

Haywood County “Toeprints”

July 9, 2014

Vol. #5 Issue #8 (Subject: Funding Formula - Julie Davis Cooked the Books, Students are Losers.)

www.haywoodtp.net

What’s Happening?

The purpose of this newsletter is to inform Haywood County Taxpayers of what transpires at the bi-monthly County Commission Meetings. This newsletter will be written from the perspective of a casual observer, myself. Any opinions expressed will be mine.

Funding Formula.

What is this Funding Formula? From newspaper accounts (hardly reliable in this county), **Swanger [D]**, **Kirkpatrick [D]** and **Ensley [RINO]** created a “Funding Formula” in 2003 to reduce or eliminate the contentious yearly hassle / haggling over the Haywood County Public School Budget.

[re: Mountaineer Article, School board to re-visit funding formula, By Shelby Harrell Staff Writer, May 12, 2014, <http://themountaineer.villagesoup.com/p/school-board-to-re-visit-funding-formula/1178743>]

Upton [re: June 16th County Commission Meeting, www.haywoodnc.net] was Haywood County School Supervisor in 2003 when the first “Resolution” was adopted.

There have been three (3) Resolutions adopted, a new resolution every three years (until now).

- 2003 - signed by Bill Noland
- 2006 - signed by **Mark Swanger [D]**
- 2009 - signed by **Kirk Kirkpatrick [D]**

[re: <http://haywoodtp.net/pubII/140610FundingFormula.pdf>, See pages 4-6].

A “Resolution” is one of the lowest level documents County Commissioners can create. A notch above a Resolution is an Ordinance [re: remember **Carmine Rocco** and “The Rule”? **Carmine Rocco** and commissioners were blown back to the Stone Age when they attempted to adopt “The Rule”.] Commissioners cannot create General Statutes, and there is no statutory requirement that calls for a “Funding Formula”.

These Resolutions are simply “agreements” between Haywood County Commissioners and the Haywood County School Board. However, Resolutions are expected to be carried out in good faith [re: § 25-3-307. Notice of breach of fiduciary duty.]

The Three Resolutions.

The following is a summary of each funding formula. The portion of the equation that is underlined in the 2006 formula represents a change from the 2003 formula, and the portion of the equation that is underlined in the 2009 formula represents a change from the 2006 formula.

2003 Funding Formula

PPA (Per Pupil Appropriation) increased by 5 year average of percentage increase (x)
NC DPI projected ADM (Average Daily Membership) (+)
ABC Revenues = Total Expense Appropriation from the County

2006 Funding Formula

PPA (Per Pupil Appropriation) increased by 5 year average of percentage increase (x)
Current Fiscal Year’s 10 day ADM increased by 1%, Adjusted to Actual Budget Year 10 day ADM when available (+)
ABC Revenues = Total Expense Appropriation from the County

2009 Funding Formula

PPA (Per Pupil Appropriation) increased by 5 year average of percentage increase (x)
NC DPI ADM state planning allotment, using highest projection amount, and adjusted to actual budget year 10 day ADM when information becomes available (+)
ABC Revenues = Total Expense Appropriation from the County

Notes:

NC DPI - Department of Public Instruction
ABC Revenues - Liquor tax contribution

At no time was there ever a change with the PPA calculation, even after **Julie Davis** started falsifying them in 2008.

[**Editors Note:** If **Julie Davis** started to have to falsify PPA values in 2008, why didn’t commissioners change that portion of the Resolution in 2009, if it was unpalatable?]

These seem simple enough, right? I had never known about or paid attention to these funding formula’s, although I have attended multiple County Commissioner Budget Work Sessions over the past several years.

Budget Work Session, April 17, 2014.

Commissioners held a second Budget Work Session on April 17, specifically to address Haywood County Schools and HCC’s needs. Each group was provided time to address commissioners, **Julie Davis** and others, has had happened for years.

[re: Mountaineer article, County gives school funding request a cool shoulder, By **Vicki Hyatt [D]**, Apr 25, 2014, <http://themountaineer.villagesoup.com/post/search.seam?searchText=County+gives+school+funding+request+a+cool+shoulder&x=0&y=0>, a Premium Article, which means that you have to pay for an on-line subscription or research an old printed edition].

It was at this meeting that **Swanger [D]** appeared to use this “Funding Formula” as a club to beat Dr. Anne Garrett over the head [re: audio recording].

[**Editors Note:** Only selected quotes are referenced, not a word for word copy of the entire article.

<http://www.nolo.com/legal-encyclopedia/fair-use-rule-copy-right-material-30100.html>].

Here are a few quotes from the Mountaineer article:

“Staffing in the school system, the county’s second largest employer, has been reduced by 138.5 positions since the 2008-09 school year, and there are now numerous classrooms with more than 30 students, Garrett said.”

“According to the formula, the county’s appropriation to the school system would increase by \$280,318 or 1.68 percent in total appropriation and 2.33 percent per pupil allocation over the current year revised amount, said County Finance Officer **Julie Davis**.”

“The school system requested \$1.1 million from the county, a 6.87 percent increase.”

“‘Is everyone on board with formula?’ Commission Chairman **Mark Swanger [D]** asked.”

“Some would say you don’t have a formula if we do this,” **Swanger [D]** said of the school’s budget request.

“Our needs have changed,” Garrett responded.

This all sounds pretty real to me. Commissioners were relying on **Julie Davis** to come up with a number to put into the 2014 County Budget for Haywood County Schools (and each successive year), as she had done for the past ten (10) years.

A few members of the School Board attended this meeting, along with **Bill Nolte**, but not **Chuck Francis**, chairman of the School Board! Where was he?

This meeting was a turning point for me. It was **Swanger [D]**, who had viciously berated Dr. Anne Garrett at the April 17th Budget Work Session [re: recording]. His abuse of power and intimidation was the motivating force to investigate this “Funding Formula”.

History of not using Funding Formula?

Becky Johnson, reporter for the Smoky Mountain News, provided the following article [re: May 9, 2012, by Caitlin Bowling, Haywood lends helping hand to schools, but not enough to make up the gap, Becky Johnson contributing...

<http://www.smokymountainnews.com/news/item/6970-haywood-lends-helping-hand-to-schools-but-not-enough-to-make-up-the-gap>]

The article states that:

“The increase is designed to get the county back on track with a funding formula that had fallen by the wayside during the recession.

“We were able to go by the formula until the economy went over the cliff,” said Board Chairman **Mark Swanger**.

“... But, it (Funding Formula) has been frozen for the past four years.”

“We would be pleased to be back on the formula,” **Nolte** said. “The economy is still not recovered so if they have the revenue to put us back on the formula negotiated several years ago, we would view that as very positive and be every thankful for that.”

[**Editors Note:** Becky Johnson has been removed from the list of people who get their names in **bold**. See: <http://haywoodtp.net/pubII/140702DialogWithBeckyJohnson.pdf>]

[**Editors Note:** The Funding Formula calculations **had not** been frozen during those four years! **Julie Davis** never got that memo, and continued to run the numbers in her spread sheet. re: Pages 3-6 of - <http://haywoodtp.net/pubII/140515FormulaJulieDavis.pdf>]

The words used were “that the Funding Formula had been frozen for the past four years”. It was never frozen, but instead, **Julie Davis** falsified data, the PPA values for the years 08-09 through 11-12. **Julie Davis** never froze anything. We will get back to this... [re: See graph at end of newsletter and - <http://haywoodtp.net/pubII/140616CrackedTheCode.pdf>]

Prying Information out of Julie Davis.

Julie Davis was competing with **David Francis** for honors of providing the most obstruction to obtaining Public Information. See a compiled list of e-mails in a dialog I attempted to have with **Julie Davis** extracting information about the Funding Formula on www.haywoodtp.net [re: <http://haywoodtp.net/pubII/140626DavisDialog.pdf>]

Haywood School System was totally transparent.

I had multiple meetings with various personnel in the Haywood County School System, and was able to piece together past Funding Formula history, enough to begin a serious analysis.

The surprising thing was that no one I had spoken to within the Haywood County School System totally understood the Funding Formula! They could not predict anything from recent years. They did know that they were getting shafted, but didn’t know how.

I had asked the current bookkeeper, Bob Phillips, back on 6/6/2014, if he understood the funding formula. He said he did not, but relied on **Julie Davis** to perform the calculations.

[**Editors Note:** I located Larry Smith on 7/8/2014, School System bookkeeper since the start of the funding formula, up until about 2011. I asked if he knew that **Julie Davis** was falsifying PPA values, and he indicated that he did not know that.]

Julie Davis provided only minimal, heavily doctored / edited information when responding to my Requests for Public Information. Pretty much the same way when you attempt to pry any information out of her with regard to any lawyer fees the county has paid. I still cannot get an accounting of how much the county pays **Chip, a.k.a. Leon Killian [D]**, the County Attorney. She doesn't keep records that way.

I was able to get a rather complete 10 year output of the Funding Formula from Haywood County Schools. **Julie Davis** had no problem providing it to the school, but never ever provided it to me. The four page document is on www.haywoodtp.net, <http://haywoodtp.net/pubII/140515FormulaJulieDavis.pdf>. This document is on pages 3-6, and an example of the Funding Formula calculation is on page 1.

Cracking the Code.

Julie Davis is very smart. The only other time I caught her with a mistake was with the worksheet she used to calculate the Revenue Neutral Tax Rate. I felt the need to check her work, so I created a parallel spread sheet, using her numbers, and there was a discrepancy. She did not make a mistake in the calculation, but instead had placed a wrong number in one of the boxes used to make the calculation. She acknowledged the error, and created Rev A to the original Revenue Neutral Tax Rate Calculation.

I decided to use the same technique, i.e. run a parallel spread sheet to reduplicate her results. This is where things stopped real fast. I did not have (and still do not have ADM numbers), I had no access to ABC contributions, and could not figure out how PPA values were plopped on her results. My spread sheet was a mess, and quite worthless. I could not predict anything.

See <http://haywoodtp.net/pubII/140616CrackedTheCode.pdf> for details on first attempts at a spread sheet. All I could do was plug her numbers into my spread sheet and run accuracy checks. What good was that?

School personnel were devastated about receiving a 2.33% increase this year, when they requested a 6.87% increase. Further, **Julie Davis** had already calculated a .89% increase for next year. Haywood County Schools were in the toilet.

After spending several days beating my head against the wall, I resorted to engineering, actually reverse-engineering. I started plotting data. I had 10 Day ADM numbers from the School System, and I plotted all the ADM values I could. On the same graph, I plotted variances in PPA. The major thing to be gleaned, is that ADM grew at a relatively steady rate until 07-08, and then began a steady decline.

I then plotted PPA from 02 - through the current year. There were unexplained variances beginning in 08. I re-plotted this graph using an expanded time axis, using PPA values going all the way back to 97. The main observation is that PPA increased at a uniform rate until 08.

What drives changes in the PPA value? The answer lies in **Julie Davis'** worksheet for this year, page 1 of <http://haywoodtp.net/pubII/140515FormulaJulieDavis.pdf>.

Step 1. Begin with the current budget year (FY13-14) per pupil appropriation.

Step 2. Increase the amount by a factor equal to the average annual percentage increase of the last five years.

There it was !!!!!

The only way that the new value of PPA can change is based upon the previous 5 year history of past PPA value increases. Given the previous 5 years prior to 08 were all positive changes (about 5.2%), there is no way on Gods Green Earth that **Julie Davis** could ever come up with a negative average, (decline in) a new lower PPA value. **Julie Davis** falsified the calculation!

Julie Davis is a very smart person. I do not believe that this is a mistake. My suspicion is that **Julie Davis** was given marching orders by one or more of the county commissioners to "fix" this funding formula calculation for this year in a way that was practically undetectable. I further suspect that commissioners were not smart enough to understand what **Julie Davis** did, nor did they want to know about it. Just cook the books.

The insidiousness of what **Julie Davis** did was so clever, that it had a controlling impact for years in the future.

Looking at the graph of PPA, when you take successive five year averages of rates of increases of anything, and keep doing it, the rate converges to a single value. In years prior to **Julie Davis** falsifying PPA values, the rate had settled into about 5.2%. When **Julie Davis** mucked with the PPA values, she altered what the future rates were going to be, the dominant variable in the funding formula. With a sly application of falsification of PPA values, she was able to change the new future rate to about 1%. That is what happened this year, when **Julie Davis** spent about five (5) minutes going over the funding formula calculation at the Public Budget Hearing, attempting in gory detail, explaining every step of the calculation. The problem is, the damage was done, and **Julie Davis** was now using rates for this years formula that had been falsified. 2.33% for this year, and .89% for next year. Commissioners finally had the School System exactly where they wanted them, choking them with rates significantly lower than the 5.2% they should have been receiving.

I was now able to complete the first working model of a funding formula spread sheet. I used computed values of PPA (as the funding formula dictates), and discovered that if the funding formula had been followed, Haywood County Schools should have received \$18.6 Million Dollars instead of the current \$14.6 Million Dollars. **Julie Davis** denied Haywood County school kids of \$4 Million Dollars this year.

In addition, when the working funding formula was compared with **Julie Davis**' results over the past 10 years, **Julie Davis** denied the School System of about \$15 Millions Dollars.

On June 11th, I advised the D/A's office and Law Enforcement of my findings.

Prior to the June 16th County Commission meeting, I confronted **Julie Davis** with an e-mail on June 12th, asking for specifics of what she did through the years 08 - 11. See: <http://haywoodtp.net/pubII/140626DavisDialog.pdf> .

Instead of the courtesy of a reply, **Julie Davis** freaked out, and sent the following e-mail to Ira Dove, County Commissioners and **David Teague**.

From: Julie Davis
To: Ira Dove; BOCC;
cc: David Teague;
Subject: FW: School funding formula calculations
Date: Friday, June 13, 2014 8:17:46 AM

Since you all have been copied on the MM emails regarding the school formula, I wanted you to be aware of what is in my spreadsheet. The years MM has referenced, below, and asked for my calculations, years 08-09 through 11-12 were years that we did not use the formula for appropriations due to the economy. From his perspective, out of ignorance, the calculations aren't working. Of course they aren't, since we did not calculate those years, just allocated what the county could. This explanation was included in the spreadsheet that I last sent to MM.

While there could possibly be a mistake made over a ten year period with only 2 people reviewing this closely, myself and the School finance offices, neither I, nor Larry Smith nor Bob Phillips have noticed. I am confident that the formula spreadsheet is materially accurate.

I don't intend to respond to this latest email because he has not requested a public document.

I am giving you a heads up on this because he, very likely, will be at Monday's meeting disputing the formula and, apparently, calling for my arrest, or something of that nature.

Julie
Julie H. Davis, Finance Director

This e-mail is appended to the end of this newsletter. **Julie Davis** has refused to provide the information regarding her calculations for years 08 - 11. Instead, she resorts to calling me "ignorant".

[**Editors Note:** I spoke with both Bob Phillips and Larry Smith regarding the funding formula. Bob Phillips did not understand the funding formula, and Larry Smith said he never realized **Julie Davis** was falsifying PPA values.]

Julie Davis falsified the PPA values for the years 08 - 11, continued to maintain and operate her spread sheet, which she has denied in her e-mail above, but cannot refute the results of her handy-work with the output of the spread sheets obtained from the Haywood County School System. [re: Pages 3-6 of - <http://haywoodtp.net/pubII/140515FormulaJulieDavis.pdf>]

Julie Davis altered the trajectory of the percent increase of PPA for those dates and thereafter. This year, **Julie Davis** was responsible for denying Haywood County Schools \$4 Million Dollars, and since 2008, denying Haywood Schools about \$15 Million Dollars. **Julie Davis** has single handedly shafted Haywood County Schools for years to come. **Julie Davis** is damaged goods. **Julie Davis** should resign immediately, otherwise, county commissioners should fire her.

Public Comment at June 16th Meeting.

I stood before commissioners and demanded that **Julie Davis** resign, and if she didn't resign, commissioners should fire her. The event was re-broadcast on www.haywoodnc.net and the county Government channel. Text of my public comment is contained in <http://haywoodtp.net/pubII/140616CrackedTheCode.pdf>

During the delivery of my public comment, **Swanger [D]** was fuming (i.e. had fire in his eyes). Hit them sideways on this, and you are encouraged to listen to the off the wall comments by commissioners after the public comment (except **Kirkpatrick [D]** was silent).

That evening, before press time, I can only imagine the scramble by **Vicki Hyatt [D]** of the Mountaineer getting comments from **Swanger [D]**, **Bill Nolte** and **Chuck Francis**. **Julie Davis** declined comment but offered selected portions of her e-mail of June 13th, above. They came out swinging with a Character Assassination Hit Piece which came on-line the next day, and in the print edition on Wednesday. The Mountaineer also printed a scathing Editorial. See: <http://haywoodtp.net/pubII/140626MountaineerResponse.pdf>

Bill Nolte threw me under the bus with that **Vicki Hyatt [D]** interview, and for that, he gets his name in bold.

Chuck Francis, who apparently is joined at the hip with **Swanger [D]**, scrambled to get a letter out from the good ole boys at the school board, and let commissioners know what a wonderful job commissioners were doing, everyone agreed on funding for the past years, etc. This is the text of his letter:

June 17, 2014

Mark Swanger, Chairman
Haywood County Board of Commissioners
215 N. Main Street
Waynesville, NC 28786

Chairman Swanger,

It is our pleasure to work with you and the County Commissioners regarding Haywood County School's funding formula. Both the County Commissioners and the Board of Education have worked in the past and agreed to the dollar amount of funds prior to their distribution.

Ms. Julie Davis has been an asset to Haywood County Schools and we often seek her advice regarding capital outlay, capital projects, deeds, leases and other issues affecting our school system.

We look forward to working with you and the County Commissioners in the future as we continue advancing educational excellence in Haywood County.

Sincerely
Chuck Francis, Chairman

Chuck Francis letter is appended to the end of this newsletter. This is an example of how a democrat Good Ole Boys system operates. Chuck Francis is saying, in effect, Thank you, Chairman Swanger, for shafting us and the Haywood County School System. Next time you are over to the School Board, I will have all of the Board Members salute you by turning around, bending over and grabbing their ankles.

Smoky Mountain News.

Nothing from the Smoky Mountain News. This was the surprise of the day! I asked Becky Johnson why, as she had a perfect opportunity to blast me with another hit piece. Do you know what she said?

<http://haywoodtp.net/pubII/140702DialogWithBeckyJohnson.pdf>

"I was actually doing email during your presentation, not taking notes. So there will not be a story on Julie Davis from us. Will have to leave that one up to toe prints."

The Smoky Mountain News is steering clear of this issue and will not attack Julie Davis. One down, one to go...

Questions posed by Becky Johnson.

- Is the issue whether commissioners use the funding formula as a crutch when it comes to school funding?
- Is the funding formula politically expedient by allowing commissioners to avoid a more difficult annual conversation about school funding?
- Is the school funding formula working for both parties, or does it benefit one part(y) more than the other?
- If the funding formula wasn't followed, why do the commissioners continue to publicly tout the funding formula as a success?
- Is it genuine to herald the funding formula as an accomplishment, if it wasn't followed as many times as it was?
- Is the funding formula obsolete now given the changing needs of the school system?

[Editors Note: Becky Johnson came up with these question, not me. For that, Becky Johnson has had her name removed from the bold list. It appears that Becky Johnson is finally starting to get it.]

Additional questions.

The first year that Julie Davis falsified the funding formula calculation was 08. This was the year that commissioners said the calculations were "frozen".

- The third (3rd) funding formula resolution was signed in 2009 by Kirk Kirkpatrick. If they were having a problem with PPA, why didn't they make an adjustment to the formula?
- Why did Julie Davis continue to falsify PPA values for another 3 years?
- Julie Davis' resultant data she provided to Haywood County Schools, showed only one (1) year, 2010, that the value of money provided to the school was exactly the same value. Where is this "frozen" business?
- Julie Davis continued to muck with the funding formula even in that year, 2010, by altering the PPA value, so that when PPA was multiplied by ADM, the value was identical. This shows that a conspiracy was going on. [re: graph of yearly budgets, at end of newsletter].

- If the funding formula was robust, it should be able to take into account fluctuations in the economy. But no, Commissioners simply faked it and had **Julie Davis** falsify PPA values.
- I didn't know that the recession only lasted four years. I thought we were still in one. Is the trigger point for using or freezing the Funding Formula contained within the Funding Formula? I sure didn't see it. How do we know **Swanger [D]** is not going to pull this stunt again (i.e. freezing the funding formula, but letting **Julie Davis** have her way with it)?
- Doesn't it take a vote of commissioners to turn the Funding Formula "off" then "on" like a light switch? Where are those votes in the County Commission Minutes?

What's next?

From the article -School board to re-visit funding formula, <http://themountaineer.villagesoup.com/p/school-board-to-re-visit-funding-formula/1178743>

"Board Member Jim Harley Francis [D] said he thought it was time to re-visit the formula to see if an increase was necessary to help offset some mandated costs that are arising from the state."

Word is that the same bunch of cronies, i.e. members of the county commission and members of the Haywood County School Board, will get together in the Good Ole Boys back room and work out another funding formula.

But wait.

Isn't it about time for some citizen input here?

Why not involve some of the new candidates running for county commission?

Why not include me, Monroe A. Miller Jr., who never volunteers for any committee, but other than **Julie Davis**, probably one of the more knowledgeable people who understand this formula? I'm sure that I will be able to get along with the entire contingent of Democrat Good Ole Boys.

How about excluding **Julie Davis**, who should be fired?

Why not invite Terry Stoops, from the John Locke Foundation, probably the smartest man in North Carolina regarding Public School systems?

2014 November Elections.

As is sometimes the case with county commissioners and some other offices, I express a preference with my opinion of who would best serve Haywood County.

I have used the following toepoint symbols as an aid...



This means a good guy, and



This means we could do better.

After the stunt these commissioners have just pulled, they need to resign, but probably won't. So here is how to take care of them in November...



Windy McKinney



Phillip Wight



Denny King



Mike Mathews (Tax Collector)



Kirk Kirkpatrick [D]



Michael Sorrells [D]



Bill Upton [D]



David Francis [D] (Tax Administrator)

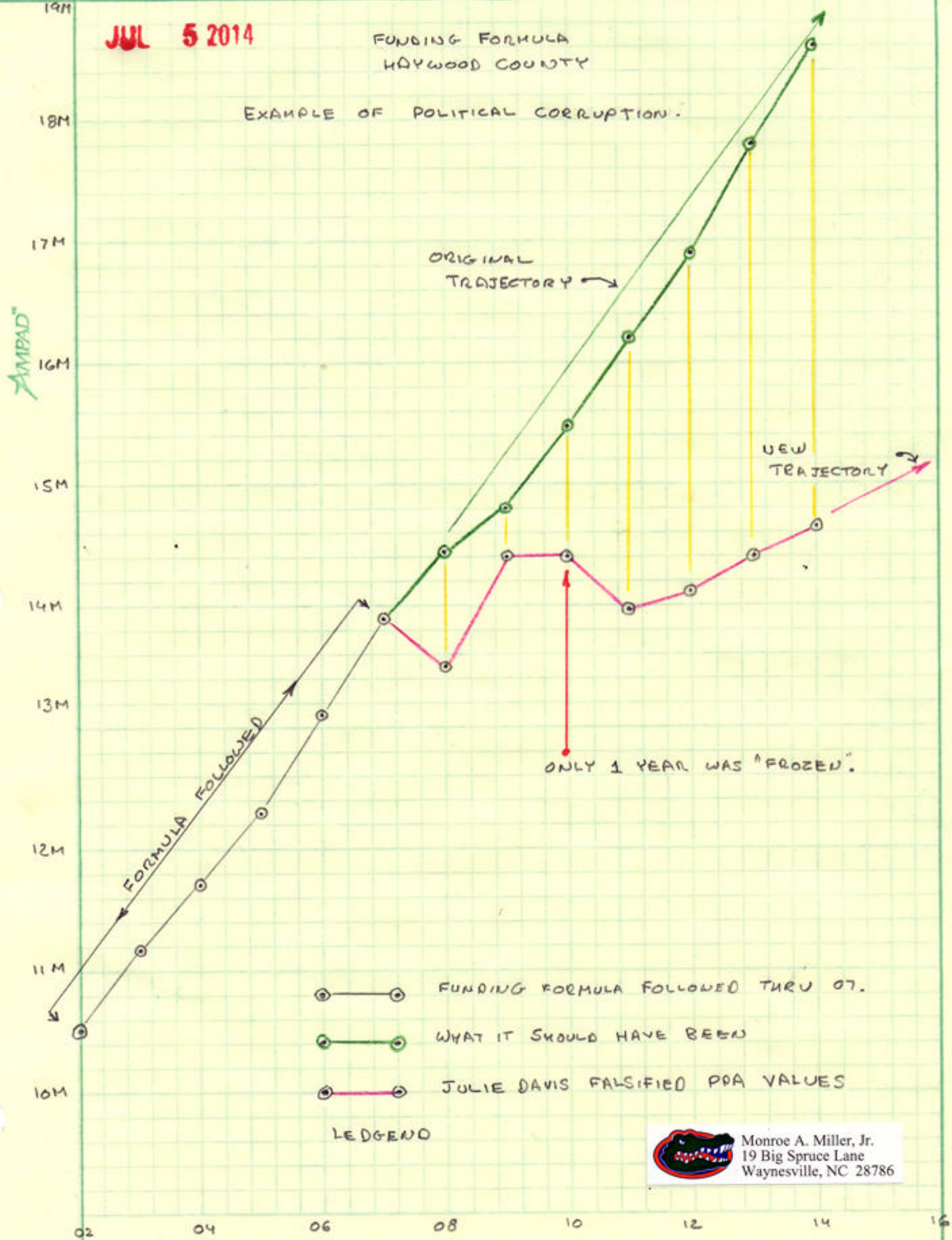
Legend: If any name is in **bold**, it can't be a good thing.

Monroe A. Miller Jr.,
 Haywood County Taxpayer
 19 Big Spruce Lane
 Waynesville, NC 28786
www.haywoodtp.net

JUL 5 2014

FUNDING FORMULA HAYWOOD COUNTY

EXAMPLE OF POLITICAL CORRUPTION.



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cc: [David Teague;](#)
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Date: Friday, June 13, 2014 8:17:46 AM

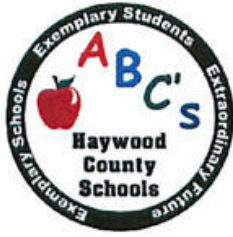
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Julie H. Davis, Finance Director
Haywood County
215 N. Main Street
Waynesville, NC 28786
828-452-6724 phone
828-452-6725 fax



Charles H. Francis, Chairman
Haywood County Board of Education
1230 North Main Street
Waynesville, North Carolina 28786
828/456-2400
Fax 828/456-2438

June 17, 2014

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We look forward to working with you and the County Commissioners in the future as we continue advancing educational excellence in Haywood County.

Sincerely,

Chuck Francis, Chairman

/lrm

Board of Education

Charles H. Francis, Chairman; Lynn Milner, Vice-Chair;
Jim Harley Francis, Larry Henson, Steven Kirkpatrick, Walt Leatherwood, Bob Morris, Jimmy Rogers, Rhonda Schandavel