

March 7, 2019

The Board of Education of the County of Kanawha met in Statutory Session on Thursday, March 7, 2019 at the Board of Education Building, Charleston, West Virginia. The meeting was called to order by Board President Ryan White at 3:15 p.m.

PRESENT

Ryan White, President

Ric Cavender, President Pro Tem

Jim J. Crawford, Sr.

Becky J. Jordon

Tracy White

Ronald E. Duerring, Secretary

Debra J. Lewis, Recording Secretary

ADMINISTRATIVE STAFF

Tom Williams, Deputy Superintendent

Lindsey McIntosh, General Counsel

Briana Warner, Communications Director

Lisa Wilcox, Treasurer, Budget & Finance

BUDGET WORKSHOP (Discussion on Budget)

I will ask you to keep in mind that this is a very preliminary budget for FY 2019-20. This budget will definitely change depending on what the legislative session ends with and it will also change when we receive finals comps. As of right now our budget is \$255,938,251. We have our regular levy monies and our excess levy moneys. Our actual budget consists of 8600 individual line items and that will continue to grow.

Mr. White-Are our sub expenses going up every year? Lisa Wilcox-Yes. I tend to think one reason it continues to increase is because the folks we are hiring now can't save their sick leave to use either for retirement service credit or as credit to pay for insurance when they retire. Mr. White-is there a way to incentivize people not to take their leave? Lisa Wilcox-That's something that can be entertained in the future. Mr. White-Can we only offer that to those who can't bank their leave? Lisa Wilcox-I don't know the answer to that but I fear it might cause discrimination. Mr. White-Can we get a determination on that? Dr. Duerring-I don't know what you can determine. It's just a matter of you looking at those who can and those who can't. Mr. White-I just think there is a good reason to be able to do it. I don't think it's an unfair treatment because of the way that it is set up. There is a good reason for us to treat them differently. That's why we are having issues with more substitutes. The more people that we have that can't bank their leave the more leave is being taken and that leads to a tremendous loss of learning in classroom. Mr. Crawford-Our employees that aren't able to bank them feel like if they don't use them they lose them. Mrs. Jordon-You can't blame them for using them. Mr. White-That would limit our fiscal cost because the ones who bank their time already have an incentive. Mr. Crawford-I don't have a problem with that. Mr. White-I just want to know if legally we can and see if there is anything that prevents us from doing that. Dr. Duerring-We tried it one before. The first year it worked pretty well, then the second year a lot dropped out and by the third year it didn't have any affect. Mr. White-I understand that it was a small monetary incentive and it was geared towards everybody. Dr. Duerring-We can look at it and study it. We certainly can't do it for next year. Mr. White-If we can do this in a cost-effective way it will decrease the amount of money we pay in substitutes. Lisa Wilcox-My recommendation would be that if the Board chooses to do this that we use a portion of what we budget for subs to use for this incentive. Dr. Duerring-The chance you take if you use that money is the risk of running out of sub money. Mr. White-At the end of the day we will be reducing our costs to our subs. If it's successful and if people don't use it we aren't spending that money so it's a win-win situation. Mr. Crawford-Dr. Duerring you need to look at it both ways where we include everybody and for the ones who can't bank their sick days. Mr. White-I would like to see the cost on both as well. I think the legislature was wrong to take that away so we need to look at options in order to cut down on substitutes in our classrooms because that is very detrimental to the ability for our kids to learn.

BUDGET WORKSHOP (Discussion on Budget) continued

Mr. Crawford-You know we are putting turf on a lot of these fields and down the road someone will have to replace those so I propose that we take \$500,000 out of the carryover every year and put it in an escrow account and earmark it for turf replacement money. Lisa Wilcox-That is certainly feasible to do that. Dr. Duerring-We could also look at when the levy is up again to put turf replacement in there. Mr. Crawford-It's the responsible thing for us to make plans for the future. Mrs. Jordan-I agree. Mr. White-Before we decide how much we need, we need to get the cost estimate of what it would cost to replace it. I'd like to see some concrete numbers. Mr. Cavender-Should we look at a similar model for HVACs so we would have funds available for repairs and replacement? Dr. Duerring-Sure, we can do that.

Lisa Wilcox-One significant impact for the 2019-20 budget was the decrease in student enrollment of 544 students. It's important to note that this budget does include a projected net increase in state aid due to a combination of an anticipated pay raise. I understand that it's not for sure but it's much easier to include it in the initial budget than to add it after the fact. The other part of that net increase is actually a decrease of revenue due to a decrease in enrollment and that net increase is about a \$2.5 million increase in state aid that includes PEIA and retirement allocations. On page 4 you will see the trend in our actual and our projected enrollment. As you can see our enrollment is projected to continue to decrease. If the projections hold true we have an anticipated loss of 4,500 students in the 10 year period. Mr. White-So we are looking at a 20% decrease in a 10 year period? Lisa Wilcox-Yes. Mr. White-That is staggering. Dr. Duerring-Please understand the loss of money that comes to the school system. We will continue to lose money down the road and we have to protect this budget. I think we can put money away in a rainy day fund but I just don't know how much depending on the loss of student enrollment and funding. Mr. Cavender-Based on the figure you gave us it looks like we will lose 2,280 students in the next 5 years. Is that correct? Lisa Wilcox-Yes it's about 16 percent of our students overall. Ric Cavender are we able to track why they leave? Dr. Duerring-We can't exactly say. Mrs. White-Can you track the number of homeschool students? Dr. Duerring-Yes, because they have to apply. The virtual online program has saved us. We are opening up even larger in the fall. Lisa Wilcox-Our budget is balanced at \$255,938,251. Our revenues match our expenditures for FY 2019-20. The budget does include \$1,492,610 toward unfunded state-mandated textbook adoptions and yearly textbooks costs. It does not include the anticipated \$1,000,000 cost for the wellness, art and drivers education textbook adoption. We anticipate paying that from the carryover this year.

BUDGET WORKSHOP (Discussion on Budget) continued

Mr. White-So the budget last year was \$232,202,931 and this year it is 255,938,251?
Lisa Wilcox-Yes, we are up about \$23.7 million and the majority of that is the additional excess levy. Mr. White-What's the amount from the excess levy? Lisa Wilcox-\$20.9 million. The unrestricted state aid is \$2.5 million. We have a \$100,000 from local revenues because our interest rates have went up a little bit and we are capitalizing on that. Mr. Crawford-The excess levy is all for designated funds and we can't spend it on anything other than what it is designated for. Lisa Wilcox-Yes, only what is in the ballot. Mr. White-How much debt service do we have? Lisa Wilcox-We have a QZAB payment of \$140,000 and an HVAC payment of \$705,000 and a lighting payment of \$705,000. That's all included in this budget. Mr. White-How long is that debt service out for? Lisa Wilcox-The QZAB goes through 2027. The HVAC will pay off this year and I don't have the date for the lighting. Mr. White-Are we done with RESA payments? Lisa Wilcox-RESA still exists on paper. We are hoping to have all of that said and done and not have to go into another year. Mr. Crawford-How many contracted employees do we have that don't pay into PEIA and the retirement fund? Lisa Wilcox-I don't know the answer to that. Mr. Crawford-If we have a contracted employee that hasn't come before the board I think we should know about it. Dr. Duerring-You approve those at every meeting, they are on the last page. All contracted positions have to come to this Board. Mr. Crawford-I'm curious to see how many we have.

QUESTIONS/ANSWERS

None

ESTABLISHMENT OF MEETING DATES

- A. Thursday, March 7, 2019, 3:00 p.m. & 3:15 p.m. Budget Workshop-Statutory Session (Presentation of Schedule of Proposed Levy Rates) (Budget Workshop to Follow)
- B. Thursday, March 14, 2019, 12:00 Noon-Statutory Session (Approval of the Schedule of Proposed Levy Rates)
- C. Thursday, March 21, 2019, 6:00 p.m.-Regular Session
- D. Monday, April 1, 2019, 3:00 p.m.-Special Session (Budget Work Session)
- E. Monday, April 1, 2019, 4:00 p.m.-Special Session

ESTABLISHMENT OF MEETING DATES (continued)

- F. Tuesday, April 16, 2019, 12:00 Noon-Statutory Session (Reconvening of March 14, 2019, Meeting to Enter all Levies)
- G. Monday, April 22, 2019, 6:00 p.m.-Statutory Session (Public Hearing on Proposed Budget)
- H. Thursday, April 25, 2019, 6:00 p.m.-Regular Session
- I. Monday, May 6, 2019, 4:00 p.m.-Special Session
- J. Thursday, May 16, 2019, 6:00 p.m.-Regular Session

NOTE; The above meetings of the Kanawha County Board of Education, unless otherwise indicated, will be held in the Board of Education Building, 200 Elizabeth Street, Charleston, WV.

ADJOURNMENT

Mr. Ric Cavender moved: That the Special Session of the Board be adjourned. Motion was seconded by Mr. Jim J. Crawford and unanimously carried. The Statutory Session was declared adjourned by Board President Ryan White at 3:50 p.m.

President

Secretary

djl

3/17/2019