

**HENRY COUNTY BOARD OF SUPERVISORS
JOINT BUDGET WORK SESSION
WITH THE SCHOOL BOARD
MINUTES
February 25, 2008 – 3:00 pm**

The Henry County Board of Supervisors and the Henry County School Board held a joint FY -08-'09 Budget Work Session on February 25, 2008, at 3:00 pm in the Fourth Floor Conference Room of the County Administration Building, King's Mountain Road, Collinsville, Virginia. The following Board members were present: Chairman Jim Adams, Vice Chairman H. G. Vaughn, Debra Buchanan, Paula Burnette, Jim McMillian and Tommy Slaughter.

Staff members present were Benny Summerlin, County Administrator; Tim Hall, Deputy County Administrator; Susan Biege, Administrative Assistant; Jimmie Wright, Director of Accounting; and Darrell Jones, Assistant Director of Accounting.

Members of the School Board present were Chairman Kathy Rogers; Vice Chairman Rudy J. Law; Curtis Millner, Sr., Charles Speakman, Joseph DeVault, Betsy Mattox, and Terri Flanagan.

Staff members present were Dr. Sharon Dodson, School Superintendent; Dr. James Beckner, Assistant Superintendent of Finance and Operations; Melinda Overby, Administrative Assistant; DeWitt House, Assistant Superintendent for Instruction; Charles Preston, Director of Human Resources; and Marci Lexa, Director of Food Services.

Debbie Hall of the Martinsville Bulletin was present.

Chairman Adams called the Board of Supervisors meeting to order at 3:00 pm and welcomed everyone present.

Chairman Rogers called the School Board meeting to order at 3:00 pm and thanked the Board of Supervisors for meeting with the School Board. She stated it is the desire of the School Board to present the Board of Supervisors with a budget that everyone understands the priorities, and that is supported. Ms. Rogers stated the School Board would first like to show a brief video entitled "The Public Schools Speaks." Following presentation of the video Dr. Dodson stated that she and Dr. Scott Kizner, Superintendent of Martinsville City Schools, will be conducting an introductory clip on the video and shown on local access Channel 22 out of the City.

Dr. Dodson and Dr. Beckner gave a slide show presentation with background information regarding some key parts of the FY '08-'09 School Budget Development Process:

- **State Revenues** - In December the state proposed a \$3.3 million increase in state funding to Henry County Schools; however, it appears that the state economy is in worse condition than originally believed, and rather than the proposed \$3.3 million, the school division may only receive an increase of only \$1.5 to \$1.9 million depending on the state's change in methodology.
- **Shift of Funds** - To offset the decrease in state funding, funds may be shifted or reallocated rather than increasing the budget. By reallocating funds the School Board in effect will be saving over one-half million dollars rather than increasing the budget. For example, the technology category might receive reallocated funds from various categories, such as instruction, administrative/attendance, and health and maintenance. Another reallocation would shift funds from the facilities category to cover the cost of debt service for renovations to Drewry Mason.
- **Salary and Fringe Benefits** - The major portion of the proposed budget is in improvements to salaries and fringe benefits. Recommended salary increase include a 3 percent plus one step for teachers, librarians and guidance counselors, as well as

classified staff (except for those in the school nutrition department), and a 3 percent raise for other licensed (administrative) personnel.

- Noted there are 27 steps in the teacher pay system with each step being based on experience and is roughly the equivalent of one year of teaching. Raises would result in a teacher salary scale ranging from \$35,000 to \$51,000.
- Total cost of proposed pay hikes, including the percentage of fringe benefits paid would be \$2,460,000.
- **Long-Term Disability** - School officials hope to make adjustments to long-term disability coverage, which was established in 1992. There have been no adjustments for inflation or salary increases. The proposed annual cost per employee will increase from \$57 to \$109.19 for a total of approximately \$60,000.
- **Health Insurance** - Anthem's health care renewal was excellent with a proposed increase of 4.1% or \$180 per covered employee. It was noted that some high cost prescription drugs will no longer be covered by Anthem, with affects nationwide.
- **Student Enrollment** - Continued decline in student enrollment. In September 2007, actual enrollment was 7,411, and by fall of 2012, that number is expected to decline by 400 students. Due to declining enrollment, the FY 2009 budget will reflect a reduction of six teaching positions, mainly through attrition.
- **Expansion of Technology** - The school division also plans to continue its long-range plans of replacing computers on a four-year cycle and continue the expansion of using technology, such as SMART Boards, sound amplification systems and classroom response systems in classrooms.

- **Maintenance** - The goal of the School Board is to have cleaner schools and grounds as a result of contracted mowing and weed eating and more effective and efficient custodial equipment.
- **Capital Improvement Plan** - Sixteen projects remain on the school system's Capital Improvement Plan (CIP) with an estimated total cost of \$30 million.
- **Miscellaneous Increases** - Proposed increases in other categories include a 10 percent hike for property/casualty insurance and increasing travel reimbursement from .485 to .505 cents per mile. Because fuel prices are continuing to rise, officials have been unable to assess increases in other categories, such as bus fuel and utilities.
- **Breakfast and Lunch Increases** - The school system is also considering increasing the price of breakfast in middle and high schools by 10 cents, from the current 90 cents to \$1, and there are also proposals to increase the costs of elementary, middle and high school lunches by 20 cents, from the current \$1.40 to \$1.60 in elementary schools and the current \$1.50 to \$1.70 in middle and high schools. If approved, the increased fees should put Henry County in the middle of adjoining localities in terms of pricing rather than at the lower end.
- **Federal Medicaid Reimbursement** – The school system is very aggressive and takes full advantage of the entire Medicaid reimbursement program. Fewer funds at the federal level will have an impact; however, school officials are not clear what the impact will be at this time.

Following the School Board's presentation Dr. Dodson asked the Board of Supervisors **“What does the Board of Supervisors see as the budget priorities for the school system in FY 2009.”** She asked the Board to offer recommendations and the staff would bring this back to the Board next month.

- **Post Employment Retirement Benefits** - Mr. Summerlin stated one concern is regarding Governmental Accounting Standards Procedures regarding Post Employment Retirement Benefits. This is a massive issue and will reflect on both the school division and the county. The actuarial analysis was conducted to show the financial impact. The biggest issue for the county and the schools is that county retirees are allowed to stay on the county's health insurance. The study has to be done this year and the same actuarial firm is conducting the study both for the school division and the county. Once those figures are received, it either has to be funded or be shown on the balance sheet. He noted from everything he has read, you have to fund it to keep liability at a minimum and more interest would be generated by funding this through a long-term investment pool. Virginia Association of Counties and the Virginia Municipal League have established a funding pool to help deal with this issue. The actuarial analysis should be in within the next month.
- **Bus Replacement** – There was some discussion regarding bus replacement. It was noted in this year's budget estimated funds are \$388,000; with no plans to purchase buses in the upcoming fiscal year. Due to revenue shortfalls those funds would be used to help deal with the shortfall. The school division last summer got rid of the last gas bus, and all are now 100% diesel, which helps on fuel efficiency. There are currently 138 buses in the fleet and 118 are run on a daily basis. Bus replacement is looked at on a 15-year cycle; however, the school system strives for a 10 year cycle.
- **Drop Out Rate and Career Academy** - There was some discussion regarding the dropout rate and the Career Academy offered by the school division. It was noted that 35 students over the last three years have graduated from the Career Academy. These students graduate not only with a diploma but also a certification in a technical area. It was also noted that over the next ten years 80% of the jobs will require some type of post high school training.

There being no further business to discuss Mr. Adams thanked the School Board and its staff for their presentation.

Mrs. Burnette stated she would like to extend to the School Board the Board of Supervisors' sympathy regarding the recent death of two of its high school students.

The School Board adjourned its meeting at 4:19 pm.

Mrs. Burnette moved to adjourn at 4:19 pm, second by Mrs. Buchanan and unanimously carried.

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