

DURHAM COUNTY GOVERNMENT

Michael M. Ruffin
County Manager

May 26, 2009

The Honorable Members
Durham County Board of Commissioners
Durham County Administrative Complex
200 East Main Street
Durham, North Carolina 27701

Dear Durham County Commissioners:

The preparation of the annual budget is one of the major responsibilities conferred by law upon county managers in North Carolina. This year, the decisions reached during the process of preparing the Fiscal Year 2010 budget brought unprecedented challenges as our staff faced an increasing demand for county services against the backdrop of sharply declining revenues. I cannot say enough about the quality of the work that our senior management team, department heads, and budget staff registered this year.

Our economy is unpredictable and behaving very differently from the economy that underpinned many of the decisions made in previous budget years. The recession in which we find ourselves will end. However, the central questions are when and how the new economy that emerges will behave when it does end? The answers to these questions are unknown – limiting both the assumptions I am able to use and options that might have otherwise been available.

The greatest challenge we face is how to adjust spending to realistic levels. In doing so, there were three ground rules that were at play throughout the development of this Recommended Budget:

- Realistic assumptions about revenues and expenditures should be used to underscore all budget recommendations
- Durham County taxpayers should not see an increase in property tax rates
- County savings should not be used to fund recurring expenses

Clearly, the right thing to do is to adjust spending to levels that current economic conditions can support. In other words, overall spending in the next year's budget had to be reduced. The Recommended Fiscal Year 2010 budget accomplishes this aim. The recommended budget, excluding pass-through funding, is 6.2% less than the current year's budget.

Our staff began preparing the Fiscal Year 2010 budget in the fall of 2008. We recognized early on that next year's budget would pose unique challenges. County department heads and agencies were asked to

submit budgets that included a 10% expenditure reduction. I knew that 10% across-the-board reductions were unrealistic in some departments; however, it was important to prepare our organization for a very different fiscal year.

In the end, I have recommended an average reduction of 6.6% for all County departments. My recommendation also includes a 6.6% reduction to all existing nonprofit agencies that receive County funding. Unfortunately, I could not recommend funding for any new requests for funding received from nonprofit agencies.

Counties and cities across the state are being forced to lay off or furlough employees in order to balance their budgets. I am pleased to report that no employee layoffs or furloughs will be necessary for next year. However, 33.32 vacant FTE's (full-time equivalent) have been eliminated, and our employees will need to stand in the gap to ensure that County services continue to be delivered in the manner our citizens have come to expect.

Unfortunately, no salary increases for County employees and officials are recommended. I have also recommended the suspension of next year's longevity benefit. Our employees recognize that these difficult economic times require these sacrifices and are willing to make them so we can continue to serve our citizens in a greater time of need.

It should be noted that no elimination of any County service is proposed. In fact, during periods of economic recession, many of our service lines experienced increased demand. Consequently, it should come as no surprise that requests for public assistance are on the upswing. While I have made necessary reductions to our workforce, next year's budget will ensure that we continue to meet the needs of our citizens.

The most difficult decision I had to reach was how to fund Durham Technical Community College and Durham Public Schools. Clearly, a 10% percent reduction in funding for either organization makes no sense. I settled on a 2.8% reduction in funding for both systems, and believe my recommendation is fair and practical.

Durham Public Schools presently receives over \$105 million from Durham County. Every year, the amount of funding the school system receives is largely based on the system's estimate of expected student population. Next year's funding recommendation is no different.

Dollar for dollar, the decision for a \$2.9 million, 2.8% reduction, in current expense funding for Durham Public Schools, was reached as follows:

- A \$926,352 reduction in over funding provided in the current fiscal year for students who never appeared;
- A \$1,345,136 million reduction for 464 fewer students projected to enroll next year in Durham Public Schools and charter schools; and
- A \$649,588 reduction as recommended in the Superintendent's budget.

The first two reductions for per pupil expenditures are due to a lower student population. These reductions should not affect the quality of our education system. The County is only taking back funds that are tied to student growth that has not appeared in the current fiscal year and is not anticipated in Fiscal Year 2010. The system will likely disagree because it is now using the current year funding for purposes for which it was not originally directed. The likely culprit is the gap left by the reduction of state funding.

Many will claim that County reductions are forcing an unnecessary reduction in classroom teachers. However, Durham Public Schools is expecting 1,085 fewer students next year. Fewer students mean fewer teachers and classroom personnel will be needed next school year.

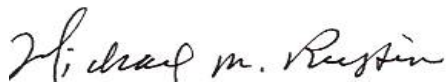
With the exception of the above-explained adjustments for a lower student population, I have recommended no additional reductions beyond those advanced by the Superintendent in his proposed budget. I commend Dr. Harris for his efforts to address deteriorating state support for public education, and regret the Board of Education decided to summarily reject his proposal. I believe the Board missed out on an opportunity to become a part of the solution. In passing along their recommendation to you, they presented no alternatives to funding except to ask you to fill the gap left from a reduction in state funding by increasing property taxes. Unfortunately, the burden of coming up with a realistic solution has been delegated to you.

With the exception of my funding recommendation for Durham Public Schools, I do not expect strong objections from other quarters. Of course, there will be other concerns, but the voices behind them will be few. The elephant in the room this year is school funding and I expect a loud chorus of concern. I implore you to make sure the concerns expressed are supported by facts as I believe the recommendation I have put forward makes good sense.

I look forward to working with you and pledge the full support of my staff to assist you in reaching some very difficult decisions in the weeks ahead.

With highest regards, I am

Sincerely



Michael M. Ruffin
County Manager

cc: Vonda Sessoms, Clerk to the Board
Chuck, Kitchen, County Attorney

Attachment

Nonprofit Funding Recommendations	FY 08-09 Adopted Budget	FY 09-10 Requested Budget	FY 09-10 Manager Recommended Budget
Organization Name			
Achievement Academy	\$ 20,000	\$ 45,000	\$ 18,680
Alliance of AIDS Services	\$ 15,000	\$ 30,000	\$ 14,010
American Cancer Society	\$ 0	\$ 5,000	\$ 0
Animal Kind	\$ 10,000	\$ 15,000	\$ 9,340
Big Brothers Big Sisters of the Triangle	\$ 35,000	\$ 50,000	\$ 32,690
Child Advocacy Commission	\$ 40,500	\$ 45,000	\$ 37,827
Child & Parent Support Services	\$ 12,664	\$ 30,000	\$ 11,828
Child Care Services Association	\$ 33,565	\$ 40,000	\$ 31,350
Communities in Schools	\$ 5,450	\$ 10,000	\$ 5,090
Coordinating Council for Senior Citizens	\$ 138,700	\$ 160,000	\$ 129,546
D3 Community Outreach	\$ 0	\$ 5,000	\$ 0
Durham Community Penalties Program	\$ 5,000	\$ 10,000	\$ 4,670
Durham Companions	\$ 5,000	\$ 5,000	\$ 4,670
Durham Congregations in Action/YO:Durham	\$ 5,000	\$ 10,000	\$ 4,670
Durham Council for Children with Special Needs	\$ 13,000	\$ 12,837	\$ 12,142
Durham County Teen Court	\$ 35,000	\$ 35,000	\$ 32,690
Durham Crisis Response Center	\$ 52,000	\$ 53,620	\$ 48,568
Durham Exchange Club Industries	\$ 0	\$ 61,100	\$ 0
Durham Literacy Center	\$ 30,000	\$ 40,000	\$ 28,020
Durham's Partnership for Children	\$ 15,000	\$ 150,602	\$ 14,010
El Centro Hispano	\$ 35,000	\$ 35,000	\$ 32,690
El Futuro	\$ 0	\$ 30,000	\$ 0
Eno River Association	\$ 15,000	\$ 15,000	\$ 14,010
Exodus House	\$ 0	\$ 75,000	\$ 0
Food Bank of Central & Eastern North Carolina	\$ 0	\$ 30,000	\$ 0
Genesis Home	\$ 24,500	\$ 24,953	\$ 22,883
InStepp	\$ 0	\$ 15,000	\$ 0
Inter-Faith Food Shuttle	\$ 10,000	\$ 52,000	\$ 9,340
John Avery Boys & Girls Club	\$ 44,100	\$ 65,000	\$ 41,189
Milestones Culinary Institute	\$ 5,000	\$ 23,100	\$ 4,670
North Carolinians Against Gun Violence	\$ 0	\$ 20,000	\$ 0
Operation Breakthrough	\$ 100,000	\$ 97,000	\$ 93,400
Piedmont Wildlife	\$ 0	\$ 10,000	\$ 0
Planned Parenthood	\$ 20,000	\$ 20,000	\$ 18,680
Project Graduation	\$ 4,500	\$ 4,500	\$ 4,203
Salvation Army	\$ 15,000	\$ 15,000	\$ 14,010
Senior PharmAssist	\$ 94,264	\$ 94,264	\$ 88,043
Shodor Education Foundation	\$ 0	\$ 25,000	\$ 0
The Scrap Exchange	\$ 0	\$ 18,650	\$ 0
Threshold	\$ 0	\$ 10,000	\$ 0
Triangle Champions Track Club	\$ 10,000	\$ 20,000	\$ 9,340
Triangle Radio Reading Service	\$ 4,625	\$ 4,750	\$ 4,320
Triangle Residential Options for Substance Abusers (TROSA)	\$ 26,061	\$ 70,000	\$ 24,341
Victorious Community Development Corp.	\$ 15,000	\$ 10,000	\$ 10,000
Vision Services Group		\$ 50,000	\$ 0
Women In Action for the Prevention of Violence and Its Causes	\$ 29,075	\$ 34,037	\$ 27,156
Organizations funded in FY09 without an FY10 request	\$ 24,166		
	\$ 947,170	\$ 1,681,413	\$ 858,076