

**BUDGET WORK SESSION**  
**The Maggie L. Walker Governor's School for Government & International**  
**Studies**  
**Regional School Board**

**Thursday, March 21, 2013**

**10:00 a.m.**

The Budget Work Session of Maggie L. Walker Governor's School was held in the Auditorium of the Walker Building located at 1000 North Lombardy St., Richmond, VA. Mr. Kenneth Pritchett called the session to order at 10:00am.

***Present:***

Mrs. Barbara Crawley, ***School Board***, Charles City Public Schools  
Mrs. Dianne Smith, ***School Board***, Chesterfield County Public Schools  
Mr. Kevin Hazzard, ***School Board***, Goochland County Public Schools  
Mr. John Axselle, ***School Board***, Hanover County Public Schools  
Mr. John Montgomery, Jr., ***School Board***, Henrico County Public Schools  
Mrs. Sarah Grier Barber, ***School Board***, New Kent Public Schools  
Mr. Kenneth Pritchett, ***School Board***, Petersburg Public Schools  
Mrs. Valarie Ayers, ***School Board***, Powhatan County Public Schools  
Ms. Kimberly Gray, ***School Board***, Richmond Public Schools  
Dr. Janet Crawley, ***Superintendent***, Charles City Public Schools  
Dr. Marcus Newsome, ***Superintendent***, Chesterfield County Public Schools  
Dr. Pete Gretz, Assistant Superintendent for Dr. James Lane, ***Superintendent***,  
Goochland County Public Schools  
Dr. Jamelle Wilson, ***Superintendent***, Hanover County Public Schools (late arrival)  
Dr. Pat Russo, ***Superintendent***, Henrico County Public Schools  
Mr. Charles Clare, ***Superintendent***, King & Queen Public Schools  
Dr. Joseph Melvin, ***Superintendent***, Petersburg Public Schools  
Dr. Bobby Browder, ***Superintendent***, Prince George Public Schools  
Dr. Yvonne Brandon, ***Superintendent***, Richmond Public Schools  
Mr. Jeffrey McGee, ***Director***, Maggie L. Walker Governor's School  
Mrs. Barbara Marshall, ***Clerk***, Maggie L. Walker Governor's School  
Mrs. Megan Marcinkevich, ***Deputy Clerk***, Maggie L. Walker Governor's School

***Absent from Session:***

Ms. Cora Armstrong, ***School Board***, King & Queen Public Schools  
Mr. Jerry Warren, ***School Board***, Prince George Public Schools  
Dr. Robert Richardson, ***Superintendent***, New Kent Public Schools  
Dr. Margaret Meara, ***Superintendent***, Powhatan County Public Schools

***Also Present:***

Phil Tharp – MLWGS Administration

Parents: Burt Hazelwood, Chamie Valentine, Bill & Joan Yates, Marianne Macon, Laura O'Brien and others (*audio quality did not allow capture of names*)

### **III. Draft Budget Presentation**

Based on feedback from the Superintendent's Steering Committee, the budget presentation originally developed was withdrawn. Instead, the Director and Mr. Tharp distributed two budget proposals for discussion, one based on flat rate tuition of \$7,072 and the second based on a 1.5% tuition reduction to \$6,966.

#### **Highlights and Comments:**

Development Priorities: to maintain the integrity of this world class program and to provide support for the teachers that make this program happen.

The flat rate tuition proposal reflects a 4% increase, all of which is directed into VRS making Maggie Walker in full compliance with the 5% mandate being passed on to the employee.

Revenue reflects an increase of \$31,000 based on the number of slots at level funding projected to be 723 students, calculated from what the divisions had indicated earlier in the year. Also, reflected is additional revenue from the State for these slots.

VRS is highlighted in the personnel expenses reflecting a reduction to the school over the current budget of \$169,519.

Overall, in the personnel budget with a 4% increase, the school is \$172,257 over the current school year.

Mr. Hazzard asked if there was any difference between the two budget proposals in respect to VRS and making employees whole. Mr. Tharp responded that the proposals are different. The reduced tuition budget reflects a 4% salary increase with 2% directed to VRS (putting MLWGS at the 3% level). The level budget has VRS being fully paid by staff, and finishing out the 5% mandate.

Ms. Gray questioned why we aren't doing 4% with VRS instead of 2%. Mr. McGee responded that is an option to be considered. Arguments for 4% include fully funding VRS and getting that mandate off our plate so we can focus forward on other things. Another line of reasoning is to fund 2% bringing the total to 3% and then provide an offset for the tax implications so the end result is not a decrease in compensation. The flat funded budget was put together with the full 4% to VRS based on discussions that occurred this morning as an option. Originally, with the reduction budget the thought was we'd do 2% VRS and 2% salary.

Mr. Tharp offered that both budgets reflect staff reductions at the same level.

Mr. Hazzard questioned if it was correct that eight of the eleven districts have already completed their budgets and had them presented to their Board of Supervisors or City Councils, accounting for about 90% of the enrolled students at Maggie Walker. In those eight budgets did the districts count on the \$7,072 tuition rate or a reduced rate? As an example, Mr. Hazzard stated that Goochland added \$200 per student to account for all of these increases that are coming from everywhere, but acknowledged that other districts probably did not do the same calculation adjustment. Of the other seven that have gone to their boards and/or councils have they asked for a reduced rate per student? Mr. Montgomery responded for Henrico that to balance their budget they did have an overall reduction of approximately \$36,000 to Maggie Walker.

Mr. Hazzard followed by remarking that he is not completely familiar with the exact enrollment for Henrico County; he believes there to be approximately 178 students, so he questioned what the per pupil calculation is. Mr. Montgomery responded he hadn't calculated per student but could obtain that information. Mr. Hazzard responded, "When a locality says that they're going to reduce their budget for the Governor's School, do they intend to give up slots to do that or are they expecting us to reduce tuition? Further, in these times everybody knows that the pressure on the cost side is so much higher now that we either have to be thinking in terms of giving up slots or asking for tuition increases. You've got to meet somewhere in the middle, that's just the economics of it."

Mr. Montgomery stated, "That's almost verbatim of our (*Henrico School Board*) conversation; we recognize that, while the timing wasn't perfect, we had to send our balanced budget to the Board of Supervisors with the thought that depending on what the Steering Committee determined and what the Regional School Board did, we would have to revisit and if in fact we are unable to recognize reduction in the tuition costs, then we as a division might have to decide to send fewer students....we (*Henrico County Public Schools*) respect the process that we have now, including input of the Superintendent's Steering, trying to come to consensus and make recommendations, but in these particular times we are prepared to meet that recommendation, so I think there will be an adjustment at the end of the day to the number of slots to pay tuition. Going forward we (*Henrico*) may in fact begin to lose positions not by attrition or consolidation but by actual elimination. As we in the County of Henrico are looking to the next fiscal year, I'm sure everyone else is as well. The dance is going to get tougher, but we're committed to the dance."

Ms. Gray, Mrs. Ayers and Mrs. Barber shared that their budgets were level funded regarding Maggie Walker tuition.

Mrs. Ayers inquired about slot availability; should slots become available could they be picked up or is it too late to incorporate into the budget proposal. Mr. McGee stated that the assessment process has closed and each division has their list of candidates that could come to Maggie Walker, so it's not too late. Mr. Montgomery said he understands that scenario has happened in the past and Henrico has purchased slots in the past when times were flush.

Mrs. Crawley stated Charles City has level funded but reduced one slot.

Mr. Clare noted that King & Queen level funded, but has only one qualifying student for the upcoming year of their two slot commitment.

Mr. Tharp shared discussions with the Finance Committee around a division, particularly a smaller division, being able to float a slot for a year. The challenge from a budgetary standpoint for MLWGS is that division composite indexes and state aid are all factored into revenue for slot calculations to create this budget. At this point acceptance letters have been sent out to the students from your divisions for the number of slots they thought would be available, so that makes it a political issue in your division if this is now changed. The issue for Maggie Walker is that not only does the school lose your tuition but also the state aid that accompanies that student. So some of the divisions have chosen to hold onto that slot even though they didn't send a student, we get your tuition but we don't get the state aid. When we don't get the student or the tuition, we've lost more; so when a division chooses to cut five slots, its \$30,000 +/- in your budget, but its \$50,000 in Maggie Walker's because of the loss of state aid.

Regarding expenditure projections beyond those already discussed; i.e. VRS and salary issues, Mr. Tharp addressed contract services that cover building maintenance outside of what Walker's two facility personnel deal with (routine, general and grounds maintenance). Walker's custodial contract has a 3% inflationary adjustment clause necessitating increases. Additional funds have been added to technical support anticipating needs. Not much has changed to other components, with the exception of increased funds added to legal representation regarding ongoing issues. Minimal increases are reflected to student transportation that involves moving students to athletic events and field trips. Staff development and travel are reduced.

Mr. Hazzard asked if this budget is calculated on a blended LCI and what is the state basic aid that Walker receives. Mr. McGee responded, "Walker doesn't receive state basic aid, the divisions receive that amount. This school receives what is called a Governor's School add-on that is subject to division composite index. For FY14 that amount is \$4,369 subject to division composite index. As student enrollment changes based on locality it has a significant impact on Walker's budget." Mr. Hazzard noted that between division tuition and the state Governor's School add-on that is the lion's share of revenue. Mr. Tharp shared that state funds over the last six years have accounted for 24-24.8% of the budget. So as state funds and tuition have dropped, state percentages have actually maintained level whereas tuition has dropped over 14%, we've lost about 3.5% state funding since FY09.

Mr. Hazzard acknowledged that Goochland is probably different from other divisions in that they don't have specialty centers and a large AP program, so as Goochland looks at the amount of money they set aside for gifted programs, Walker is it for them. And so it is very important for Goochland to commit to this program. He stated,

“We’ve heard anecdotally that students get letters of acceptance for Maggie Walker but chose not to accept in favor of something else. I can’t imagine a student in Goochland County making that decision. If you get a letter of acceptance from Maggie Walker in Goochland County, that’s what you’re going to do. It’s the dream of a lifetime. Education has a certain value; there is a dollar value associated to it because we have to pay things to get things done. Combining the Governor’s School add-on with tuition is the number we should be looking at when we’re calculating our portion locally. As the pressure is on the state side to reduce reimbursements and pressure is on in the locality, we have to keep in mind that if my cost per student in Goochland County is \$11,700 per student, it shouldn’t be less here. It shouldn’t be! So if we’re going to put pressure on tuition, we’re really doing a disservice to the students we’re sending here.”

Mr. Hazzard further remarked, “We probably can’t solve that larger issue this year, but when we make our commitments in November and when we go through our budgeting processes locally next year, we should be looking at that combined number and comparing it to what we are doing for our students in our own locality. That is critical. So, if we are pushing the tuition down so far that there is a disparity between the gifted kids we are sending off and the ones that we are keeping in the division, there’s a problem. We need to really look long and hard at that problem. So, I’m not saying we can do anything about this year per say, I just think we need to have a better vision about what we are doing and why we are doing it for the kids. It really needs to be about focusing on the classroom and I really don’t think a budget that reduces tuition is focusing on the classroom.”

Mr. Axelle shared that he did not disagree with Mr. Hazzard’s remarks, but while tuition may be \$11,700 in Goochland, it is not in Hanover. Mr. Hazzard stated he honored that value, but the process should be that we understand what that add-on and tuition component is and look at why we are sending students to Maggie Walker, and then compare with what we are doing in our localities. And then make your own decision; each locality needs to be free to make their own decision.

Ms. Gray questioned if fee assessments for students that is income based for dual enrollment classes in lieu of cutting classes has been explored. Mrs. Ayers noted that students and their parents receive a huge benefit of college credit that is much less expensive through Maggie Walker. Mr. Tharp explained the partnership arrangement between MLWGS/VCU which includes a flat fee assessment for an offered course. Ms. Gray stated this only came up because of discussion regarding cutting sections and courses and if these classes could be supplemented by families paying a portion rather than not having them at all.

Mr. McGee summarized the major differences between the two proposals center on tuition and VRS rates for consideration. Mr. Tharp added that based on what Dr. Newsome presented at the last meeting regarding potential VRS changes for FY15 he projects an additional increase of \$175,000 for that liability.

Mr. Hazzard noted that both proposals use carry forward monies to raise revenue totals, with the reduced tuition model using more than the flat budget model. Mr. Tharp confirmed that assessment stating the flat model requires approximately \$80,000 while the reduced model uses \$230,000.

After additional discussion regarding the impact to employees of the various scenarios proposed for VRS contribution rates, Administration was asked to provide an additional model using the flat budget with a 2% VRS and 2% cost of living calculation and another with a 3% VRS and 1% offset.

In response to a comment by Mr. Tharp, Dr. Newsome confirmed that Chesterfield will engage 4% VRS (bringing them to their total 5% commitment) in their budget with a 2% offset scheduled in January that will be resourced from state funds; however, Maggie Walker does not have that resource as an option. Mrs. Ayers asked how we as localities handle this issue. Mr. Tharp responded there are two schools in the state that fall under this scenario, Walker and the Appomattox Governor's School and it is a challenge as neither school is allotted this option.

Ms. Gray asked for a budget scenario that included 3% VRS and 3.7% offset so our employees do not see a decreased paycheck. Mr. Tharp confirmed this scenario putting Walker at 4% VRS overall plus a 3.7% pay raise. Ms. Gray voiced concern that we chose to go aggressively with VRS and hurt our faculty and staff.

Mr. Montgomery offered another perspective to the state provided 2% consideration; in Henrico's particular case it wasn't a meaningful option because it was only for SOQ employees and they couldn't afford it for the rest, plus the General County Government saw it unfavorably because there was no such option offered for their employees with both branches on a unified pay scale. In conclusion, Henrico County Public Schools is not providing a 2% pay increase to employees.

Mrs. Ayers asked that additional budget calculations be sent to the Board prior to receipt of their April packet so members will have an opportunity to review well in advance of the meeting. Ms. Gray requested Board notification should slots become available.

Voting for Walker's FY14 budget is anticipated at the May Regional School Board Meeting.

There being no further discussion the workshop was adjourned.