

# Impasse in Union County budget mediation

By Adam Bell

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Union County commissioners and the school district reached an impasse in mediation Wednesday over a budget funding dispute, and now will face off in court for the first time over the issue.

The two sides were up against a Thursday deadline for the mediator to declare an impasse, seek a deadline extension or announce a settlement.

After the five-hour mediation ended, the county said the school district had proposed that it receive additional funds over the next three years beyond the amount the county had approved. That plan would produce a \$38.5 million deficit for the county over three years, the county said, and require a 10 percent tax hike to cover the deficit.

In a statement, the district tore into the county for disclosing the plan.

“It is highly inappropriate, irregular and irresponsible for either side to release details of confidential proposals,” a statement from the district read. “It truly represents a failure of leadership when county commissioners and the county manager choose to publicly attack their own school system for trying to meet the needs of its children and the expectations of its citizens.”

School district leaders referred additional comment to outside counsel Richard Schwartz. He planned to file suit this week, and the case could head to court in the next couple weeks.

Schwartz called the county’s description of the district’s proposal completely inaccurate but declined to get into specifics because it was a confidential mediation proposal.

County Manager Cindy Coto declined to comment on the district’s criticism. She did, however, call the district’s proposal financially unsustainable.

The county also said the school district actually has a projected surplus of \$2.9 million when taking into account increases in state funding that were finalized after mediation began, the county’s funding, the school district’s fund balance and adjustments for school board budget requests that appeared to be inflated.

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[In a statement](#), commissioners Chairman Jerry Simpson said he hoped that the surplus would be enough to convince the district not to proceed with suing county residents to get more money. Residents cannot afford a tax increase, he said.

In June, the school board [demanded mediation](#) because it was unhappy with the amount of funding county commissioners were providing them in the county's 2013-14, \$298 million operating and capital budget: The county allocated \$82.3 million in general operating funds for the district, or about \$2.7 million less than the school board had wanted. And instead of the \$8.4 million it wanted for capital funds, the county said it would provide \$9 million over three years.

All along, county officials have said they would be forced to raise taxes or slash services if they had to give more money to the school district.

The mediation process has been contentious from the start.

One commissioner said his board was protecting taxpayers from a tax-and-spend school board that cared little about teachers. A school board member shot back that he simply wanted an unbiased mediator to help the district gets its fair share of the funding.

In late June, the county [sued the school district](#) to force it to turn over documents the county insisted were critical to its mediation dealings. A school board lawyer dismissed the suit as "total nonsense." The district then handed over seven boxes with more than 25,000 pages of documents in them. County officials called the data dump unusable and sought more financial records even as it put its lawsuit on hold.

This is the fourth time the board has sought mediation since 1998, the year after the current state law dealing with the issue was enacted. No other North Carolina school district has used the process more.

All of the other times the Union County district sought mediation, it ended up settling without going to court and getting more money from the county.

The most recent settlement, in 2007, also was the only time a settlement resulted in a property tax hike for residents.

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