

AT A JOINT MEETING OF THE BOARD OF SUPERVISORS OF ROCKBRIDGE  
COUNTY VIRGINIA, HELD WITH THE ROCKBRIDGE COUNTY SCHOOL BOARD AT  
THE ROCKBRIDGE COUNTY SCHOOL BOARD OFFICE AT 2893 COLLIERSTOWN  
ROAD, LEXINGTON, VIRGINIA ON THURSDAY, MARCH 12, 2015,  
AT 4:30 P.M.

PRESENT: CHAIRMAN J.M. HIGGINS,  
MEMBERS: R.R. CAMPBELL, R.S. FORD,  
D.W. HINTY, JR., A.W. LEWIS, JR.

COUNTY ADMINISTRATOR  
AND CLERK TO BOARD: SPENCER H. SUTER  
FISCAL SERVICES  
DIRECTOR: STEVEN J. BOLSTER

ALSO PRESENT: CHAIRMAN A.W. LEWIS, II  
SCHOOL BOARD MEMBERS: K. BROOKS, L.C. HOOFNAGLE, L. STRONG  
D.B. MCDANIEL  
RCS SUPERINTENDENT: DR. JACK DONALD  
ASST. SUPERINTENDENT: PHILLIP THOMPSON  
**FINANCE DIRECTOR:**  
FACILITIES DIRECTOR: JOHN MORRIS  
CLERK TO THE BOARD: RHONDA HUMPHRIES

**Call to Order**

Board of Supervisors Chairman John Higgins reconvened the Board of Supervisors meeting and School Board Chairman Jay Lewis called the School Board Meeting to order at 4:33 P.M.

Chairman (Jay) Lewis welcomed the attendees and then reviewed a PowerPoint presentation (included as an attachment to, and part of this document). At Mr. Campbell's request, a hard copy was distributed to all to aid in viewing.

Discussion included:

Chairman Lewis reviewed Code of Virginia section 22.1-92 relative to the budget request to the School Board and subsequently to the Board of Supervisors. He then noted that the current request to the Board of Supervisors is a \$617,095 increase over last year's base, or 2.17%. He then reviewed slides showing the categorical funding history of the schools, noting major cuts in FY11, followed by gradual increase to the

current request. He reviewed the source of the \$1.7M increase from the Commonwealth in the current year and explained where the increases were applied in the schools' budget. These include:

- 2 math specialists (\$128,676)
- VRS increases (\$524,296)
- health care increases - more personnel covered (\$97,597)
- salary increases (1.6% increase in overall payroll - (\$413,719)
- revenue loss (state reduction, tuition loss, forest fund reserve reduction - \$90,702)
- bus replacement (\$85,000)
- textbook replacement (\$162,962)
- summer curricular work, school supplies, bus driver renewal, STE programs, P&C insurance, others (\$197,048)

Mr. Brooks noted a concentration on instruction. Mr. Hinty asked how much of the increase is in salaries. Dr. Donald indicated that the actual increase was not readily available, but that approximately 86% of the budget is attributed to salaries and benefits. Mr. McDaniel noted that the average take-home increase in the current year (1.6% increase) for school employees was about \$30 per month. Mr. Ford voiced concern about the schools' lumping spending and losses together across the categories, making it more difficult to track changes by category.

Next, Chairman Lewis noted that the schools had originally budgeted for a 17% increase in health insurance costs in the current year. Assisted by comments/input from Dr. Donald, he explained that the actual increase was minimal, which should have resulted in a savings of approximately \$200,000. They noted that more people than expected had joined the plan, resulting in an increase of \$97,597. Further, he noted that \$51,000 in combined reductions in state and federal contributions, coupled with an unanticipated \$60,000 in revenues from the City of Lexington, resulted in an additional \$111,000 shortfall. Dr. Donald noted that the combined reductions in revenue actually resulted in a \$8,500 shortfall after applying the \$200,000 in savings. Chairman Higgins asked how insurance is accounted for across the categorical lines. Dr. Donald noted that insurance costs are spread across most of the categories, and that the total cost is between \$1.6M and \$1.7M. Mr. Brooks added that the categorical needs document is a planning document and that the schools adjust as needed through the year. Dr. Donald and Mr. Bolster confirmed the process of adjusting among categorical lines.

Chairman Lewis then discussed personnel needs in the coming year, including a 7.85% increase in health insurance (\$121,445), and a projected 1.5% increase in salary for all personnel (\$291,537). Chairman Higgins asked whether the proposed salary increase constituted a “step” or a cost of living (COLA) increase. Dr. Donald noted that there has not been a COLA increase during his time with the school division and that the 1.5% increase would be administered via an adjustment of the scale. Mr. McDaniel noted that the state contribution to the 1.5% increase for SOQ instruction would go away if the County did not match. Discussion then took place on the state definition of "Standards of Quality" (SOQ). Mr. Suter noted that the online calculator from the State shows a contribution of \$112,356 with a local match of \$57,966 for the FY16 budget. He further noted that there are many other, non-SOQ positions that are not covered under the SOQ guidelines.

Dr Donald then explained that the state’s estimate was based on an average daily membership (ADM) which he believes to be over-estimated each year. He noted that the schools traditionally budget conservatively so as not to be surprised with lower revenues in the last quarter of each year. He explained the process of taking an estimate ADM count on September 30 each year, followed by the "official" March 31 count - the number on which the state bases its last fiscal quarter contributions to the school division. Thus, the schools budget the number conservatively. Mr. Suter concurred with the conservative strategy. Mr. McDaniel noted that the schools budget conservatively so that if the numbers come in low, they won't need to be coming to the Board of Supervisors for additional appropriations at the end of the year. Dr. Donald noted that he does not recommend going by the stock template offered by the state. Chairman Lewis then explained additional personnel needs, including \$315,300 to fund two special education teachers and three reading specialists, and program needs, including \$92,000 for after school programs and \$48,000 for summer school programs.

Mr. McDaniel noted that case load maximums for special education teachers are nearing upper thresholds, while Dr. Donald noted a need for improvements in language arts, where test scores are dropping. With regard to special education, Mr. Brooks noted that it is not right to tell some parents that their children do not qualify for additional assistance based on elevated income. Ms. Strong noted that special needs is an increasing population. Mr. Brooks noted that a faculty survey indicated that additional reading specialists are the number one priority with teachers. Mr. Lewis and Dr. Donald noted that expressed needs for math specialists and elementary PE were not far behind. Dr. Donald discussed

the state's scale on at-risk schools and noted a correlation between discontinuance or reduction of summer and after school programs and lower test scores. Mr. Brooks noted that the school board agonized over the PE positions when developing an estimate of need. Dr. Donald noted that a consultant is coming to further assess at-risk schools and that he expects Title 1 funds to zero out. He stated that it will be costly if we can't get above the "need to improve" SOL rating.

Mr. McDaniel reiterated that we can't control the economy, but that the schools had removed 55 positions during past difficult budget cycles. He observed that we can do more with less for a while, but at some point we do less with less. Chairman Lewis discussed the need for after school programs and Mr. Brooks noted that the state provides some support for summer school programs. Mr. Ford asked how much could be received and Dr. Donald answered that state aid would amount to \$470 per student.

Chairman Lewis then discussed the schools' request to utilize \$85,000 of the capital reserve fund for a comprehensive A&E study at the high school and technical education center. Mr. McDaniel noted that this request is not in the operational request. Chairman Higgins asked where the City of Lexington comes into play. Mr. Brooks noted that the city pays on a formula of how many students are enrolled at the time of the project – approximately 16% right now. Mr. Campbell asked how much money is in the fund currently. Mr. Suter replied that the fund contains \$440,002.38. Dr. Donald noted that the schools have postponed some of their categorical purchases until winter ends.

He reviewed the schools' initial request for a local increase of \$869,292, subsequently reduced by \$252,197 to the current \$617,095. Mr. Brooks noted that there are no new administrative positions in the request; he gave the example that the current MRMS principal also serves as the transportation supervisor. Mr. Ford then asked to return the discussion to the ADM. Dr. Donald noted that he is feeling more and more confident that the upcoming March 31 count will be between 2540 and 2545, but he doesn't want to count on that and indicated that we need to continue to be conservative. Mr. Hinty noted that he had been on the school board when cuts had been made in the past, and that they knew at the time that they would someday we would have to take a beating. He cited reduction of a school activity bus and other such items related to youth sports. Ms. Strong noted that if we don't engage students by the 4<sup>th</sup> grade with music and art, they will "just be housed".

Mr. (Buster) Lewis noted that we are dealing with dire needs and that the Board should take the request back for consideration, contemplating the Board's Vision, Mission and Values statements, which he

briefly quoted from as including, "... a community defined by first class educational programs for youths and adults... provide leadership, responsibly allocate resources, and establish policies which will promote safety, protection of our rural environment, education.." further noting that education is part of our core mission. Mr. Hinty noted that the Bedford County School Board is requesting a 4.75% increase in salaries. Mr. Brooks noted that we have only just now climbed back to 2010 levels of funding.

Mr. McDaniel noted that the state has put the Board in a difficult position and that the state should be doing more to assist.

Dr. Donald returned the conversation to the request for an A&E study. Mr. McDaniel noted that he felt that the Board of Supervisors needed to give the schools direction on plans for mechanical upgrades at RCHS-VoTech, that the schools did not know how to proceed with the capital reserve policy. Mr. Suter indicated that the direction had been discussed previously in an October 14, 2014 joint finance committee meeting, and that the two groups had agreed on a path ahead at that time. He noted that he had a copy of the meeting notes and offered to read it. Mr. Lewis asked him to read it (as follows):

1. Schools develop a prioritized capital improvement list with fairly solid cost estimates. It should generally follow the standard BOS CIP process. In other words, the Schools would develop a prioritized CIP with projects and costs, and submit to the full Board rather than to the BOS finance committee for review/consensus. The full Board (BOS) would subsequently approve once a year (tentative approval in Dec/Jan timeframe, with final approval upon budget acceptance), thereby giving authority to the County Administrator and Fiscal Services Director to move the funds accordingly as agreed- upon expenditures occur.

2. At the beginning of the next fiscal year (July 1, after approval of the annual budget), the Schools would move ahead with implementation of the plan approved for that year. Subsequent years would pick up from the previous plan and add/amend/adjust according to need/priority of the Schools.

3. Upon expenditure of funds, the Schools would submit the reimbursement request to Spencer/Steve, who would then move the funds from the Capital Reserve to the Schools account.

4. If the funds requested exceed the amount approved by the Boards, either the Schools would cover the difference from their budget, or they would need to come back to the Board of

Supervisors to request additional funds from the Capital Reserve Fund or General fund as the case may be.

5. County Staff would not have authority to approve funds outside what has been approved by the Board. However, the schools could re-approach the Board at any time during the cycle with the request to expend additional, available funds for minor capital items.

Mr. Ford asked what had been established as a “floor” to the capital reserve. Mr. Suter noted that it had been agreed that \$225,000 would be a good number for the floor, but that he (Mr. Suter) still felt this to be too low. Mr. Ford then asked for an explanation of the proposed A&E project. Mr. Brooks noted that it would involve estimating needs and costs and preparing construction documents. Mr. Ford questioned whether a bond referendum would be required. Mr. Lewis asked how this fits in with the County’s current CIP. Mr. Suter noted that the schools’ basic summary CIP is shown on page 29 of the schools’ estimate of need document. He said that a jointly agreed-upon CIP would provide staff with clear marching orders. Mr. Lewis asked if we could look at just phase 1 now. Mr. Suter noted that if both boards agree, once a year, on the CIP projects for the upcoming year, we will know what the limits are and can move ahead. Mr. McDaniel noted that phase three of the A&E study could come out of the plan for right now. Dr. Donald asked if the boards could authorize the \$85,000 expenditure right now. Mr. Ford agreed with Mr. McDaniel that all that is needed right now is the \$55,000 from the original estimate and that we could revisit in the future, after the initial phase is complete. Mr. Brooks noted that he did not think that we could ask for a cost for the work when going out for proposals. Mr. Suter noted that he believed that an estimate of cost could be requested, but that it could not be used for selection, as in a bid. He further noted that a contract could be structured with task orders, such that each step would require joint board approval prior to execution.

Mr. Ford noted that he would be OK with the \$55,000 for A&E if it did not include the cost of preparing construction documents. After discussion on motion wording, Mr. Ford moved to authorize use up to \$55,000 of the school capital reserve to fund an A&E study for the high school and technical education center. Supervisor Lewis seconded the motion, and the application was approved by unanimous roll call vote by the Board.

AYES: Ford, Lewis, Hinty, Campbell, Higgins

NAYES: None

ABSENT: None

Discussion then shifted to planning the budget process ahead. The Board of Supervisors agreed to continue its meeting to March 17<sup>th</sup> at 4:00 PM in the Board of Supervisors meeting room in the County Administration building. Further, the two boards agreed to meet jointly again at 4:00 PM on March 19<sup>th</sup>, at the Rockbridge County High School, prior to the schools' budget hearing

Mr. Brooks noted that this is a painful process. He suggested consideration of a set annual increase for the schools, which could be indexed based on revenues received from the state. Ms. Hoofnagle noted that there had been previous discussions in this area. Mr. Ford mentioned the impending reassessment process and suggested that we should consider its impact before moving ahead.

Chairman Higgins continued the meeting to March 17<sup>th</sup> in the Board of Supervisors meeting room in the County Administration building.