Boles Member Yvonne Rutledge
Member Sonja Cox
(new Board Member-replaced David Burge)

Chairman Lankford spoke to the Board concerning the following issues pertaining to the proposed school funding:

\$1,306,939 already cut by the Board of Education from schools submitted budgets
\$493,344 Increase from Fiscal Year 02/03
Increase cost in utilities (projected to be an increase of approximately \$27,000-fuel)
Transportation – (reduction in state's allotment)
Maintenance – (increase in parts)
Charter Schools – (state requires Co. to pay for a Stokes Co. Student-25 students)
Increase salaries –(increase \$45,000- certified teachers)
Increase benefits –(increase \$10,000)
E-rate Technology Grant- (Federal grant taken away -\$130,000-in legal process)
Support Salaries –(increase \$50,000- cuts in State's allotment)
Insurance –(increase in \$40,000)

Board Member Boles spoke to the Board concerning the following issues pertaining to the proposed school funding:

Purpose and Function restricts School Board's ability to apply funding where funding is needed State Board requires Sims in order to report attendance, grades, testing scores, etc.

Board Member Rutledge spoke to the Board concerning the following issue pertaining to the proposed school funding:

Line item budget would require permission from the Board of Commissioners for any changes-require additional meetings.

Dr. Ron Carroll, Superintendent spoke to the Board concerning the following issues pertaining to the proposed school funding: (Dr. Carroll presented the Board with the following handout responding to County Manager's Proposed Budget)

Current Expense:

1. Schools Board's budget request reflects increase in county funding of \$493,344 over 2002-03 budget. However, the 2002-03 budget was \$450,000 less than the 2001-02 budget. The 2003-04 request seeks to restore cuts made last year plus additional \$43,344.

2. Most of the requested increase (83%) can be attributed to just 6 areas: distance learning sites, middle school SRO's, maintenance, fuel, charter schools, and loss of e-rate funds.
3. At first glance, the manager's proposed budget shows an increase in local funding of \$283,735, which is appreciated, although \$209,609 less than requested. However, the manager's proposal includes \$763,202 in hold harmless money, which may not be available. Our auditor has advised that including that money would be unwise. Without the hold harmless funds, the level of county funding for 2003-04 would be \$479,567 less than 2003-03 and \$929,567 less than 2001-02.
4. The manager's proposed budget allocates funds by purpose and function, which is of course legal. But no manager and no Board of Commissioners have ever presumed to set spending priorities for the elected Board of Education.
5. The manager's proposal includes notes that direct spending by line items, which is not permitted.
6. The 5100 and 5900 functions include increases, which are appreciated and much needed, but those increase will occur only if the hold harmless funds come through. Also, the manager's notes direct the spending of the increase to specific line items. The amount of the proposed increase will not cover the total cost of the line items that are targeted (short \$25,635).
7. The 6200 and 6400 functions show decreases equal to the requested funding for SIMS and clerical expenditures. Again, the manager's notes appear to direct line item spending. What concerns does the manager have about SIMS?
8. The 6500 function reflects an appropriation equal to what was requested but includes \$226,775 in hold harmless money. If that money is not available, the school board would likely have to look to shift funds or to see other sources of revenue; the 6500 function includes many expenditures over which we have little control. One option to raise additional revenues would be to charge all outside groups the full operational costs for use of the school facilities.
9. The 6900 function includes a reduction of \$200,000 over what was requested and \$66,000 in hold harmless money. The only way to offset the loss of funds of that magnitude in this function would be eliminate altogether the supplement for administrators, bus drivers, secretaries, custodians, maintenance, and transportation.

CAPITAL OUTLAY

1. The capital outlay budget proposed by the county manager is \$209,350 less than requested by the school board. Capital outlay requests from the schools totaled in the millions of dollars; only the most pressing needs related to safety, security, and school climate were included.
2. The Board of Commissioners may appropriated funds in capital outlay by project, which is usually not done; past Boards of Commissioners have respected the ability of the school board to set spending priorities.
3. The manager's capital outlay budget proposal appears to appropriate funds by specific line items, which is not permitted.

Member Sonja Cox spoke to the Board concerning the following issue pertaining to the proposed school funding:

Teachers concerned about pay increases in supplements versus loss in staff Dr. Carroll concluded that school's available fund balance is \$248,637 with appropriations of \$240,000 for fiscal year 03/04 budget leaving a \$8,637.64 with an estimated enrollment 7500 students for the upcoming school year.

The Board of Commissioners and Board of Education discussed charging outside groups using the schools' gyms, Sims programs, school field trips, mandated testing for students, sports, fund raising, supplements, supplies, and top priority – children's education.

NORTHWESTERN REGIONAL LIBRARIES

Ms. Joan Sherif, Northwestern Regional Libraries, (Mike Sawyer-unable to attend) presented the Board with a handout entitled "What is the Library Worth?" Ms. Sherif estimated that without a library, the cost over a one month period for the typical family's entertainment budget would be \$103.95 per month. Ms. Sherif concluded that the libraries could survive with the proposed budget if the Hold Harmless funds are received by the County.

CENTERPOINT

Area Director Ron Morton and Kerry MacLeod-Centerpoint presented a handout which included the following:

- Program Descriptions
Outpatient Clinical Services
SOC-Stokes Opportunity Center)
Early Childhood Intervention/Paces-(Would be closing day center)
Safe Schools/Healthy Students Initiatives
- Quality Measures, Results
- Service Initiatives
- Client Demographics and Trends (Clients served 2001-02 - 1,376)
- Stokes Unit Budget

Director Morton expressed concerns with the proposed funding that would impact services in Stokes County and how Centerpoint

could deliver better services to the County.

Chairman McHugh noted that once funding is allocated to this new reorganization, it can not be decreased and the new reorganization is scheduled to be implemented this fiscal year.

Director Morton concluded that once services are taken away due to funding, it takes a long time to rebuild and the possibility of contracted services for the County instead of an allocated amount of funding.

Chairman McHugh requested Director Morton to provide the County with demographics concerning services provided to County citizens in order to set measures and goals.

HEALTH DEPARTMENT

Health Director Steve Smith presented the Board with the following handouts:

- Responses to recommended budget for Health Center
- Local Funds Comparison
- Health Department-Statutory References
- Health Department-Rule References

Stokes County Health Department/Stokes Family Health Center

Responses to Recommended Budget for the Health Center

My comments tonight will be restricted to the recommended budget for the Health Department in Danbury. Our other primary budget components, Home Health and the King Clinic consume no local dollars and had relatively minor changes to their respective budgets so they are not an issue.

The focus of my comments tonight will be on the recommended funding level for local appropriations for the Health Department budget because there are important implications for the future of the Health Department and the County.

- The Health Department requested \$443,000 in local funding for the 2003-2004 fiscal year. The recommended amount for local funding is approximately \$178,000. This reduction represents a 60% decrease in local funding. Local dollars have generally comprised about 29% of our total budget so every local dollar lost equates to at least two additional dollars being lost from other revenue streams. In some cases, the decreased amount of local dollars will jeopardize entire allotments of funding.
- The strategy utilized in the budget cutting process was to eliminate expenditures that were paid in whole or in part by non-local funds and then reflect that full cost cutting in local appropriations. A prime example is Medical Supplies. That line does not have local funding in it. It was decreased by \$28,000 and then that reduction was reflected by diminishing local appropriations \$28,000.

Another example would be full-time and part-time salaries. The total salary base for these two categories was reduced by approximately \$202,000 and then again, local appropriations were reduced by the same amount. Local funding only supported \$54,000 of those salaries.

- Please consider the actual funding level vs. the amount listed as being recommended for local appropriations (\$178,000). Home Health returned approximately \$85,000 in revenues to the County for the 2001-2002 fiscal year. We are on track to earn that much or more this fiscal year. In the past, the Health Department had been able to negotiate having some of those funds returned for specific public health needs. We didn't get a dime from the revenues for the 2001-2002 fiscal year and we don't expect a dime this year. If you subtract those revenues from the local appropriations for the Health Center, your actual local funding for all public health needs in this County is \$93,000. \$93,000 for every man, woman and child in this County – 45,000 people.
- The NC Department of Health and Human Services/Division of Public Health expects a certain level of local funding for Women and Children's Health (WCH) programs. They use a baseline index for those local contributions based on 1985. Our MOE (Maintenance of Effort) amount for Stokes County is approximately \$70,000. If we can not demonstrate that level of investment for those local health programs, all DPH (Division of Public Health) funding may be withdrawn. The total amount of funding we receive from DPH exceeds \$380,000. Please consider this commitment in addition to mandated services and mandated personnel.
- The budget document lists a specific prohibition on purchasing medical supplies for the Family Planning program. It is not the Commissioner's role to dictate the utilization of non-local funds for the Health Department. The Board of Health is statutorily referenced as the policy making entity for the Health Department and they continue to endorse the continuation of the Family Planning program as it is currently structured. Interference with their desires directly usurps their authority for Health Department policy.
- Please refer to North Carolina General Statute 130A-9 and then to the various mandated services listed in the North Carolina Administrative Code. The statute and the associated rules clearly outline Communicable Disease (including certain obligations with Immunizations), Environmental Health and Vital Records as the responsibility of the County Health Department. In addition to these mandated services, 15A NCAC 25 .0301 stipulates a minimum standard for Health Department staffing which includes a full-time health director, a full-time public health nurse, a full-time registered sanitarian and a full-time secretary. It is my opinion that the proposed amount of local funding (\$178,000) will not meet the County's minimum obligations under these rules.

Local dollars in last year's program budget for:

Communicable Disease - \$ 40,588

Environmental Health - \$153,595
\$194,183 Total

This doesn't include costs associated with Vital Records, Immunizations, Maintenance of Effort and mandated staffing.

SUMMARY

If local appropriations for the Health Department remain at the \$178,000 level, I would have to pursue major alterations to Environmental Health staffing levels to more equitably distribute local dollars among all public health programs and even then I don't think we could accomplish all mandated responsibilities.

If it is the Commissioner's desire to sustain local funding support for Environmental Health and local appropriations stay at \$178,000 – the Health Department for all intents and purposes is closed. The budget document currently being shared with the public does not reflect our ability to maintain programs and staffing based on a local appropriation amount of \$178,000. I can not magically fill a \$265,000 reduction in local funds by "moving money around". It is my estimation that our shared responsibilities for public health will require baseline funding of \$300,000. Remember that Environmental Health consumes \$150,000 so I'm asking for that same amount to support all other public health programs. Also remember that a request for \$300,000 only entails actual funding of \$215,000. \$215,000 represents 1.4% of ad valorem taxes collected last year – less than 2 cents on the tax dollar for every service and program administered by the Health Department.

Please give every consideration to my comments. I understand the obligations Commissioners feel toward being fiscally responsible, but we have developed too much "tunnel vision" regarding this goal. The proposed budget may solve one singular problem, but will do so by creating many others. That's not the kind of trade off that our citizens expect. The County Commissioners are treating Departments the same way that the Governor treated municipalities. The budget crisis for the entire County should not be balanced on the back of departmental budgets. We didn't get into this situation in one year and we aren't going to get out of it in one year. There has to be room for compromise and negotiation regarding local funding support.

Thank you for your time.

Regards,
Steven E. Smith, MPA
Health Director – Stokes County

The Board discussed line items- advertising, environmental health fees and permits, clinical practices, and planning family issues with Director Smith.

YVEDDI

Director Jo Ann Larkin and Finance Director Chris Campbell presented the Board with a handout detailing concerns with the proposed budget. Director Larkins expressed concerns over the reduced amount requested which would impact services provided to Stokes County- Head Start Program, Transportation Program, Home Weatherization Program, and the Elderly Legal Program.

Finance Director Campbell stressed the loss of local funds \$16,233 could result in the loss of Federal/State dollars, which provide services to Stokes County citizens. Finance Director Campbell estimated a loss of \$350,126 in federal and state funds unmatched.

Director Larkins requested the Board re-consider the requested amount of funding by YVEDDI.

STOKES COUNTY MOUNTAIN RESCUE

Chief Greg Pratt and Larry Snyder, Board of Directors presented the following handouts to the Board:

- Budget by Services 2003-04
 - High Angle \$10,526.00
 - Search & Rescue \$10,000.00
 - K-9 Search & Rescue \$1,500.00
 - Confined Space \$10,000.00
 - Total \$32,026.00
- Agreement To Furnish Specialized Rescue
- Stokes County Search Plan
- Listing of Fire Equipment in Proposed Budget (cut from proposed budget)

The Board discussed with Chief Pratt the services provided by Mountain Rescue- High Angle, Search & Rescue, K-9 Search & Rescue, Confined Space, affiliation with NC Project Life Saver, which does not use County funding.

Chief Pratt stated that Mountain Rescue would be agreeable to the \$10,000 decrease in funding provided that Confined Space be eliminated from the contract currently between the County and Mountain Rescue.

Chief Pratt estimated the following amounts of equipment currently maintained by Mountain Rescue:

High Angle	\$80,000.00
Search & Rescue	\$50,000.00
Confined Space (light)	\$20,000.00

Chairman McHugh noted that the County would need to analyze the existing services (which are mandated by the State such as Confined Space) that are provided by the other fire departments in the County before determining services to be contracted with Mountain Rescue.

SOCIAL SERVICES DEPARTMENT

Interim Director Jan Spencer presented the following handout concerning the salaries in the proposed budget:

Stokes County Department of Social Services

FY '02-'03 (Current Fiscal Year):

We requested \$1,562,434 for salaries

We were approved \$1,553,772 for salaries (county dollars were \$756,756)

FY '03-'04

We requested \$1,471,148 which is \$82,624 less than the amount we were approved for this year (county dollars will be \$562,468; this amount is less than last year's amount due to so many experienced staff leaving for other jobs. New staff have come in at the minimum amount of pay)

Savings from last year are	\$	756,756
		<u>- 562,468</u>
		\$194,288 (All County Dollars)

(Due to reduction-in-force, savings were actually much greater)

Medicaid Savings

Due to the Federal Government assuming a greater portion of the Medicaid costs, Stokes County will see a reduction of the Medicaid costs of approximately 8% in COUNTY DOLLARS. This translates to approximately \$160,000 in COUNTY DOLLARS that will be saved!!

Total savings

\$194,288
<u>160,000</u>
\$354,288

To fund our total request of 55.5 workers, DSS only needs \$193,000 additional COUNTY DOLLARS. We currently have 38 workers (17.5 staff are needed)

Please consider the budget package that the DSS Board approved and that I feel will adequately serve the needs of the citizens of Stokes County. Anything less will seriously compromise our ability to provide adequate services and may place children and the elderly at risk of harm.

Thank you in advance for your consideration.

Jan Spencer, Interim Director

Interim Director Spencer noted that in the last three days, there have been 165 people requesting assistance, 75% needed to see more than one worker. Numbers are continuing to grow which is increasing worker's caseloads.

Interim Director Spencer requested the Board to reconsider the budget package that the DSS Board approved that will adequately provide the needs of Stokes County citizens.

There being no further business to come before the Board, Vice Chairman John Turpin move to recess until Thursday, June 5, 2003 at 6:00pm.

Commissioner Mabe seconded and the motion carried unanimously.

Darlene Bullins
Clerk to the Board

Sandy McHugh
Chairman