

**Scotland County Board of Commissioners and Board of Education  
emergency meeting/mediation  
June 26, 2014, A.B. Gibson Center, 322 South Main Street, Laurinburg, NC**

**Scotland County Board of Commissioners  
emergency meeting/mediation with the Board of Education  
June 26, 2014, A.B. Gibson Center, 322 South Main Street, Laurinburg**

Commissioners in attendance: Chairman Guy McCook, Vice Chair Carol McCall and Commissioners John Alford (*arrived at 10:05 a.m.*), John Cooley, Bob Davis and Whit Gibson. Commissioners not in attendance: Commissioner Clarence McPhatter. Staff in attendance: County Manager Kevin Patterson, County Attorney Ed Johnston and Clerk to the Board Ann Kurtzman. Board of Education members in attendance: Chairman Charles Brown and School Board members Raymond Hyatt, Dr. Jeff Byrd, Pat Gates, Jamie Sutherland and B.J. Gibson. School Board members not in attendance: Dr. Paul Rush and Jimmy Bennett. School staff in attendance: Superintendent Dr. Ron Hargrave, School Attorney Nick Sojka and School Board Clerk Nancy Smith.

Retired Judge James Llewelyn, serving as mediator, briefed those in attendance on his background, his experience as a mediator and his expectations for the mediation process.

Shortly after 9 a.m. Chairman Brown called the Board of Education meeting to order and delivered the invocation. Chairman McCook called the meeting of the Board of Commissioners to order.

Mr. Sojka distributed copies of the Statute regarding local current expense funding to the schools along with the 2002 legislative revision. Mr. Sojka discussed the law, the formula and how it works. Mr. Sojka said the Board of Education agreed that this year was not a year where it could deviate from the formula, which this year totals \$892,000. Mr. Sojka said the \$200,000 increase in school current expense approved June 23 by the Board of Commissioners fell short of the \$892,000 required by law. Schools Finance Officer Jay Toland said revenue has declined at a pace much greater than ADM, which puts the schools in difficult and challenging times.

*Commissioner John Alford arrived at 10:05 a.m.*

Chairman McCook said the disagreement between the two boards is really about the mandated increase of \$892,000 which, at 8.9 percent, is unsustainable. Chairman McCook said the County faces the same economic issues as State and federal dollars dry up. Chairman McCook said the County budget in four years has gone from \$42 million to \$36 million while sales tax declined from \$8 million to \$5 million in same period of time. Chairman McCook said the County must balance demands of all public services along with public education. Chairman McCook said the County makes an extraordinary effort to provide funding for schools but it is now in the same situation as it was in 2002. The tax rate at \$1.03 is the highest in the State. The tax base at \$2 billion is one of the lowest in the State, and the unemployment rate is persistently high. Chairman McCook said all the factors puts the County in the unenviable position of balancing demand of education funding and the County's ability to pay. Currently the County ranks 28 out of 100 counties in local funding per pupil, 22 in total dollars expended per pupil and number one based on its ability to pay.

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Chairman McCook said the County is asking for a reduction of the increase in local funding so the schools can continue to provide quality education for children at a sustainable cost.

Chairman McCook said the School Board has not been willing to communicate or make any effort to compromise on what might be a reasonable increase on local current expense for schools. Chairman McCook said the additional \$200,000 in current expense is a two percent increase, and the \$189,000 budgeted for school capital is equivalent to one cent on the tax rate. Chairman McCook said the June 4 letter sent to the School Board with the formal offer was rejected.

Mr. Sojka said there is no mandate that an agreement be reached given the structure of the law and the concerns of the Board of Education.

Judge Llewelyn called for a break after which he would meet with the Chairmen of both boards.

The Board of Commissioners and the Board of Education moved to separate rooms so negotiations could commence with Judge Llewelyn delivering handwritten proposals between the two boards.

Following a series of proposals and counter-proposals, Judge Llewelyn summarized a proposal to the Board of Commissioners that was acceptable to both boards. Both boards agree to work toward restructuring the school funding formula in good faith with March 1, 2015 as the deadline for restructuring. If restructuring efforts are not resolved to the mutual satisfaction of both boards, then either board would be able to take a local bill to Raleigh for consideration.

The schools would receive \$10,614,325 in local current expense in FY 14-15 and \$10,826,380 in local current expense for FY 15-16, which is a two percent increase.

Judge Llewelyn asked for a vote from the Board of Commissioners to accept those terms.

**Motion was made by Commissioner Davis and duly seconded by Commissioner Alford to accept the proposal from the School Board. Vote: Motion unanimously approved.**

The two boards came together and the mediation session resumed. Judge Llewelyn announced the dispute that existed between the two boards and mediation that followed resulted in a negotiated settlement that is in the best interest of all citizen of Scotland County, including the children.

Judge Llewelyn outlined what would encompass the agreement reached. For FY 2015, the Board of Commissioners would amend the budget ordinance from the originally adopted \$10,339,325 for local school current expense to \$10,614,325 for local school current expense and allocate \$300,000 in school capital (excluding lottery, fines and forfeitures and debt service) for FY 2014-2015. (This is an additional \$275,000 for a total of \$10,614,325 of school local current expense and an additional \$110,230 increase for capital from \$189,770.)

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**Motion was made by Commissioner Alford and duly seconded by Vice Chair McCall to approve the negotiated terms for funding local school current expense and capital for FY 2015. Vote: Motion unanimously approved.**

**The Board of Education unanimously approved the negotiated terms for funding local school current expense and capital for FY 2015.**

Judge Llewelyn stated the following for approval by both boards. For fiscal year 15-16 the Commissioners would approve \$10,826,612 for school current expense and budget capital dollars at \$300,000 (excluding lottery, fines and forfeitures and debt service).

**Motion was made by Commissioner Alford and duly seconded by Vice Chair McCall to approve the negotiated terms for funding local school current expense and capital for FY 2016. Vote: Motion unanimously approved.**

**The Board of Education unanimously approved the negotiated terms for funding local school current expense and capital for FY 2016.**

Judge Llewelyn said the terms of the agreement state that both boards beginning July 1, 2014, will select members to meet monthly to work on a restructuring of a funding plan for the schools and if two boards cannot agree on a restructuring plan by March 1, 2015, either or both boards could proceed to the State legislature and attempt to get the basis of school funding changed.

Both side agree the agreement reached today would be enforced by the Superior Court Judge or the designated Superior Court Judge.

Terms of the agreement will be prepared by the County Attorney and School Board Attorney, which will be signed by Judge Llewelyn even though it is not a court-ordered mediation.

Judge Llewelyn said he would communicate success of the mediation to Superior Court Judge Richard Brown, who has been granted the right to enforce the agreement under penalty of contempt.

**Motion was made by Commissioner Cooley and duly seconded by Vice Chair McCall to adjourn. Vote: Motion unanimously approved. Meeting adjourned at 5:55 p.m.**

**The School Board adjourned.**

Ann W. Kurtzman  
Clerk to the Board

Guy McCook  
Chairman