

The Rockbridge County School Board held a special meeting on Wednesday, November 4, 2020 a Maury River Middle School.

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

CALL TO ORDER

Chairman Lovell called the meeting to order at 4:03 p.m.

The purpose of the meeting was to conduct a Budget Work Session for Fiscal Year 2022.

BUDGET WORK SESSION

Superintendent Thompson stated that budget season is always a critical time of year and that this year is a bit more challenging than most because of managing and maintaining the FY21 budget with loss of funding and trying to plan for the FY22 budget, while not knowing what to expect. He stated that the administration will do their best to plan for quality education within the budget. COVID-19 has brought forward a lot of situations that are unprecedented.

He provided the following information:

Current Situation FY21

❖ State funding was reduced by \$1,040,851 in FY21 from FY20 due to Reduction in projected State revenue in FY21 due to COVID-19 (closing business), reduction of ADM, and biennial formula recalculations used in distributing funds (Example Local Composite index.)

▪ FY20 Budgeted State Funding	\$16,156,600	
▪ FY21 Budgeted State Funding March 13, 2020	\$15,905,887	\$250,713 reduced
▪ FY21 Budget State Funding April 29, 2020	\$15,115,749	<u>\$790,138 reduced</u>
		\$1,040,851 total

❖ To balance the FY21 budget in May 2020, all of the budget lines were re-evaluated which resulted in cutting tremendously across most categories. This included personnel (6) and non-personnel lines, such as technology and transportation, which is not an ideal situation but is workable. This enabled the school division to do what is right for the students of Rockbridge County.

FY22 Budgetary Considerations

❖ FY22 projected State revenue will be reduced by an additional \$316,000 (Due to loss of ADM and state tax revenues)

- Chairman Lovell inquired if there is discussion of ADM mitigation information that could be relayed to Senator Creigh Deeds and Delegate Ronnie Campbell.
 - Superintendent Thompson stated that there is discussion for FY22 of hold harmless provisions and there is hope there may be help in regards to ADM.

❖ In anticipation of this shortfall, two additional teacher positions have not been filled which means that staff must carry more responsibilities. The school division is also holding off, or slowly filling, any other current open positions whenever possible.

❖ There is no indication there will be any changes to VRS rates for FY22. This is the 2nd year of the current biennium. The rate is currently at 16.62%

❖ Non-professional employees are now eligible for Health Care Credit. Minimal impact to the budget, with an increase of estimated \$14,000.

❖ Superintendent Thompson asked for consideration if there will be a continuation of the employee health saving account match for FY22 at an estimated cost of \$62,000.

- Initially, there was discussion of continuing the match for this current year, as a second year in a row, and then leading to the match going away for next year.

❖ Fuel Prices for FY22. There is a potential fuel cost increase for FY22.

- ❖ Health Insurance, which is always an issue, has taken a big hit for FY22.
 - Current Medical Loss Ratio is 90% for the most recent 12 months ending August. This is higher than the prior 12 months running at 78%.
 - There are 28 large claims over \$25K for this period accounting for 76% of total cost. The prior 12 months had 16 large claims accounting for 56% of total cost.
 - The largest claim for the school division continues to run high at almost \$800k for the past 12 months.
 - Renewal was in July 2020. At least 6 more months of claim data will be captured prior to receiving the 2021-2022 renewal. Much can change and improve between now and then.
 - A current budget projection is 23.7%, but much can change (and usually does). This is an early projection and will seek a recalculation update in late January and March 2021.
 - Chairman Lovell stated that this has always been a key area of benefit for employees to keep money in their pocket.
 - Approximately \$515,397 increase.
- ❖ Property & Casualty Insurance is an item in which the school division has little to no control.
 - Current projections see an increase in P&C of around 5% (estimated \$5,000).
 - Currently projecting no increase in Worker's Compensation insurance.
- ❖ ADM – Average Daily Membership
 - FY18, March 31 ADM was 2574 – Higher than usual, spike - not a trend
 - FY19, March 31 ADM was 2567 – Coming back down a bit
 - FY20, March 31 ADM was 2516 [large senior class; smaller kindergarten at each elementary school]
 - FY21 Budgeted build on ADM of 2492 [based on state calculation]
 - September 30, 2020 ADM – 2439 (53 fewer ADM students than budgeted)
 - Chairman Lovell inquired on where students are going, reflecting that families may have been affected because of economic reasons.
 - Superintendent Thompson stated that data reflects that students may be enrolling in private schools, enrolling in other school divisions to allow continuity of attendance, or moving back to home countries if they were visiting students. The hope is that some of these students will return to Rockbridge County Public Schools as more re-opening takes place, even if it is for the 2021-22 school year.
 - Trustee Burant inquired if most students are accounted for.
 - Superintendent Thompson confirmed that every available resource, including involvement of School Resource Officers, have been utilized in finding students. He noted that Principals and School Resource Offices have a list of visits that have taken place in trying to keep our students on track in receiving their education, virtual and in-person.
 - FY22 State Calc-Tool projected ADM 2465.
 - Considering the very low September 30 ADM of 2439, Superintendent Thompson recommended using an ADM of 2455 as a base for the FY22 budget.
 - Chairman Lovell inquired if the projections from the Feasibility Study included kindergarten numbers for the fall.
 - Superintendent Thompson stated that the data does not project year to year, but that the demographics are long-time, over a 20 year period, and are based on pre-COVID-19 data.
 - The ADM numbers will continue to be closely monitored throughout the year as VDOE releases them.

Other Considerations

- ❖ ERIP [Early Retirement Incentive Program]
ERIP provides a great resource of historical institutional knowledge, but it is expensive. Dr. Thompson emphasized that he is not advocating a move away from the current ERIP plan for this year, noting that if there is a change, it would not take place until the end of next year. He offered the following data:

- How much is ERIP costing RCPS?

Source	FY21	FY20	FY19
Insurance cost	\$121,529	\$101,756	\$81,698
Salary only	\$395,429	\$322,093	\$395,221
Total ERIP COST	\$516,958	\$423,849	\$476,919

- The division could keep the insurance option and not pay employees their daily rate by dropping it to \$150/day. (Estimated savings of \$220,000)
- Do away with ERIP altogether at the end of next year. This would mean that the end of 21-22 would be the final year ERIP is available.
 - Trustee Whitmore inquired how many people would be affected.
 - Superintendent Thompson stated that there are currently 48-50 participating in ERIP. He clarified that the change would not affect those who are currently participating in the program. If the board chooses to make a change, it would not take effect until the end of 2021-22 school year.
 - Trustee Burant inquired if the retirement numbers are known at this point.
 - Superintendent Thompson stated that there are plenty of employees who are eligible. He further expressed his sentiment that if a change does occur, it may cause some employees to retire sooner.
 - Chairman Lovell stated that it would be helpful to know how the program benefits employees; i.e. if the current workload can be covered because of the extra help needed due to COVID-19.
 - Superintendent Thompson stated that subs will be relied on more which in turn will cause the sub budgetary line to go up. ERIP guarantees 25 days of work from a participating employee. He further clarified that if ERIP goes away, there would not be an immediate savings. It could cause other budgetary factors to go up; i.e. substitute teacher budget line.
 - Trustee Hostetter stated that she feels this a very critical decision based on consideration of: 1) those who choose to retire early, it does not spread the cost over years; 2) places the school division in a hiring position in which other localities will also be seeking applicants. She would like to be able to weigh pros, cons, from a cost effective measure as well as human hiring perspective.
 - Trustee Berkstresser stated that he felt it would be beneficial to know what an average daily rate would be for the average employee.
 - Trustee Burant asked what types of jobs or projects retirees have been doing for the past several years.
 - Superintendent Thompson stated that employees have been working in the office, classroom, working on weekends at special events. The division has accommodated as best as possible for what the employee likes to do.
- ❖ Continue to monitor budget & potentially not replace employees as ADM drops if we can effectively make it work.
- ❖ RIF Policy [Reduction in Force]
 - Approximately two years ago, administrators began re-evaluating the RIF policy for Rockbridge County Public Schools. RCPS has been fortunate that the RIF policy has been rarely used; however, as a last resort, COVID may force RCPS to do so in order to balance the budget. Mr. Jason Kirby, Director of Technology and Human Resources, will provide information on the RIF Policy at the regular meeting of the Rockbridge County School Board on November 10, 2020.
- Trustee Whitmore inquired if there has been a savings from COVID-19.
 - Superintendent Thompson stated that there has not been any savings, generally speaking. For example, bus drivers have been still been delivering food, buildings are open, spring athletics are planned, and more expense with the purchase of PPE items. He noted that the CARES Act funding assisted with PPE and related items.

FY21 Priorities – How did we do?

- ❖ Positions Needed:
 - School Counselor – RCHS [still needed for FY22]
 - Elementary Teacher – [reduced elementary teachers across the board at all levels for FY21]
 - Instructional Coach - [still needed for FY22]
 - Technology Assistant – [achieved by reducing other positions and making it work]
- ❖ Raises for All Employees: there were no raises

- ❖ Improve Sub Pay as it is becoming more and more difficult to obtain subs.
 - Currently, sub pay is average of surrounding areas with \$80 [with no degree] /\$85 [with college degree]
 - Chairman Lovell stated that it is difficult to increase sub pay when the division cannot increase employee pay.

FY22 School Board Priorities

- ❖ Positions Needed:
 - School Counselor – RCHS
- ❖ Continue to remain competitive with employee pay:
 - 2% - \$458,000
 - 3% - \$690,000,
 - 4% - \$916,000
 - 5% - \$1,148,000
- ❖ Bonus for contracted employees? A bonus would not help with VRS, but it would help with expenses.
 - \$500 - \$220,000
 - \$1,000 - \$440,000
 - Chairman Lovell inquired what the percentage of contracted employees versus non-contracted employees.
 - Superintendent Thompson stated that 95-96 percent are contracted employees. He noted that non-contracted employees work on a time sheet and do not have access to benefits.
 - Trustee Hostetter expressed her sentiment that if a bonus is given, that it be given to all employees.
 - Chairman Lovell echoed the inclusion of non-contract employees as they have also done incredible work to support students and staff.
- ❖ Improve Sub Pay:
 - \$80/\$85 currently – Approx. \$12,000 for every increment increase of \$5 (ex. \$85/\$90)
 - Trustee Burant inquired how many days a sub is used for a year.
 - Superintendent Thompson stated that there are days when schools cannot get a sub because all are being utilized or are unavailable. He further stated that the substitute category finance line is completely spent each year.
 - Mr. Haywood Hand, Assistant Superintendent, stated that there are some buildings who could utilize a sub full time.
 - Mr. David Daniels, Director of Finance, stated that \$220,000 is budgeted for subs.
 - Chairman Lovell inquired if there is a need for more subs this year.
 - Superintendent Thompson stated that the need has basically been the same. Participants in the ERIP program have expressed that they are ready to get back in the buildings.
- ❖ What type of raise?
 - A flat % raise across the board which would amount to more money for veteran teachers vs. newer teachers.
 - Increased proportionally appropriate dollar amount for all employees. This would be more equitable and better entices new teachers to Rockbridge County Public Schools.

Closing Thoughts

Chairman Lovell reiterated the ADM as potential benefit that may come from the General Assembly.

- Superintendent Thompson stated that the hold harmless tax revenue is being worked through for FY21.

Superintendent Thomson reminded the board that it is never too early to talk of and plan for the budget.

ADJOURNMENT

Upon motion by Trustee Berkstresser, seconded by Trustee Burant, and passed by 5-0 vote, the meeting was adjourned at 4:59 p.m.

Wendy W. Lovell
Wendy W. Lovell, Chairman

Rhonda B. Humphries
Rhonda B. Humphries, Clerk of the Board