

The Rockbridge County School Board held a special meeting on Tuesday, January 8, 2019 at the conclusion of the regular meeting held at the County of Rockbridge Administration Building.

Present: Chairman Wendy Lovell; Trustees Corey Berkstresser, Heather Hostetter, David McDaniel, Neil Whitmore; Superintendent Phillip Thompson; Clerk Rhonda Humphries.

CALL TO ORDER

Chairman Lovell called the meeting to order at 5:39 p.m.

The purpose of the meeting was to conduct a Budget Work Session.

BUDGET WORK SESSION

Superintendent Thompson stated that the budget process is continuing as the information is learned from Richmond for the current FY19 and FY20 in trying to prepare a budget. The goal of this meeting is to provide data for the board to have a consensus of direction for the FY20 budget and funding received by Rockbridge County Public Schools.

Dr. Thompson reviewed the presentation document "School Board Budget Preparation Fiscal 2019-2020.

FY20 Budgeting Review

Superintendent Thompson reviewed the data from the FY20 Budgeting Review reflective of changes in budgeting practices, which resulted in reducing the original ask of the Rockbridge County Board of Supervisors by \$204,919. He stated that in order to further reduce any possible request from the locality, Rockbridge County Public Schools plans to budget the following items for FY20, while noting that these items have not been budgeted in the last decade. He also emphasized that these items are an unknown factor at this point but this is being done in order to be fiscally responsible. He stated that the items have been consistent the past several years with the amounts fluctuating somewhat.

- E-Rate (Universal Service Schools and Library Program – government program)
- Sale of Other Equipment (Scrap electronics, etc.)
- Sale of retired school buses
- Tuition Students
- Summer School
- Donations, Private Contributions, Special Gifts
- Other Funds (Transcripts, etc.)
- Trustee McDaniel cautioned that there may be expenses associated with a revenue.
 - Superintendent Thompson stated that once amounts are known, it will be included in the budget.

FY20 Budget Considerations

Superintendent Thompson stated that as of January 8, 2019, the following are other FY20 budget considerations for the school board:

- ADM: FY19 budget is based on ADM of 2540. He did note that the March 31, 2018 ADM count was 2574 which is not the norm when compared to other years. Rockbridge County Public Schools will use the current VDOE projected ADM of 2557 for FY20 in order to try to keep up with the trend. This reflects a projected additional state funding for FY20 as approximately \$460,000 more than FY19 state revenues.

Superintendent Thompson stated that as of January 8, 2019, the following are mandated FY20 budget considerations and associated cost estimations for the school board:

- Virginia Retirement System (VRS) – unchanged
- VRS Associated Charges for Group Life and Health Care Credit.

Superintendent Thompson stated that as of January 8, 2019 the following are other FY20 budget considerations for the school board:

- Health Care Premiums: He stated that the health care premiums which will continue to be a challenge with the current estimate of 12%. He plans to meet with Jim Gordon, Principal, OneDigital Health and Benefits, within the week with hopes that percentage will come down and will relay information to the school board members once received.
 - Trustee McDaniel inquired if the health care presentation meetings for employees took place in December.

- Superintendent Thompson stated that four meetings did take place at Rockbridge County High School, Maury River Middle School, Natural Bridge Elementary School, and Fairfield Elementary School. Mr. Gordon conveyed that folks had concerns, asked questions about the HSA plan, and were thankful to have the opportunity to hear the information now and not at the end of the year. Mr. Gordon expressed their hope that it continues on an annual basis.
- Trustee McDaniel inquired if there will be a survey utilized and if there can be an extension for the open enrollment period.
 - Superintendent Thompson stated that Mr. Gordon advised against using an early survey because the current information would have to be used and would not reflect a reality. A survey will be utilized once the plans are known anticipating it to be prior to open enrollment. He also stated that an extension could be utilized for open enrollment.
- Trustee McDaniel requested that Mr. Gordon provide options as to what the school board pays for premiums.
 - Superintendent Thompson stated that he will be requesting another budget work session prior to the next regular meeting in February to focus primarily on health insurance with Mr. Gordon providing current information.
- Property and Casualty Insurance: Superintendent Thompson stated there is not a significant change expected.

Superintendent Thompson reviewed FY20 budget considerations, reflective of the October 9, 2018 Budget Work Session:

- Pay Raises for All RCPS Contracted Employees in order to keep pace and not fall behind;
 - Trustee McDaniel reflected that during the last budget discussion with the Rockbridge County Board of Supervisors, they made it clear that if there is a pay increase, it go to all contracted employees.
- Minimize the Financial Impact of Rising Health Care Costs to Employees;
 - Trustee McDaniel reflected that this has been a long-standing issue of rising health insurance costs and lack of competition for bid. He feels the increased insurance cost cannot continue to be put in the budget annually. He feels that eventually the additional funds used for increase of health insurance costs could be used for programs, teachers, technologies, items used on a daily basis.
- The School Resource Officer program is not a budget item but information placed in the budget document as a reminder of the necessity in all schools. He reflected that Rockbridge County Public Schools is fortunate to have three officers who are currently at Rockbridge County High School, Maury River Middle School, and Natural Bridge Elementary School.
 - Trustee Whitmore inquired if Rockbridge County administration will be applying for a grant.
 - Superintendent Thompson responded that a grant application will be completed and will ultimately need to be signed by the Board of Supervisors and Spencer Suter, County Administrator.
 - Trustee McDaniel stated that the additional resource officer this year was paid for by the Rockbridge County School Board but that the Rockbridge County Board of Supervisors will need to fund the position FY20, reflecting that the grant, if awarded, will not completely pay for the position.
 - Trustee Whitmore inquired if they will also apply for the equipment grant.
 - Superintendent Thompson stated that the COPS Grant requires technical work and application will be made in the spring.
 - Chairman Lovell inquired if there are updates that can be provided to the Board of Supervisors.
 - Superintendent Thompson stated that there are success stories from principals, community members, and students over the past year that can be relayed to the Board of Supervisors. It will be a collaborative event to reflect that this program is a positive for the schools as well as communities. He suggested a presentation to the Board of Supervisors once the grant is ready.
 - Trustee McDaniel suggested that a presentation be given to the Rockbridge County Board of Supervisors at the next Joint Meeting so the Board of Supervisors can place the item in their budget during the current process.
 - Superintendent Thompson stated that he will communicate with Sheriff Blalock and Officer McFaddin to provide a presentation at a Joint Meeting.

- Trustee McDaniel inquired if there are any grants or funding to be allocated from the state or the federal level.
 - Superintendent Thompson responded that the current grant is a state grant through the Department of Criminal Justice. Governor Northam wants to increase funding for safety purposes and school resource officers, which may result in more grants becoming available.
 - Trustee McDaniel expressed his sentiment for communication to be relayed to legislators that grants are not the best way to fund school resource officers and that there should be a funding mechanism in place versus having to apply for a grant in hopes of receiving it.
 - Chairman Lovell stated that grants are not sustainable for positions that are an immediate priority and will be needed long-term.

Superintendent Thompson reviewed the current budget data:

- June 7, 2018 Governor Northam signed the 2018-2020 biennium budget:
State Funding Currently Approved for the FY19 Budget (current year): \$15,307,299
State Funding Currently Approved for the FY20 Budget: \$15,766,313
Approximate Additional Funding for FY20: \$ 459,014
- Trustee Hostetter confirmed that these figures are based on the ADM.
- Trustee McDaniel cautioned that state funding per student could change.
 - Superintendent Thompson clarified that the March 31 ADM is the figure that will be used for FY20 budget.

Superintendent Thompson stated that he is seeking a directive from the board members how to fund the possible additional funding amount of \$459,014. He stated that school board considerations focus on two main priorities:

- 1) Continue to keep pace with surrounding school divisions by increasing salaries for all RCPS contracted employees;
- 2) Minimize the financial impact of rising health care costs to employees. He stated that if the projected 12% increase in health care costs becomes reality, the increased portion to RCPS will be approximately \$219,587. Reducing this amount from the original \$459,014 would leave approximately \$239,427 in available funds from the state for FY20.
 - Trustee McDaniel asked for clarification of the portion of the premium for RCPS, which reflect an average of 85-90%.
 - David Daniels, Director of Financial Services, stated that 92% is based on the benefit of one policy, the single employee HSA policy. He explained that when the insured has more coverage, the premium goes up with the percentage of cost for RCPS goes down in correlation. He further explained that the figures are reflective of what each employee would see as an increase for FY20.
 - Superintendent Thompson stated that he feels the HSA is a good plan especially for those who may be over-insured and do not go to the doctor a lot.

Superintendent Thompson reviewed employee salary raise options on the budget worksheet.

- Trustee McDaniel reiterated the fact that the Board of Supervisors made it very clear that if there is a pay raise, that it include the raise is for all employees, not just teachers.

Superintendent Thompson reviewed the proposed amendments to the 2018-2020 Biennial Budget from Governor Northam as follows:

1. Increase salaries for funded Standards of Quality (SOQ) positions by an added 2% to bring the total raise to 5% beginning July 1, 2019. The requirement is that school divisions raise these salaries by 5% over the biennium. RCPS provided a 5% raise last year during the first year of the biennium. (SOQ positions make up approximately 50% of the current RCPS staff; the other half of the 50% are positions that the division must have in order to continue day-to-day operations. Any additional personnel salary increases would need to come from other funding sources.)
 - Trustee McDaniel cautioned that in years to come this should not look as a positive because it did not allow Rockbridge County Public Schools to get ahead.
 - Superintendent Thompson agreed citing that it is an effort to get to pre-recession numbers.
2. Added \$80 million to the Literary Fund or school construction loans. The primary goal is to fund projects currently on the waiting list, which is already a long list. This would not be beneficial for Floyd S. Kay as it is not currently on the list.
3. \$36 million to increase the number of school counselors, while noting that there is a need for an additional counselor at Rockbridge County High School and potentially at Maury River Middle School.

Superintendent Thompson provided the following data for RCPS State Funding for FY19 (Approved and Proposed):

- June 7, 2018 Governor Northam signed the 2018-2020 biennium budget:
State Funding Currently Approved for the FY19 Budget: \$15,307,299
- December 18, 2018 Governor Northam proposed amendments to the 2018-2020 biennium budget:
State Funding with Proposed Governor's Amendments to FY19 Budget: \$15,462,627
Potential Additional Funding for FY19: \$ 155,328

Superintendent Thompson provided the following data for RCPS State Funding for FY20 (Approved and Proposed):

- June 7, 2018 Governor Northam signed the 2018-2020 biennium budget:
State Funding Currently Approved for the FY20 Budget: \$15,766,313
Approximate Additional Funding for FY20: \$ 459,014
- December 18, 2018 Governor's proposed amendments to the FY20 Budget: \$16,246,878
State Funding with Proposed Governor's Amendments to FY20 Budget: \$ 939,579

Trustee Berkstresser inquired about the timeframe for a final budget.

- Superintendent Thompson stated that the final budget for FY19 was approved late in the process at June 7, 2018.

Superintendent Thompson reminded the board that the General Assembly is back in session and that there are many other individuals and entities who will be seeking funding. He stated that he realizes that it may be a battle for K-12 education to get as much funding as possible.

Superintendent Thompson requested that the board provide a directive in respects to writing up the costs and how to formulate the ask of the Board of Supervisors and the Categorical Estimate of Needs, once the funding is determined.

- Trustee McDaniel expressed his sentiment that the RCPS budget be derived from figures that are known while noting that the governor's proposals could change drastically. He stated that items to be determined are insurance and what type of pay raise to consider. He stated that the Governor's proposal of \$36 million to increase school counselors could be additional funding that RCPS may receive.
 - Superintendent Thompson stated that as long as RCPS can certify that the 5% salary raise has been met for the biennium, that amount will be received. He confirmed that it is not guaranteed additional funding, but part of the Governor's proposal.
- Trustee Whitmore inquired when Mr. Gordon will have figures for RCPS.
 - Superintendent Thompson responded that Mr. Gordon will review the school division data but that it will not be solid for another month. He stated that the 12% figure was given three months ago.
- Trustee McDaniel stated that when the school board is trying to determine the insurance cost during January, February, March, it is a challenge because the enrollment of current employees is not known until May, new hires will not be finalized until August, and the true insurance cost will not be known until September.
 - Trustee Hostetter reiterated that if the 12% figure is used, it is being conservative with any changes that could happen.
 - Trustee Whitmore stated that if the percentage amount is lower, it may allow the school board to absorb additional employees and those stepping up to a higher plan.
 - Mr. Daniels stated that the cost is roughly \$5,500 for each new employee who is added to the HSA high deductible plan.
 - Chairman Lovell added that there may be a few employees to leave the plan as well.
 - Mr. Jason Kirby, Director of Personnel and Technology, stated there are an additional thirty-two employees who utilized the employee health insurance and forty-nine additional employees utilized the HSA health care benefit for current year. He stated that 65 out of 370 employees utilize the HSA high deductible plan.
 - Superintendent Thompson offered that potentially it could be the opportunity to provide a conservative one- time HSA contribution as an incentive for employees to consider the HSA high deductible plan. This could be an item for consideration by the school board.
 - Trustee McDaniel expressed his sentiment that it is the goal of the board to make sure that employees are better educated to make a concrete decision for their health care plan.
 - Chairman Lovell stated that the school board has discussed the rising health care costs the past couple of years, and if the deductible is meeting everyone's needs, it may benefit the school system fiscally. An incentive may be helpful for employees to utilize the HSA high deductible plan. She also reflected as to what could be done to keep more money available so the school board can increase salaries instead of having all funds allotted to offset increasing health care costs.

- Trustee McDaniel emphasized that if an incentive is offered, it would be a one-time contribution by the school system; not an annual contribution.
- Mr. Kirby stated that the entry-level salaries are comparable to surrounding school divisions but that sometimes the insurance package is a determining factor for prospective employees.
 - Superintendent Thompson confirmed that the total premiums of surrounding localities are comparable but that the benefits package may have an impact on their decision.
- Trustee McDaniel stated that in regards to the counselor situation, our counselors do a tremendous amount of work on a daily basis in working directly with our students, which includes career counseling, and asked if there is a need to have a counselor to work with mental health issues.
 - Superintendent Thompson responded that anytime additional services can be provided for our students, it has a positive impact, noting that the possible position could be a licensed mental health professional or an additional school counselor to be more effective for students.
 - Trustee Berkstresser inquired if existing outside resources are utilized currently for student mental health issues. He stated that he would like there to be more discussion on what resources are available.
 - Christine Wood, Director of Special Education, responded that outside agencies are utilized, when needed.
 - Haywood Hand stated that counselors provide contact information for outside sources, when appropriate, to students and parents.
 - Trustee McDaniel expressed his appreciation to counselors for all the work they are doing, while noting that the counseling staff at Rockbridge County High School went from four to three. He expressed his sentiment that there is more awareness for mental health issues and student issues.
 - Mr. Hand stated that mental health issues are more prevalent on a day-to-day basis. He noted that the projection for Rockbridge County High School reflects an increase in student enrollment and that even though there are other resources in the building including a career coach, the scope of work for counselors is growing with state mandates.
 - Trustee McDaniel inquired if it would be beneficial to contract with an agency or service to be available for specific situations.
 - Mr. Hand stated that the service would likely not be available immediately to the student. He offered that some school divisions have hired mental health specialists, which would allow for immediate services.
 - Rhonda Pedigo, School Counselor, Rockbridge County High School, stated that an emergency may prompt a telephone call routed to Richmond that would then be routed back to the locality and it may take time to get services in place, with the counselor ensuring that the student is safe.
 - Mike Craft, Principal, Rockbridge County High School, stated it is likely that counselors know the student and their background, while noting that it would take time to explain the history to an outside entity.
 - Chairman Lovell agreed with Trustee McDaniel to the fact that the student numbers have risen in terms of need.

Superintendent Thompson requested that the school board consider the concentration points for the FY20 budget in regards to health care, and pay raises over the next couple of weeks.

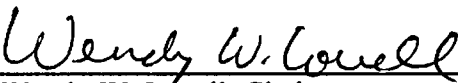
- Trustee Berkstresser inquired if there has been a raise each year for teachers over the past ten years.
 - Superintendent Thompson stated there were several years during the recession when there was no pay raise.
 - Trustee McDaniel stated that between the years of 2010-2015, an estimated seventy positions have been lost and noted that the workload and responsibility of others has increased for the same salary.
 - Chairman Lovell stated that she feels positions have shifted in different directions and that the division has done a good job.
 - Superintendent Thompson confirmed that the central office administration wears a lot of hats.
- Trustee McDaniel stated that has been discussion for eight years in regards to positions at the elementary level in the area of arts, music and enrichment but there has been no money to fund the positions. He referenced the discussion at the previous meeting of the school board regarding the lack of the theater arts program at Rockridge County High School and Maury River Middle School.

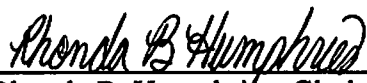
- Superintendent Thompson stated that in regards to the Theater Arts Program at Rockbridge County High School, the position was not cut; rather administration was unable to fill the position. He stated that if student registration reflects interest to justify the full-time position, the administration will make a concerted effort to ensure that the need is met.
- Trustee McDaniel expressed his intent for the school board to present the “ask” to the Board of Supervisors as early as possible.
 - Superintendent Thompson stated that he is looking for a directive from the school board so central office administration can continue pulling data together. He stated that the school board is required to provide a Categorical Estimate of Needs to reflect the dollar amount of what is needed in order to run the school system next year.
- Trustee Berkstresser suggested that the school board use the 3% projection with \$561,842 funds needed and provide a preliminary on potential funding that may be received to the Board of Supervisors.
- Chairman Lovell requested that board members consider the HSA incentive.
- Trustee McDaniel asked the school board to consider that even if Governor Northam provides \$1 million in additional funding, he anticipates that the locality will not give anything extra and the school board may still be short \$81,000. He reiterated that the school board members need to consider if they want to fund the HSA incentive and the additional counselor position because these will affect the percentage of the ask. Likewise, Governor Northam’s proposal of \$1 million may not come through and that will affect the ask to the Board of Supervisors.

Superintendent Thompson stated that he will be in communication with school board members after he meets with Jim Gordon.

ADJOURNMENT

Upon motion by Trustee Hostetter, seconded by Trustee Whitmore, and passed by 5-0 vote, the meeting was adjourned at 6:58 p.m.


Wendy W. Lovell, Chairman


Rhonda B. Humphries, Clerk of the Board