

March 16, 2020

The Board of Education of the County of Kanawha met in Statutory Session on Monday, March 16, 2020 at the Board of Education Building, Charleston, West Virginia. The meeting was called to order by Board President Ryan White at 3:05 p.m.

PRESENT

Ryan White, President (via phone)

Ric Cavender, President Pro Tem (via phone)

Becky J. Jordon (via phone)

Jim J. Crawford, Sr.

Tracy White (via phone)

Ronald E. Duerring, Secretary

Debra J. Lewis, Recording Secretary

ADMINISTRATIVE STAFF

Melanie Meadows, Treasurer, Budget & Finance

Tom Williams, Deputy Superintendent

Briana Warner, Communications Director

BUDGET WORKSOP (Discussion on Budget)

Melanie Meadows-The FY 20-21 preliminary budget is very consistent with the budget from FY 19-20. There are no major budgetary changes there are just a few accounting/reporting changes that I will go over with you. You will see that the preliminary budget is \$304,661,498. This is actually an increase of \$48 million compared to the prior year, however the accounting changes I mentioned previously include a change in the way the Step 7 projects and the funds for bus replacements are accounted for. Previously these funds were accounted for in the Special Revenue Fund due to the legislative changes last year we are now required to include these projects in our General Fund. The largest portion of this increase is approximately \$30.8 million that is attributable to the unfunded retirement liability appropriation. Kanawha County Schools has always accounted for the unfunded liability appropriation but we've always done that in the middle of the year. WVDE says this now has to appear in our preliminary budget. This appropriation is similar to our regular PEIA and retirements allocations where these funds are paid on our behalf. This is simply a book recording of and in and an out.

All of our revenue categories and expenditure categories have not changed from previous years. We did have another decrease in student enrollment. We are down 313 students. Last year we were down 544 students so it appears our Virtual Schools Program has actually helped slow our decline in enrollment. This is a very positive thing. There is a projected net increase in state aid revenue due to a combination of changes made to the requirements for recording Step 7, bus replacement and the unfunded retirement liability appropriation, as well as a decrease of enrollment. FY 21 will be first year that we record this unfunded retirement liability appropriation. That amount for FY 21 is \$30.8 million. We will not have such a jump going forward. I think that you will see that our budget and revenues now will stay relatively stable since we have adopted this practice this year in recording this in the initial budget. We have no anticipated changes to our miscellaneous local revenues. Our trend in state aid formula positions shows that we lost 33 ½ funded positions. This is due to the decrease in enrollment that I mentioned. Of that 33 ½ positions that we lost, we lost 19.85 professional positions and 13.7 in service positions. After we went through our staffing season, we are 3 positions under formula. As we lose enrollment our percentage of salaries and fringes has declined from 78% to 72%. Our regular and excess levy rates increased slightly compared to last year but keep in mind when our regular levy amount increases our amount of state aid decreases. Our excess levy increase of \$1.4 million is in line with what we have predicted. We don't need to make any changes to any of our planned projects at this time. We currently have a balanced preliminary budget. State aid amounts may change once our final comps are received, however, this year due to the legislative session I don't predict any major changes in this budget.

BUDGET WORKSHOP (Discussion on Budget) continued

I will predict some slight changes when we receive our finals comps. Once we receive those I will adjust accordingly. Our unrestricted state aid revenues, including allocations for PEIA and retirement, increased by \$32,226,084. This is due to the recording of the unfunded retirement liability appropriation. When ignoring the appropriation, state aid would have increased by \$1,401,851 primarily due to an increase in Step 4. When ignoring the appropriation for the unfunded retirement liability, personnel expenses decreased by \$706,143 due to reductions of staff as a result of decreased enrollment. Repair and maintenance expense increased by \$62,150 for FY 2020-21. This is due to an increase in general maintenance expenditures of facilities. Contracted services increased by \$246,336 for FY 2020-21. This included the History Alive Project for \$26,000, an increase in security costs of \$16,000, an increase in legal consulting of \$160,000 and an increase in the audit cost of \$45,000.

Mr. White-Why was the legal cost increased by \$160,000. Melanie Meadows-We had some unanticipated due process cases which required assistance from more than one attorney. While so far these have been resolved in our favor, they have been appealed to federal court which will also require assistance by more than one attorney.

Our Insurance expense increased by \$42,000 for FY 2020-21. The primary reason for the increase was an increase in flood insurance. The utility budget for FY 2020-21 was increased by \$910,000 based on actual expenditures for FY 19 and progress payments in FY 20. This is due primarily to a rate increase in electricity. Supplies increased by \$358,539 for FY 2020-21. This is due to the upcoming Guided Reading Project for \$145,000 and Newsela Software for \$85,000 as well as increases in PSAT/SAT testing materials of \$70,000 and maintenance supplies of \$55,000. In order to meet excess levy ballot requirement for FY 2020-21, budget line items for the following are included: Security in the amount of \$237,160; HVAC in the amount of \$18,160,623; Roofing in the amount of \$4,698,371; and turf in the amount of \$3,494,846. A QZAB expense is provided for in the amount of \$140,000. The QZAB bond was for the Edgewood Elementary School for \$2,000,000 at a zero percent interest rate for a term of 15 years. The twelve elementary art teachers, twelve custodians and maintenance personnel and eight counselors are included in the budget to meet excess levy ballot requirements. In FY 2020-21 for FY 2021-22, a \$4,500,000 mandated unfunded textbook adoption for English/Language Arts is required. This adoption will be paid for with a combination of excess levy funds and anticipated FY 19-20 carryover.

QUESTIONS/ANSWERS

Mrs. White-I'd like to thank our KCS team for all they are doing in getting our students fed and educated during all of this.

ESTABLISHMENT OF MEETING DATES

- A. Monday, March 16, 2020, 3:05 p.m. Budget Workshop-Statutory Session
- B. Tuesday, March 17, 2020, 12:00 Noon-Statutory Session (Approval of the Schedule of Proposed Levy Rates)
- C. Thursday, March 19, 2020, 6:00 p.m.-Regular Session
- D. Monday, April 6, 2020, 4:00 p.m.-Special Session
- E. Thursday, April 16, 2020, 6:00 p.m.-Regular Session
- F. Tuesday, April 21, 2020, 12:00 Noon-Statutory Session (Reconvening of March 17, 2020, Meeting to Enter all Levies)
- G. Monday, April 27, 2020, 6:00 p.m.-Statutory Session (Public Hearing on Proposed Budget)
- H. Monday, May 4, 2020, 4:00 p.m.-Special Session
- I. Thursday, May 14, 2020, 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 Statutory Session of the Board be adjourned. Motion was seconded by Mrs. Becky J. Jordon and unanimously carried. The Statutory Session was declared adjourned by Board President Ryan White at 3:21 p.m.

President

Secretary

djl
3/22/2020