

BUDGET WORK SESSION

The Maggie L. Walker Governor's School for Government & International Studies
Regional School Board Meeting
1000 N. Lombardy Street, Richmond, VA

Thursday, February 16, 2017

9:40 a.m.

Call to Order

John Axselle, Chairman of the Maggie L. Walker Governor's School Regional Board, called the budget work session to order in Room 153.

Present:

Ms. Martha Harris, *School Board*, Charles City Public Schools
Mrs. Dianne Smith, *School Board*, Chesterfield County Public Schools
Mr. John Wright, *School Board*, Goochland County Public Schools
Mr. John Axselle, *School Board*, Hanover County Public Schools
Mrs. Michelle 'Micky' Ogburn, *School Board*, Henrico County Public Schools
Mrs. Linda Hyslop, *School Board*, Hopewell Public Schools
Mrs. Harwood Hall, *School Board*, King & Queen Public Schools
Mr. Kenneth Pritchett, *School Board*, Petersburg Public Schools
Mrs. Valarie Ayers, *School Board*, Powhatan County Public Schools
Mr. Reeve Ashcraft, *School Board*, Prince George Public Schools
Mr. J. Scott Barlow, *School Board*, Richmond Public Schools
Dr. David Gaston, **Superintendent**, Charles City Public Schools
Dr. James Lane, **Superintendent**, Chesterfield County Public Schools
Dr. Jeremy Raley, **Superintendent**, Goochland County Public Schools
Dr. Michael Gill, **Superintendent**, Hanover County Public Schools
Dr. Pat Kinlaw, **Superintendent**, Henrico County Public Schools
Dr. Melody Hackney, **Superintendent**, Hopewell Public Schools
Dr. Marcus Newsome, **Superintendent**, Petersburg Public Schools
Mrs. Renee Williams, **Superintendent**, Prince George Public Schools
Dr. Jonathan Lewis, **Director**, Maggie L. Walker Governor's School
Mrs. Barbara Marshall, **Clerk**, Maggie L. Walker Governor's School
Mrs. Megan Perez, **Deputy Clerk**, Maggie L. Walker Governor's School

Absent:

Mrs. Sarah Grier Barber, *School Board*, New Kent Public Schools
Dr. Carol Carter, **Superintendent**, King & Queen Public Schools
Dr. David Myers, **Superintendent**, New Kent Public Schools
Dr. Eric Jones, **Superintendent**, Powhatan County Public Schools
Dr. Dana Bedden, **Superintendent**, Richmond Public Schools

Also present

Michael 'Max' Smith and Wendy Ellis – MLWGS Administration
Others Not Recorded

FY18 Proposed Operating Budget by Dr. Jonathan Lewis

Proposal Highlights Overview *(a copy of the PowerPoint presentation will be retained for the permanent record)*

As FY18 will be the second year of the biennium, there is limited additional revenue from the state. Therefore, MLWGS is proposing a budget with limited enhancements.

Revenue

\$8,358,714, Total increase = \$46,341 (+0.56%)

Revenue Detail:

- Tuition = \$7,873 (\$200/student increase), 750 Students
- Total Local Contribution = \$5,904,750
- Building Rental = \$7,000
- Free Lunch Receipts = \$8,000
- Dual Enrollment = \$50,000
- Technology Initiative = \$26,000
- State Contribution = \$2,362,964

Notable that the amended budget for the current year included \$61,000 of roll-over funds from the previous year; however, Dr. Lewis stated he wouldn't recommend this action as it takes one-time funds to manage operating costs over time, so no roll-money monies are included in this presentation. Likewise, eRate monies are not included, but the school will probably receive 'some' (based on \$3,400-\$3,500 last year), so instead of guessing the amount, it was left out. Also, a one-time \$10,000 infusion of State funds for National Board Certificated teachers, and those dollars will similarly probably continue to come in; but they offset expenses and will not change the budget balance. So the revenue picture for the coming year will look a little different than this current year.

Expense

\$8,358,714

Expense Detail:

- Additional VRS = \$83,280 (+12.7%)
- Additional Health Insurance Costs = \$52,277 (+7.8%)
- Salary /Benefits Increase = \$114,570 (+2%)
- Additional Security Enhancement = \$9,000
- Testing Services Enhancement = \$5,000

- P/T Payroll Clerk Enhancement = \$16,865
- And incremental increases for inflation in certain areas
- Total Expense Increases = \$280,992

Expense Detail Reductions:

- Track Repair = \$80,000
- Technology Pilot = \$50,000
- New Technology Hardware = \$50,000
- Laptop Lease = \$27,800
- Personnel Reserves = \$14,000
- Legal Services = \$9,000
- And additional savings in salaries in current year
- Total Reductions = \$230,800

Track repair was initially included in the current operating budget for some repairs to the surface; however, since that approval it has been determined that the best long-term decision is for a more substantial renovation of the facility with a replacement estimated at approximately \$250,000 that should be a Capital expense; however, there is no immediate plan for this over the next twelve months.

The technology pilot of \$50,000 is a purchase in the current budget for next year implementation and is a one-time buy using Capital funds. If the pilot reveals a plan of action that would require additional purchases, those dollars would be restored in the operating budget for AY19-20, or taken out of Capital which would be a more appropriate place.

New technology hardware and laptop lease will be paid using Capital funds as one-time buys, but something of this scope is not an operational expense. Purchases for these items will be used from Reserve funds of the current budget. Also in the current budget reserve, the school will make a one-time purchase of \$38,000 to replace the MW phone system that is 18 years old.

The delta between total expense increases and total reductions of approximately \$50,000 is partially covered by an anticipated +\$46,000 in new revenue. The remaining gap is a function of some current staffing savings that were not up to date. The remaining numbers can be found in escalators built into several line items.

Conclusions

- Proposed revisions of capital plan
 - The current plan could be more comprehensive and self-explanatory. Areas of examination for accounts are 1) personnel liability payouts totally \$300,000, 2) long-term technology costs of \$140,000 annually over five years, and 3) facility maintenance of 3.6 million over 15 years. A revised capital plan will be brought to the Board at a future meeting.
- Use of year-end balance
 - Dr. Lewis recommends going forward with receipt of each annual audit, those funds remaining in the fund balance will be moved to Capital. Dr. Lewis encourages the

Board not to operationalize those dollars as they remain a good stream for Capital projects.

- Funding outlook for FY19 and FY20
 - Dr. Lewis recalled his recent meeting with GS Directors and shared that the funding issue is hotly contested and has been for years. The good news is that all directors agreed to endorse the State's plan to reconfigure funding for GS's to recognize that full-day programs should be funded differently than part-day programs. Dr. Lewis cautions that the differential between full-day and part-day programs is still greater than the highest level of proposed State funding (option 1 =\$220,000 extra and option 2 =\$330,000 extra in the next biennium budget). He added that MW currently gets approximately 28% of its funding from the State and yet our composite index is .42. Everything we do for our funding is related to the composite index, so why aren't we getting a funding level closer to the composite index translating to \$3.4 million, which is a huge difference and answers many concerns about long-term capital funding. It is important that we engage in this conversation so that even if we don't get the highest level in the next biennium, it would not be an unreasonable request in the one after that.

Next Steps

- March 16, 2017, Budget Public Hearing
- April 20, 2017, Request for Budget Approval

John Axselle III, Chairman

Jonathan Lewis, Ed.D. Director

Minutes Recorded by:
Barbara Marshall, Regional Board Clerk