

Special Meeting – May 13, 2020

The Graham County Board of Commissioners and the Graham County Board of Education held a special joint meeting Wednesday, May 13, 2020 at 3:00 p.m. by teleconference and in the Graham County Community Building located at 196 Knight Street Robbinsville, NC to meet with Representative Kevin Corbin to discuss state funding for our schools. All board was present. Also present Representative Kevin Corbin and Beth Corbin, Graham County School Board Members: Rodney Nelson, Shane Garland, Sharon Edwards, Debbie Odom; Attorney Ellen Davis, Superintendent Angela Knight, School Finance Officer Lester Greene, School Clerk Susie Beasley and Resident Susan Kirkpatrick.

1. Chairman Wiggins called the meeting to order.
2. Chairman Wiggins asks for approval of the agenda. Commissioner Eller made the motion to approve the agenda. Commissioner Orr seconded this motion. Vote unanimous.
3. Chairman Wiggins asks Manager Garland to give Representative Corbin a review of the previous discussion held on Monday, May 11, 2020. Manager Garland stated that for ten years, she has been trying to figure out how the low wealth was calculated to the counties and she finally has. Manager Garland stated that low wealth funding came out of the Leandro versus Board of Education litigation and stated that the formula for low wealth funding is skewed toward the ratio between tax base and ADM for a school system. Manager Garland stated that Graham County has a low tax base and a low ADM because we are so small. Manager Garland stated that the small ADM makes our deficient tax base appear to be overinflated. Manager Garland stated that according to the State's calculation, Graham County should be able to provide \$9 million from property tax and sales tax revenue to support schools, which is over 50% of our budget. Manager Garland stated that this formula does not work for small counties especially one where we can only tax 30% of our land. Manager Garland stated what brought this meeting about we were put in the supplanting position due to the State saying that we have not funded our school appropriately for school year 2016-2017 and Superintendent Knight has been working diligently with the Department of Public Instruction requesting a waiver. Finance Office Greene did an analysis and found that in 2016-2017 we only received our \$42,000.00 from timber receipts and we did not receive any Secure Rural Schools Funding and this caused us to be in the supplant position because they are adding the timber receipts to their formula which is making it look like Graham County is not paying their portion to the Schools. Manager Garland stated they take an average of three years to figure the low wealth funding and because they are using the timber receipt monies with this calculation our school will not receive low wealth funding for 2020/2021 unless the county pays approximately \$87,000.00 to the schools. Manager Garland found that the timber issue is causing problems but if the federal government does not do their part then we do not know how to fund and Graham County will do their part. Manager Garland stated that she finally learned what low wealth meant to the State. The State takes our property tax base and divides it by the ADM and this determines what our calculation is for low wealth. Manager Garland stated that the State says we are not a low wealth county because they think that our county is a wealthy tax base county. Manager Garland stated that this goes back to the Leandro case and counties such as Graham and Swain who are owned largely by the Federal Government of which we receive little to no taxes are penalized so the formula is skewed towards counties with higher population that can be divided into the tax base and for Graham County that is 68% of our budget so the formula is not fair to counties with lower population or counties that have a large land mass owned by the federal government. Manager Garland stated that we cannot even tax a large land mass in our county. Manager Garland stated that the formula was built for larger counties and penalizes small counties. Manager Garland stated that Johnston County is a wealthy county and they received \$17 million in low wealth versus Graham County who received \$93,000.00. Manager Garland stated that Pitt County where East Carolina University is located received \$18 million in low wealth, they are considered a poor county with a 9% poverty rate whereas Graham County has an 18% poverty rate. Manager Garland stated that she received the 2020 Local School Finance Study and Graham County was put in a quartile higher than Mecklenburg County. Manager Garland stated that our low population skews the numbers making it appear that Graham County is a wealthy county by magnifying our little number of students by our tax base. Manager Garland stated that our school struggles. Manager Garland stated that the school study shows that this formula is not working for the small poor counties and this formula is not creating an equity because they are not taking into consideration the small counties not having the ability to tax. Manager Garland stated that she

has tried for many years to figure this out but the finance study ranking shows the quartiles and we ranked 22 in the state and we are hoping to obtain equity. Manager Garland stated that our school is still struggling to provide the same education as the wealthy schools per state law.

4. Finance Officer Greene stated that there are two flaws in calculating the low wealth funding. Mr. Greene stated that they take our entire land (292 square miles) in their formula and they consider all of this taxable but Graham County cannot tax 70% of our county and second the formula includes our timber receipts. Mr. Greene stated that the counties support has stayed the same or increased and when Graham County gave us \$570,000.00 our timber receipts was only \$43,000.00. Mr. Greene stated that in 2017 we were given \$43,000.00 in timber receipts, which was a decrease of \$118,000.00 from the previous year. Mr. Greene stated that timber receipts needed to be removed from the formula because we have no control on what we will receive and just because we receive less one year; it makes us look like we are not funding our schools. Mr. Green stated that if the receipts are decreased every year then this puts the school in a supplanting placement and the county has to make up the difference.
5. Manager Garland stated that we are penalized for receiving timber receipts and the formula is flawed in how they do the calculations. Manager Garland stated that overall timber receipts costs us thousands of dollars due to their formulas and this is flawed as well, on how they calculate timber receipts. Manager Garland stated that low wealth funding as it is now is backwards and the county should not have to pay when the timber receipts are cut.
6. Representative Corbin stated that this happened in Macon County as well where we have high property values such as the properties in Highlands showing a high ability to pay but yet we have a fairly low student average and this makes us look like a very wealthy county but the State is not looking at income and he has a problem with this. Representative Corbin stated that Graham County's tax rate is .65 per mil and this is very high compared to other counties and he understands the concern. Representative Corbin stated that the formula needed to be changed. Manager Garland stated that Chairman Wiggins suggested that we speak with the Judge that is looking at the Leandro case because he sees that something is wrong but he is not sure what it is. Manager Garland stated that the study was done so the judge could understand the funding and this is how she figured out what was happening. Manager Garland asks if we could talk to the State Superintendent because the DPI will not work with us on a waiver. Manager Garland stated that if Representative Corbin could talk to DPI. Superintendent Knight recommended that we go with the State Board Chair because they are not getting any help with the State Superintendent on anything not just this issue. Chairman Wiggins stated that timber receipts were not used until 2005/2006 and why did this just start being a part of the equation. Chairman Wiggins stated that Graham County did not have \$9 million dollars to put into the school system because that is 2/3 of our budget.
7. Representative Corbin stated that Graham County can only tax 30% of their property and cannot on 70%. Manager Garland stated that she feels they are not looking at our county in the correct way and we should be getting three times the low wealth funding that we are receiving now. Manager Garland stated that this is a pittance and she understands student population but the way the formula was set up ended up hurting the small population schools. Manager Garland stated that the dynamics are wrong when all of western North Carolina are in the upper quartile and we are all high poverty.
8. Representative Corbin stated that he totally understands and asks where we go from here. Representative Corbin stated that Craig Horn is the Chairman of Education and asks if the county would like to have a meeting with him on this issue. Representative Corbin stated that legislation had to change on this issue and he sees the inequity because the income of people need to be factored into this equation. Representative Corbin stated that a large amount of homeowners in our counties does not have kids and if they do, they are grown. Representative Corbin asks if the county would like to speak with Mr. Horn. Manager Garland and Lester Greene both quickly agreed to this meeting. Mr. Greene stated that we have 1121 students and it has dropped 50 to 70 students in the past years.
9. Commissioner Orr thanked Representative Corbin for coming to our county and stated that Attorney Davis had suggested a coalition with other WNC counties to do an intervener on the Leandro case. Representative Corbin stated that this is a legislation issue and it needs to be fixed of course when you try to take money from someone else they will be opposed.
10. Chairman Wiggins stated that we should fix it and he still wants to become a party in the Leandro lawsuit and try to get help there as well. Chairman Wiggins stated that until the federal government can assure proper funding for the timber we need variables to be added into any

formula concerning our county because we are not guaranteed a permanent appropriation for timber. Representative Corbin felt that a face to face in Raleigh would help and he cannot fix it today but legislative action is needed. Chairman Wiggins agreed and would like Representative Corbin to get the county an appointment in Raleigh.

11. Representative Corbin stated that he goes back in session on May 19 and he will request a meeting. Manager Garland stated that she would be glad to go. Representative Corbin stated that we will stay in session for about three weeks and they are working on the budget but with COVID-19, they are unsure of what funding will be coming down from the federal government.
12. Commissioner Orr stated that Representative Corbin recommended that counties get \$500,000.00 and the Senate wanted \$100,000.00 so they agreed on \$375,000.00. Representative Corbin stated that he was on that committee and he pushed for a flat amount and not per capita because that way the big counties would get the most money. Representative Corbin stated that Graham County received the highest per capita than in the State and we received \$45.00 per head versus Buncombe County, which received \$17.00 per head.
13. Manager Garland stated that she appreciated everything that Representative Corbin has done to work for our rural counties.
14. Representative Corbin stated that the legislation is flawed on the low wealth and he will pursue this for change. Representative Corbin stated that the county could take the CARES money and pay ourselves back for the money the county spent on the efforts of COVID-19. Manager Garland stated that she has the budget amendment ready tonight to be approved. Manager Garland stated that the State is giving them a broad amount of room in which to use the funding.
15. Chairman Wiggins stated that we will take action by having a meeting with Craig Horne and this will be in a couple of weeks with our focus on changing the legislation on the low wealth funding formula.
16. The board discussed a bill being passed to limit the size of classrooms and he asks that Representative Corbin look at this as well due to our class sizes.
17. Manager Garland stated that she would also like to request that the retirement increase be deferred this budget year because a \$125,000.00 budget hit this year will be very hard for Graham County to take. Manager Garland stated that she understands the need for the increase but just asks for a short term deferment.
18. Chairman Wiggins stated that another issue is our court system here in our district is so limited that our DSS cases are not being heard and this is a continuing cycle and we need to split District 30 to allow for more court dates.
19. Representative Corbin thanked the boards for their time and stated that he appreciated Graham County. BOE Chairman Rodney Nelson thanked Representative Corbin for his help and stated that he appreciates all that he has done for us in Graham County. Representative Corbin stated that he loves his district and the people in it and he will continue to work for us including working more toward Rural Broadband. Representative Corbin stated that they received 50 million for broadband and will be asking for another 90 million to get access to our rural areas. Chairman Wiggins stated that you cannot operate without the internet and it is a necessity in the day and time. Chairman Wiggins thanked Beth and Maggie Corbin for attending the meeting today.
20. Superintendent Knight stated that the Dogwood Trust had given the school hotspots to be placed throughout the county so that the schoolchildren could get access to internet. Superintendent Knight asks permission to put one of these hotspots at the DHHS building on P&J Road. Superintendent Knight stated that she would give the offices the passwords and the children will all receive the passwords via their schoolwork. The board was glad to allow this placement. Superintendent Knight stated that she would get with the county IT Department and have this installed.
21. Manager Garland stated that she received an email from USDA on the sanitation grant and the board needed to accept the grant/loan of \$400,000.00. Manager Garland stated that the Grant is \$75,000.00 and the loan is \$325,000.00 to be used to replace a front-end loader garbage truck and possibly purchase new containers. Manager Garland stated that the interest rate is 2.75% fixed and it has a 15-year note. Manager Garland stated that the sanitation committee discussed several issues regarding equipment such as compactors to be placed at each site with personnel operating the sites on a rotation of days at each site. Manager Garland stated that there are issues at the transfer station with a falling shed. Commissioner Orr asks what the benefits are

for the taxpayers other than spending money. Manager Garland stated that there will be less issues with dumpster diving which will add revenues by illegally dumping C&D's and will cut back on nefarious activities at night where damage occurs at the sites but it would take a few years to recover the money if you make a drastic change. Commissioner Orr asks what the expenditures are for this year versus last year. Manager Garland stated that we are coming in level at budget this year but last year the budget was over drastically due to equipment repairs. Manager Garland stated that the staffing would help with efficiencies and we would see less repairs on the truck with it being new. Manager Garland stated that our truck is twenty years old and a new truck will cost \$775,000.00. Chairman Wiggins stated that if we choose not to man the sites then we need to drop down to three sites. Chairman Wiggins stated that many counties have one operational site for sanitation. Chairman Wiggins stated that we are now seeing destruction to our fencing at the Snowbird site. Commissioner Orr made the motion to move forward with the grant/loan and to proceed with the purchase of a front loader with Manager Garland and Sanitation Director Gavin Colvard obtaining competitive bids. Commissioner Eller seconded this motion. Vote unanimous.

22. Manager Garland stated that she has spoken with the Town of Robbinsville Mayor Steve Hooper on taking over the Septic Receiving Station. Manager Garland stated that the pump was down again our contractors could not empty septic tanks because they have nowhere to take it to since the Town of Robbinsville stopped allowing them to use the one beside the community building. Manager Garland stated that the grant that was used to build the station was fourteen years ago and she told Mayor Hooper that this would not create issues. Manager Garland stated that Mayor Hooper asks if the Town would be required to pay rent. Manager Garland stated that the Town would agree to take the station if the county would repair the pump and then the Town would repair the plumbing that was installed incorrectly. The board discussed the power bill, the water bill, the repair bill for the pump. Commissioner Orr made the motion pay for the repair of the pump for \$1500.00 then donate the Septic Receiving Station to the Town of Robbinsville. Commissioner Eller seconded this motion. Vote unanimous.
23. Manager Garland stated that she has Budget Amendment #17 to amend to recognize COVID-19 CARES Act Funding for the board's approval for \$464,923.00. Manager Garland stated that \$54,074.00 went to the Health Department; \$23,511.00 went to EMS and \$387,338.00 went to General Government. Commissioner Orr made the motion to approve the budget amendment as stated. Commissioner Eller seconded this motion. Vote unanimous.
24. Commissioner Eller asks what the money is used for at EMS. Manager Garland stated that it is for operations.
25. Manager Garland stated that the board would need to have their comments on the Forest Plan by June 23rd. The board discussed Plan B and the need to comment "no more wilderness" and more timber harvest. The board discussed the other plans and asks that something be put together to present to the board.
26. Manager Garland stated that Brookfield requested an extension to May 26 at 5:00 p.m. for their Board of Equalization and Review meeting. The board agreed to this extension.
27. Chairman Wiggins asks for a motion to adjourn. Commissioner Orr made the motion to adjourn. Commissioner Eller seconded this motion. Vote unanimous.

Dale Wiggins, Chairman

Lynn Cody, Vice-Chairman

Keith Eller, Member

Jacob Nelms, Member

Connie Orr, Member

ATTEST: _____
Kim Crisp, Clerk to the Board