

The Rockbridge County School Board held a special meeting on Tuesday, January 21, 2020 at the Rockbridge County School Board Office.

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

#### **CALL TO ORDER**

Chairman Lovell called the meeting to order at 4:05 p.m.

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

#### **BUDGET WORK SESSION**

Superintendent Thompson provided a current budget update which included an explanation of factors that explain why Rockbridge County Public Schools is not in the greatest shape right now; many factors are not controlled by the county. He provided a "School Board Budget Preparation" document which contained the following:

- Rockbridge County School Board Mission, Vision, Goals
- Rockbridge County School Board FY21 Budget Considerations
  - ❖ Local Composite Index (LCI): The state recently determined Rockbridge County to have a higher ability to pay for education when compared to the last biennium; it increased slightly this year. The county has no control over the LCI. He feels it is not a fair reflection of Rockbridge County's ability to pay. He noted that the Rockbridge County School Board continues to advocate with our representatives in the General Assembly in hopes they would support revisiting how the LCI is calculated to ensure a more fair distribution of state funds to areas of true high need such as Rockbridge County. He suggested that the board encourage the Rockbridge County Board of Supervisors to do the same. The LCI has a huge impact on budget planning.
    - Trustee Berkstresser requested data to reflect the LCI impact on the school's percentage of the county's budget.
      - David Daniels, Director of Financial Services, stated that the County of Rockbridge has always provided more money than what the state suggested. He stated that he can show the required amount but not what they actually gave. Every county is different on what they are required to provide and historically provide more funding. The calculation has not been done to reflect what percentage above requirement has been given.
      - Superintendent Thompson referenced "aspirational spending", any funds that are above the minimum requirement. He noted that the Rockbridge County School Board requested \$32,000 last year and the year prior \$250,000 from the Board of Supervisors. There are sometimes needs that must be met outside of the mandated requirements.
      - Chairman Lovell shared an article from the Washington Post, "Making the Grade 2019", a state-by-state comparison of a study conducted across the nation reflecting what state localities spend on education. There were three categories of Funding Level, Funding Distribution, and Funding Effort of school divisions. Virginia earned a D, C, and D, respectively. This is commensurate with the Rockbridge County School Board's frustration with the LCI.
        - Superintendent Thompson expressed his frustration that if the state would do their part, the school division would not have to look at the locality.
  - ❖ Average Daily Membership (ADM): The ADM is the largest component of why administration is not anticipating getting as much funding from the state. The FY20 budget is based on ADM of 2557; the state projected ADM for FY20 was 2557. The September 30, 2019 ADM was 2533. The state projected ADM for FY21 is 2492 and is the figure that will be used for budget preparation purposes for FY21. The drop in ADM this past year can be partially explained by a larger 2019 graduation class, a smaller than normal kindergarten class, and families moving out of Rockbridge County. He noted that fewer students (smaller ADM) means less funding revenues from the state level of FY21. He noted that the Quinn Evans, Architectural and Engineering Firm conducting the division-wide Feasibility Study, show early projections of demographics/enrollments that Rockbridge County tends to remain steady over time. The hope is that it may go up within the next year or two.
  - ❖ Projected Additional State Funding for FY21: When budgeting for FY21 and using an ADM of 2492, the estimated increase in state funding revenues will be approximately \$191,952 more than FY20 state revenues. He also stated that had the ADM remained

constant from the March 31, 2019 ADM count of 2567, RCPS would have realized an increase in state revenue funding for FY21 in the approximate amount of \$593,821.

- Trustee Hostetter expressed her sentiment that it is better to budget conservatively on the lower number, as advised, and reflect why it is needed in order to be fiscally responsible.
- Trustee Burant inquired if the remaining funds are ever requested to be used for projects.
  - Superintendent Thompson stated that a process began three or four years ago in that there is a list of projects to do before the end of the school year with the remaining funds, as opposed to turning over to the county and then making a request for the funds.
  - Trustee Berkstresser reiterated that the school board may request more funding from the Board of Supervisors if needed.
- Superintendent Thompson stated that there may be a need to request money from escrow or ask for additional funding for the transportation building, possibly before the end of the 2019-2020 school year.
- ❖ Virginia Retirement System (VRS): Increase of approximately \$167,400. [mandated FY21 budget consideration]
- ❖ VRS Associated Charge for Group Life and Health Care Credit: Increase of approximately \$7,442. [mandated FY21 budget consideration]
- ❖ Health Care Premium Increases: Increase approximately \$656,788
  - Superintendent Thompson stated that it is still too early to know the cost of any potential health care cost increase, but that our insurance broker is estimating an increase of approximately 28%, hoping it may come down to 19-20%. He stated that in discussion with Jim Gordon of One Digital, this estimated increase is due, for the most part, to the large claims of a few of our employees over the past 12 months. He also noted that this increase cost amount does not account for any new participants electing to enroll in the health care plan provided by the school division for the 2020-2021 school year.
    - Trustee Berkstresser asked for confirmation of continuation with One Digital as the broker for Rockbridge County Public Schools.
      - Superintendent Thompson stated that five companies interviewed with all having the same or similar services. One Digital came in at a better rate. He stated that Jim Gordon will make a presentation to the school board in the near future.
  - Trustee Whitmore reflected that last year the projected increase began at 17% and ended at 12%.
  - Trustee Hostetter inquired if a comparison can be generated for claim totals for the past 12 month period and year prior to reflect the 12% to 28% difference.
  - Superintendent Thompson stated that Jim Gordon's fee is paid on a per employee basis as opposed to a percentage of any premium cost.
  - Trustee Whitmore stated that the 28% increase does not account for any new HSA migration for the coming year.
    - Superintendent Thompson stated that the 28% increase is representative of all three plans. He will request confirmation from Jim Gordon. He also stated that it may be well to consider dropping to offering only two plans in that the HSA plan has been beneficial to employees and the school division.
  - Chairman Lovell stated that the goal is to provide adequate health care for each employee with no change in quality of care at each level, with an incentive for employees to participate with the HSA plan. She expressed her sentiment that the key for employees is to understand the high deductible and to make it work.
    - Superintendent Thompson stated that at this point, the increase does include a \$500 match for employees currently enrolled in the HSA plan.
      - Mr. Daniels added that the increase does not allow for those employees who may shift to the high deductible HSA plan.
      - Trustee Hostetter stated that she feels there needs to be an estimate of matching percentage for those employees who may shift to the HSA plan and new employees, using 25%.
        - Chairman Lovell stated that the hope is for employees to hear from colleagues who successfully switched to the HSA plan last year which may lead to more migration this year.
    - Superintendent Thompson reminded the board that the school division did the back end HRA, school division purchased a \$5,000 and \$10,000 plan, with the employee seeing a \$3,000 and \$6,000 plan.

- Trustee Berkstresser stated that this helps to prevent employees from being over-insured.
- Superintendent Thompson stated that the match will be determined from the funding that comes from state and locality.
- Chairman Lovell stated that it is important to understand that the match may have a big impact on incentive to employees to switch to HSA plan. She stated that the goal is to get more money into employees pockets.
- Trustee Hostetter stated that she feels the County of Rockbridge has looked to Rockbridge County Public Schools for advice on their insurance as they can see the success that has been met with the offering of the HSA plan.
- ❖ **Worker's Compensation:** Increase approximately \$5,705 [mandated FY21 budget consideration]
- ❖ **Property and Casualty Insurance:** Increase approximately \$3,042 [mandated FY21 budget consideration].
- ❖ **Pay Raises for All RCPS Contracted Employees:** In working with the Rockbridge County Board of Supervisors during the last two budget cycles, a goal was set to attempt to raise average teacher salaries for Rockbridge County Public Schools "to the middle" when compared to neighboring school divisions or the teacher salary averages from school divisions of similar local composite index (LCI). Dr. Thompson stated that the Governor proposed a 3% teacher salary increase for SOQ teacher positions across the biennium; however Rockbridge County Public Schools budget currently projects a 3% increase for all employees, for the next two years. He stated that Rockbridge County needs to be ready to keep pace with surrounding school divisions as they also will be prepared to continue to increase teacher salaries again this year. He noted that as of today, Augusta County is making a recommendation to their school board that over the next five years, they want a 3-5% increase in their salaries annually.
- ❖ **Additional School Counselor at Rockbridge County High School:** Currently there are three school counselors to serve nearly 1,000 students; RCHS is projected to have over 1,000 students for the 2020-21 school year. The current law passed by the General Assembly last year required school divisions to have one full-time counselor for every 300 high school students. The Virginia Board of Education has made a recommendation to the Virginia General Assembly to amend the Standards of Quality and Standards of Accreditation regarding school counselors to improve the counselor student ratio to 1:250. The current three counselors of Rockridge County High School would not meet the requirement. Dr. Thompson stated that RCPS currently has three psychologists who are dedicated to addressing mental-health issues at two or more schools. This leads to school counselors often being the first point of contact for addressing students' social-emotional concerns, academic readiness, and career and college counseling needs.
  - Chairman Lovell stated that if the mandate changes to 250, other school divisions will also be looking; while noting that the mandate change would be beneficial to the students.
  - Superintendent Thompson provided data from a survey conducted by Rockbridge Area Community Services with all 8<sup>th</sup> grade, 10<sup>th</sup> grade, and 12<sup>th</sup> grade students enrolled in the Spring of 2018 to inquire about their substance use habits and mental health needs. He offered the following data:
    - *Approximately 21% of grade 8 students, 25% of grade 10 students, and 43% of grade 12 students self-reported using alcohol in the past 30-days when the survey was administered; all percentages were above the national trend for the same age groups in the same year.*
    - *Although grade 10 and grade 12 students self reported using less marijuana in the past 30 days as compared to the 2018 national trend for students in their respective grade levels, there is still an increase in our students' use from 2015. In addition, grade 8 students self-report using more marijuana in the last 30 days as compared to the national trend.*
    - *Student mental health needs are increasing in grades 10 and 12, with students feeling sad or depressed most days as compared to 2015. While the trend for grade 8 students declined from 2015, still 35 % of students reported feeling sad or depressed, which is over 1/3 of the grade-level population.*



- ❖ Addition of First Instructional Coach: The addition of an Instructional Coach will be critical to ensure that RCPS continue on a positive path of student success and preparing today's students for the 21<sup>st</sup>-century world. Rockbridge County Public Schools have all been fully accredited by the VDOE for the past two years. Dr. Thompson stated that RCPS will enter the first year of full implementation of the Project-Based Learning (PBL) division-wide year during the next school year.
  - Chairman Lovell stated that an Instructional Coach will be a resource for all teachers.
  - Mr. Hand stated that the middle school did a survey recently and results indicate that teachers feel they have ample support at the division level, but need more support in the classroom and an Instructional Coach could provide that support.
- ❖ Addition of Technology Assistant: The addition of a Technology Assistant could assist students when working through very minor technical issues and when students need to "check-out" a loaner Chromebook. Currently, highly skilled instructional technology resource teachers are spending a large part of their day on these tasks.
  - Trustee Berkstresser inquired if there will be a need for additional Chromebook funding or if there will be a surplus in the future.
    - Superintendent Thompson stated that there likely will not be a surplus because life expectancy of Chromebooks is three years.
- ❖ FY21 Estimated Funding Projections/Needs as of January 21, 2020:

**FY21 ESTIMATED FUNDING PROJECTIONS/NEEDS as of JANUARY 21, 2020**

<b>Mandated Cost Increases for FY21</b>	
Virginia Retirement System (VRS)	\$167,000
VRS Associated Group Life Insurance	\$5,682
VRS Associated Health Care Credit	\$1,760
Health Care Insurance (Early/Conservative Estimate - 28%)	\$656,788
Worker's Compensation	\$5,705
Property and Casualty Insurance	\$3,042
<b>Approximate Mandated Cost Increases for FY21</b>	<b>\$839,977</b>

<b>Additional Needed Positions for FY21</b>	
School Counselor (Salary & Benefits)	\$81,002
Instructional Coach (Salary & Benefits)	\$74,663
Technology Assistant (Salary & Benefits)	\$37,591
RCPS Contracted Employee Salary Increase (3%)*	\$738,793
<b>Approximate Personnel Costs Increases for FY21</b>	<b>\$932,049</b>

<b>TOTAL of Approximate Budget Increases for FY21</b>	<b>\$1,772,026</b>
<b>Projected Increase in State Funding for FY21** (Governor's Budget)</b>	<b>\$191,952</b>

<b>Projected Total of Additional Needed Funding for FY21</b>	<b>\$1,580,074</b>
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\*The Governor's Budget has proposed a 3% teacher salary increase across the biennium for SOQ positions.

\*\*Approximately \$130,000 must be utilized for Preschool services

All calculations are estimations based upon current available information.

- Superintendent Thompson stated that \$130,000 of the Projected Increase in State Funding for FY21 must be used for Early Childhood Pre-K Program and that Tracy Hinty, Coordinator for Federal Programs, will provide a presentation on the Pre-K Program at the February board meeting. Rockbridge County Public Schools currently has 34 slots; the increase will equate to approximately an increase of 67 total student slots, but must find a location to house the additional program. At this time, it is not anticipated that an additional teaching position would be required.
  - Chairman Lovell inquired how the additional slots would be promoted.
    - Superintendent Thompson stated that the program may begin at Mountain View Elementary School, as there is not currently a Pre-K program located there.
- Trustee Berkstresser inquired if there will be a health care increase to employees and requested a chart on health insurance costs to show that employees can have more money in their pockets.

- Superintendent Thompson responded that based on the current budget, there would not be an increase to the employee.
  - Trustee Hostetter reiterated that the school system will absorb the entire 28% increase.
- ❖ Educational Quality Equates to Economic Growth
- Superintendent Thompson stated that K12 education is an investment. Not an expense. He also stated that successful students leave Rockbridge County but would love to see them stay and work in Rockbridge County, but current economics make this difficult for some.

Chairman Lovell expressed her appreciation for the excellent job by Dr. Thompson and his staff in preparing and planning budget documentation.

There will be a joint meeting of the Rockbridge County School Board and the Rockbridge County Board of Supervisors on Thursday, January 23, 2020 at 5:00 p.m. The meeting will be held at the Rockbridge County School Board Office, 2893 Collierstown Road, Lexington, Virginia.

**ADJOURNMENT**

Upon motion by Trustee Berkstresser, seconded by Trustee Burant, and passed by 5-0 vote, the meeting was adjourned at 5:49 p.m.

  
Wendy W. Lovell, Chairman

  
Rhonda B. Humphries, Clerk of the Board