

The Rockbridge County School Board held a special meeting on Monday, March 14, 2022. The meeting was held at Maury River Middle School.

Present: Chairman Wendy Lovell; Trustees Catie Brown, and Neil Whitmore; Superintendent Phillip Thompson and Clerk Rhonda Humphries.

Absent: Trustees Corey Berkstresser, Kathy Burant.

CALL TO ORDER

Chairman Lovell called the meeting to order at 4:59 p.m.

The purpose of the meeting was to conduct a Budget Work Session for Fiscal Year 2023.

BUDGET WORK SESSION

Superintendent Thompson stated that the General Assembly adjourned without finishing their work on the state budget, with a return in a couple of weeks. This means there are no true answers as of yet for FY23 or FY24. He stated that Rockbridge County Public Schools school board and administration will continue to utilize the proposed House of Delegates version of the FY23 budget for planning purposes. He stated that he will request an approval of the Categorical Estimate of Needs – FY23 as this will be presented to the Rockbridge County Board of Supervisors at the joint meeting on March 17, 2022. The Board of Supervisors request the estimate early because it aides in their budget process, and in turn assists the school division. Superintendent Thompson stated that this represents an estimate and a request, not a budget.

Mr. Jason Kirby, Chief Business Officer, provided the following budget information:

RCPS LOCAL COMPOSITE INDEX (LCI):

The state uses a local composite index to determine a school division's ability to pay for the local required share of education costs for the Standards of Quality. The LCI is calculated every two years with each new biennium, and considers property value, adjusted gross income, taxable retail sales, and the student and total population in each school division/locality. Recently, the state determined Rockbridge County to have a higher ability to pay for education when compared to the last biennium. The increase in LCI for the FY22-24 biennium essentially equates to a lesser percentage of state funding for RCPS over the next two fiscal years. It is difficult to entirely understand how Rockbridge County can be seen to have a higher ability to pay when compared to many other school divisions with seemingly a larger economic base from which to help pay for schools. The RCPS 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.

RCPS AVERAGE DAILY MEMBERSHIP (ADM):

➤ Average Daily Membership (ADM)

The RCPS FY22 budget is based on a state projected ADM of 4397. As of September 30, 2021, RCPS actual ADM was 2338, a difference of 59 fewer students. As a result, this year's caboose bill shows reduced state funding for FY22 of approximately \$100,000. This loss is accounted for primarily through mid-year staffing changes. The state projected ADM for FY23 is 2298, a difference of an additional 40 fewer students, and will be used for budget preparation purposes for FY23. This low ADM count is well out of the norm when compared to the last decade and can be attributed to COVID, mask mandates, other issues, and large graduating classes in recent years.

- Chairman Lovell inquired if economic hardships as a result of COVID had attributed to movement of families during the pandemic.
 - Superintendent Thompson stated that the reason that families who had pulled their child from our schools and move to private school or home instruction was typically due to mask mandates or civil issues; more so than economic hardships.

➤ Projected Additional State Funding FY23

The ADM 2298 will be used for FY23 budgeting purposes, with the estimated increase in state funding revenues will be approximately \$1,348,792 more than FY22 state revenues. \$393,740 must be used for a compensation supplement to give staff a four percent pay increase. \$83,176 must be used to give staff a one percent bonus. New revenue sources for FY23 are Grocery Tax Hold Harmless, \$228,425 and Rebenchmarking Hold Harmless, \$255,177.

RCPS FY23 NEW FUNDING BUDGET FUNDING SOURCES:

- **Grocery Tax Hold Harmless** - This program provides state support for school divisions to cover a loss of funding due to the elimination of the state grocery tax, effective January 1, 2023.
- **Rebenchmarking Hold Harmless** - Each biennium the state recalculates funding for special education, transportation, and non-personnel support based on prior biennium expenses. Due to the pandemic, these expenses were lower during the current biennium resulting in less funding when planning for the next biennium. These rebenchmarking hold harmless funds were created in the proposed budget to support school divisions by compensating for these lost funds.

RCPS FY23 BUDGET ADDITIONAL CONSIDERATIONS:

- **Virginia Retirement System (VRS)** [no change]: The VRS Board of Trustees recommended lowering the employer contribution rate of 16.62% for the school employee plan for the 2022-2024 biennium budget to 14.76%. Unfortunately, this lowered rate was not reflected in Governor Northam's proposed budget and remains at 16.62% currently.
- **State Mandated Wage Increase to \$12.00 per hour** [requires an increase of approximately \$69,867]: The minimum wage is projected to increase to \$12.00 per hour January 1, 2023. Employees will see this increase effective date 7/1/2022.
- **Associated Health Care Credit** [increase of approximately \$13,104]: The Health Care Credit rate increased from 1.21% to 1.28%.
- **Virginia Local Disability Program (VLDP)** [increase of Approximately \$1,010]: The Virginia Local Disability Program rate increased from 0.83% to 0.85%.
- **Worker's Compensation** [increase approximately \$2,252]: Each year we must reassess and negotiate with worker's compensation carriers for favorable rates. It is anticipated to expect a 2% increase in these mandated costs that will equate to an increase of approximately \$2,252.
- **Property & Casualty Insurance** [increase approximately \$4,897]: Each year we also reassess and negotiate with our property and casualty insurance carriers for favorable rates. An increase of 5% for FY23 is anticipated that will equate to an increase of approximately \$4,897.

RCPS FY23 BUDGET PRIORITIES:

- **Salary Increases for All RCPS Contracted Employees:**

A goal was set four years ago, in working with the Board of Supervisors, to raise average teacher salaries in Rockbridge County Public Schools "to the middle" when compared to teacher salary averages from neighboring school divisions, or when compared to the teacher salary averages from school divisions of similar local composite index(LCI) to RCPS.

An analysis of this goal attempt over the past four years show that with assistance from the state and the Board of Supervisors, RCPS teachers have been much closer "to the middle" when making this comparison to our neighboring school divisions for which we compete for the best employees.

The analysis reveals that RCPS has fallen behind once again significantly. Teacher salaries must be maintained and improved in Rockbridge County in order to attract and retain highly qualified staff members. This is even more critical at this time due to the many teachers who are leaving our classrooms due to stress and increased workloads caused by Covid as well as retirements.

With House of Delegates Amendments to Governor Northam's proposed FY23 budget including a potential 8% teacher salary increase and 2% bonus over the next biennium, we will need to be ready to keep pace with surrounding school divisions as they will be prepared to continue to increase teacher salaries again this year. Each year that we cannot maintain pace with teacher pay, we will begin to fall farther behind other school divisions as we compete not only for the best teachers, but also to simply fill needed teacher and staff positions.

- Chairman Lovell stated, on behalf of the school board, that they do not aspire to be in the "middle", but there are economic realities to be faced.
 - Vice-Chairman Whitmore inquired if the LCI is factored in on the surrounding areas that were included in the comparisons.
 - Superintendent Thompson stated that it varies and that the data will be obtained and shared with school board members.

Many divisions including Staunton and Nelson are moving all classified staff to \$15 per hour as of July 1, 2022. RPCS would like to begin to look at a comprehensive salary study to analyze our competitive nature both within K-12 education and outside of K-12 education for both professional and classified staff

➤ **Compensation Supplement:**

House of Delegates Amendments to Governor Northam's proposed budget has \$393,740 for FY23 for staff compensation and \$83,176 for 1% bonus. To receive the total amount, a 4 percent salary increase and 1% bonus must be given in FY23. School divisions that provide a minimum 2.5 percent salary increase in FY23 are eligible for a prorated state payment. House of Delegates Amendments to Governor Northam's proposed budget provide approximately \$98,435 per percentage of salary increase. To receive a prorated amount the school division must give a minimum 2.5% salary increase.

➤ **Health Care Premium:** [increase approximately \$563,564]

Health Care costs continue to rise. Jim Gordon, One Digital, at this time, is estimating an increase of approximately 19.7%. Mr. Gordon feels this estimated increase is due primarily to the large claims of a few of our employees over the previous 12 months. Unfortunately, some of our employees have had an extremely difficult time working through some very serious health concerns this past year. We are currently working with OneDigital to procure other options for Health Insurance from Anthem as well as competing companies.

- Vice-Chairman Whitmore inquired when the last time that it was put out to bid.
 - Superintendent Thompson stated that for years there were no interested parties who wanted to submit bids but that it has improved. It may be beneficial to put it out to bid again and may enable Anthem to come down.

FUND 50 – CATEGORICAL ESTIMATE OF NEEDS – FY23

Category	FY22 Projected	Percent
Instruction -61	\$24,687,176	71.1%
Administration & Health – 62	\$2,166,150	6.2%
Pupil Transportation – 63	\$2,868,629	8.3%
Operations & Maintenance – 64	\$3,327,033	9.6%
Facilities – 66	\$20,000	0.1%
Technology – 68	\$1,649,561	4.8%
Fund 50 Site Operating Budget	\$34,718,550	100.0%

Fund 50 – Expected Revenue Sources – FY23

Category	FY22 Projected	Percent
Estimated State Revenue Funding (FY23)	\$16,864,664	48.6%
Estimated Local Revenue Funding (FY22)	\$16,280,124	46.9%
Estimated Tuition Revenue Funding (FY23)	\$1,413,120	4.1%
Estimated Other Revenue Funding (FY23)	\$160,642	0.5%
Fund 50 Site Operating Budget	\$34,718,550	100%

- Chairman Lovell stated that there are budget opportunities not reflected in the budget and that this is an opportunity to invest in facilities.
 - Superintendent Thompson stated that the state is in better financial situation than was originally thought coming out of a pandemic. It appears to be a larger amount of funding for education coming from Richmond. He asked that the school board members continue to advocate for our employees with the Rockbridge County Board of Supervisors as well as our state legislators. He emphasized it is key to remember that these figures will change but it is valuable for the Rockbridge County Board of Supervisors to know the needs of Rockbridge County Public Schools.

Upon recommendation by Superintendent Thompson, motion by Trustee Brown, seconded by Trustee Whitmore, and passed by a 3-0 vote, the Board approved a Categorical Estimate of Needs – FY23 in the amount of \$34,718,550.

Chairman Lovell stated that the Rockbridge County School Board will meet with the Rockbridge County Board of Supervisors on Thursday, March 17, 2022 at 5:00 PM at Maury River Middle School.

ADJOURNMENT

Upon motion by Trustee Whitmore, seconded by Trustee Brown, and passed by 3-0 vote, the meeting was adjourned at 5:24 p.m.


Wendy W. Lovell, Chairman


Rhonda B. Humphries, Clerk of the Board