

## **Third Time's Not the Charm** *Guilford County still needs better spending, not higher taxes*

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### **KEY POINTS**

- Guilford county commissioners are asking for an \$11.6 million tax increase at a time of high unemployment.
- In 2008, they twice asked voters to pass a tax increase, but by large majorities, the voters turned them down.
- Voters did approve two school bonds in 2008, but county commissioners squandered much of that money by building two of the three most expensive schools in the state. (Jamestown Middle School and EC West).
- When voters approved those school bonds, the county commissioners assured voters that the debt would be paid with existing funding streams.
- To illustrate the commissioner's inability to manage spending and the debt, the county will exceed its debt guideline every year from 2012 to 2016.
- Now commissioners say they need a tax increase in order to pay for the excessive debt obligations.
- Regardless of the county commissioners' promises to use the new revenue from the tax increase to pay for the county's debt, all of the new revenue would go into the general fund and could be spent for any legal purpose.
- Since the special county taxing authority was established by the legislature in 2007, voters have turned down 68 of 85 requests for tax increases, sending the message that county commissioners must be more responsible stewards of taxpayers' hard-earned money.
- Guilford County voters should think twice before rewarding the county commissioners with a tax increase.

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### **COUNTY COMMISSIONERS ON A 'CREDIT CARD' SPENDING SPREE**

Guilford County commissioners have twice asked voters to pass a tax increase, and both times voters have said no. Voters turned down the May 2008 tax-increase proposal by a 75 to 25 percent margin, and they defeated another proposed tax increase in the November 2008 election by a margin of 70 to 30 percent.

Now the commissioners are asking again. This time they are

asking for an \$11.6 million tax increase, an amount equivalent to a 2.6 cents property tax increase. This time they say that the money would be used to pay the school bonds but can be used to pay other bonds. In fact, regardless of their promises, the commissioners can legally spend the new revenue from the tax increase on any legal purpose.

Commissioners have been on a “credit card” spending spree that has left the county with a debt crisis. Now they are trying to cover it up with a tax increase.

The county has a guideline that debt service payments should not to exceed 15 percent of the county’s operational bud-

get. Payments for fiscal years 2012 through 2016 all exceed that 15 percent limit, with the FY 2013 payments nearly 18 percent of the county operating budget. The sales tax increase could bring the ratio in those years under the 15 percent threshold, but it would still leave the county needing up to \$20 million more for debt service than it is paying this year.

The debt service payment for this year is almost \$71 million. That amount increases to \$112 million in FY 2013 and stays above \$100 million until FY2018. Clearly, the county commissioners have not been good stewards of the county’s finances.

**Table 1. 2009 School Construction Projects**

| <i>District</i>   | <i>School Name</i> | <i>Level</i> | <i>Bid Date</i> | <i>Sq. Ft.</i> | <i>Cost</i>         | <i>Sitework</i>    | <i>Total Cost</i>   | <i>Student Capacity</i> | <i>Cost/Sq.Ft.</i> |
|-------------------|--------------------|--------------|-----------------|----------------|---------------------|--------------------|---------------------|-------------------------|--------------------|
| Chatham           | Margret B. Pollard | MS           | 3/11/09         | 119,945        | \$18,585,173        | \$2,531,988        | \$21,117,161        | 800                     | \$176.06           |
| <b>Guilford</b>   | <b>EC West</b>     | <b>N/A</b>   | <b>7/28/09</b>  | <b>68,032</b>  | <b>\$8,693,811</b>  | <b>\$2,753,648</b> | <b>\$11,447,459</b> | <b>N/A</b>              | <b>\$168.27</b>    |
| <b>Guilford</b>   | <b>Jamestown</b>   | <b>MS</b>    | <b>1/1/09</b>   | <b>161,154</b> | <b>\$22,327,235</b> | <b>\$3,278,506</b> | <b>\$25,605,741</b> | <b>1,100</b>            | <b>\$158.89</b>    |
| Forsyth           | Carter School      | SpEd         | 5/12/09         | 39,151         | \$6,070,500         | Included           | \$6,070,500         | 175                     | \$155.05           |
| Cumberland        | Century Internat'l | ES           | 2/3/09          | 95,668         | \$11,937,022        | \$2,392,978        | \$14,330,000        | 800                     | \$149.79           |
| Buncombe          | West Intermediate  | MS           | 11/10/09        | 105,000        | \$15,479,359        | Included           | \$15,479,359        | 850                     | \$147.42           |
| Nash-Rocky Mount  | Rocky Mount        | HS           | 11/24/09        | 248,512        | \$29,094,233        | \$5,674,967        | \$34,769,200        | 1,400                   | \$139.91           |
| <b>State Avg.</b> |                    | <b>Other</b> |                 |                |                     |                    |                     |                         | <b>\$139.19</b>    |
| Buncombe          | South Intermediate | MS           | 11/10/09        | 105,000        | \$14,418,674        | Included           | \$14,418,674        | 850                     | \$137.32           |
| Stokes            | Nancy Reynolds     | ES           | 11/19/09        | 51,608         | \$6,118,951         | \$919,799          | \$7,038,750         | 250                     | \$136.39           |
| Avery             | Banner Elk         | ES           | 7/29/09         | 50,828         | \$6,126,411         | \$700,920          | \$6,827,331         | 250                     | \$134.32           |
| <b>State Avg.</b> |                    | <b>MS</b>    |                 |                |                     |                    |                     |                         | <b>\$130.39</b>    |
| <b>State Avg.</b> |                    | <b>HS</b>    |                 |                |                     |                    |                     |                         | <b>\$130.11</b>    |
| Vance             | Clarke             | ES           | 3/4/09          | 94,848         | \$12,294,947        | Included           | \$12,294,947        | 773                     | \$129.63           |
| Forsyth           | Walkertown         | MS/HS        | 7/14/09         | 238,024        | \$24,784,310        | \$5,080,725        | \$29,865,035        | 1,400                   | \$125.47           |
| Richmond          | Chalk Road         | ES           | 3/12/09         | 81,466         | \$10,085,000        | Included           | \$10,085,000        | 650                     | \$123.79           |
| Moore             | Area III           | ES           | 4/7/09          | 66,690         | \$6,980,465         | \$1,232,435        | \$8,212,900         | 700                     | \$123.15           |
| Pitt              | Pitt County        | ES           | 9/24/09         | 90,571         | \$11,084,500        | Included           | \$11,084,500        | 773                     | \$122.38           |
| Surry             | Pilot Mountain     | MS           | 5/19/09         | 95,669         | \$11,673,200        | Included           | \$11,673,200        | 700                     | \$122.02           |
| New Hanover       | Snipes Academy     | ES           | 3/19/09         | 89,055         | \$10,134,195        | \$692,720          | \$10,826,915        | 500                     | \$121.58           |
| <b>State Avg.</b> |                    | <b>ES</b>    |                 |                |                     |                    |                     |                         | <b>\$121.57</b>    |
| Forsyth           | Zone 7             | ES           | 11/24/09        | 96,505         | \$11,670,039        | Included           | \$11,670,039        | 800                     | \$120.93           |
| Franklin          | Franklinton        | HS           | 6/3/09          | 214,277        | \$25,445,100        | Included           | \$25,445,100        | 1,200                   | \$118.75           |
| Surry             | Central District   | ES           | 3/12/09         | 67,374         | \$6,577,939         | \$822,443          | \$7,400,382         | 636                     | \$109.84           |
| Cabarrus          | Hickory Ridge      | MS           | 3/17/09         | 173,051        | \$18,177,000        | \$398,000          | \$18,575,000        | 1,200                   | \$107.34           |
| Cabarrus          | AT Allen           | ES           | 3/31/09         | 111,000        | \$11,690,800        | Included           | \$11,690,800        | 1,000                   | \$105.32           |
| Cabarrus          | Northwest Area     | MS           | 4/7/09          | 185,555        | \$18,916,700        | Included           | \$18,916,700        | 1,200                   | \$101.95           |
| Cabarrus          | Patrios            | ES           | 3/24/09         | 111,570        | \$10,977,012        | Included           | \$10,977,012        | 1,000                   | \$98.39            |

## WHAT HAPPENED WITH THE SCHOOL FACILITY BOND MONEY APPROVED BY VOTERS IN 2008?

Voters approved two K-12 school facilities bonds in 2008, totaling \$447,315,000.<sup>1</sup> A year later, Guilford County had two of the top three most expensive facilities projects in the state on a cost per square foot basis (see Table 1).<sup>2</sup> According to North Carolina Department of Public Instruction data, Guilford's EC West School bid at nearly \$30 more a square foot than the average non-graded school bid in 2009. Guilford's Jamestown Middle School bid at over \$28 a square foot more than the average middle school bid in the same year.

To get a better sense of Guilford's overspending, Forsyth's Walkertown Middle/High School bid at \$33 less per square foot than Guilford's Jamestown Middle School. Moreover, Walkertown can accommodate 300 more students than Jamestown, mostly because Walkertown is nearly 77,000 square feet larger than Jamestown.

Moreover, the *Rhinoceros Times* recently reported other troubling facts about the Guilford County Schools facilities program. According to reporter Paul Clark, school officials approved a plan to build Northern Guilford High School with a host of "green" technologies.<sup>3</sup> Despite accolades for being one of the best "energy-sustainable school in the country," Northern Guilford is significantly less energy efficient than comparable schools built without features approved by environmentalists.

When voters approved the 2008 bond referendums, they did so with the understanding that the county commission would pay the debt service using existing funding streams. To ask voters to approve a tax increase to pay for the bonds two years after the fact is akin to buying an expensive car and asking your boss to increase your salary to pay for it.

Voters also approved the bonds under the belief that the Guilford County Schools

would be good stewards of taxpayers' money. In a recent interview, chairman of the Guilford County Board of Commissions, Melvin "Skip" Alston, claimed, "I think the citizens saw that over the last two years we've been very efficient and effective in dealing with their taxpayers' money."<sup>4</sup> Instead, Guilford County's spending on school facilities far exceeds state averages.

## FISCALLY RESPONSIBLE DECISIONS BY COUNTY COMMISSIONERS?

Running up excessive debt during good times and taxing in bad times is not a fiscally responsible way to operate a county. Voters are angry at government at all levels — federal, state, and local — because elected officials promise to be good stewards of hard-earned taxpayer money and then break their promises with excessive spending. Voters in Guilford County have a chance to send the county commissioners a message on November 2.

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## END NOTES

1. North Carolina Department of Public Instruction (NC DPI), School Planning Division, "Local Bond Issues for Schools since 1995," March 19, 2010, [www.schoolclearinghouse.org](http://www.schoolclearinghouse.org).
2. NC DPI, School Planning Division, "Costs of Recent School Projects, July 21, 2010, [www.schoolclearinghouse.org](http://www.schoolclearinghouse.org).
3. Paul C. Clark, "'Green' Schools Leaking Energy," *The Rhinoceros Times* XX, no. 34, August 26, 2010.
4. Joe Killian, "Sales tax hike may go back on ballot," Greensboro News & Record, August 20, 2010, [www.news-record.com/content/2010/08/20/article/sales\\_tax\\_hike\\_may\\_go\\_back\\_on\\_ballot](http://www.news-record.com/content/2010/08/20/article/sales_tax_hike_may_go_back_on_ballot).