

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, January 21, 2016

10:30 a.m.

Call to Order

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

Present

Dr. Javaid Siddiqi, *School Board*, Chesterfield County Public Schools
Mr. John Wright, *School Board*, Goochland County Public Schools
Mr. John Axelle, *School Board*, Hanover County Public Schools
Mrs. Michelle Ogburn, *School Board*, Henrico County Public Schools
Dr. Deborah Marks, *School Board*, Hopewell 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. Kristen Larson, *School Board*, Richmond Public Schools
Dr. David Gaston, **Superintendent**, Charles City Public Schools
Dr. Marcus Newsome, **Superintendent**, Chesterfield County Public Schools
Dr. James Lane, **Superintendent**, Goochland County Public Schools
Dr. Mike Gill, **Superintendent**, Hanover County Public Schools
Dr. Pat Kinlaw, **Superintendent**, Henrico County Public Schools
Dr. Melody Hackney, **Superintendent**, Hopewell Public Schools
Dr. David Myers, **Superintendent**, New Kent Public Schools
Dr. Eric Jones, **Superintendent**, Powhatan County Public Schools
Mrs. Renee Williams, **Superintendent**, Prince George Public Schools
Dr. Jeff McGee, **Director**, Maggie L. Walker Governor's School
Mrs. Barbara Marshall, **Clerk**, Maggie L. Walker Governor's School
Ms. Megan Perez, **Deputy Clerk**, Maggie L. Walker Governor's School

Absent

Ms. Martha Harris, *School Board*, Charles City Public Schools
TBD, *School Board*, King & Queen Public Schools
Mr. Reeve Ashcraft, *School Board*, Prince George Public Schools
Dr. Carol Carter, **Superintendent**, King & Queen Public Schools
Dr. Linda Shifflette, **Interim Superintendent**, Petersburg Public Schools
Dr. Dana Bedden, **Superintendent**, Richmond Public Schools

Also present

Phil Tharp and Wendy Ellis – MLWGS Administration
Ralph Westbay – Assistant RPS Superintendent of Finance
Lynn Reed – MLWGS Faculty
Others Not Recorded

FY17 Estimate of Needs Proposal Reviewed by Dr. Jeff McGee

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

Revenue

- Tuition increased to \$7,673
- 759 students
- \$251,057 new revenue from divisions
- \$290,751 new revenue from state
- Reduce Dual Enrollment fees from \$30/hour to \$20/hour (populated in the operational account)
- Projected total revenue: \$8,247,361 broken down as follows:
 - Tuition = \$5,823,807
 - Operating Expense Recovery/Dual Enrollment fees = \$50,000 (with reduction)
 - Free Lunch Program billed back to the divisions = \$8,000
 - E-rate - \$3,494
 - State technology monies = \$26,000
 - States funding = \$2,336,060

Operational Needs

- New Network Manager, Salary \$65,00-\$85,000 (does not include the cost of benefits)
- New P/T School Psychologist, Salary - \$30,000
- New Coordinator of Administration, Salary \$65,000-\$85,000 (position replaces Assistant Director Phil Tharp). The position will have a reduced scope of responsibility and adjusted job description and salary range
- Retaining Assistant Director Phil Tharp August 1, 2016 – December 31, 2016. Retirement date, January 1, 2017
- 2% Compensation Increase
- 9% Benefits Costs Increase
- 5% Compensation Adjustment for earned Bachelor's Degree for Support Staff as stipulated in the Strategic Plan so MW can hire the best-qualified personnel for students
- Counseling support for 15 extra days for each counselor
- Class Size Control: projecting three overages at approximately \$9,500 each
- Textbooks: continued replacement and updating texts
- Technology: 1:1 device pilot at \$50,000
- Graduation: eliminate venue fee to families of \$10,000
- Interscholastic: reduce operation fees of \$45,000 currently needed from boosters; will take these on as operational

Capital Needs

- Tech Infrastructure: switches/routers update accessing capital reserve for \$55,000 to effectively pilot 1:1
- Athletics: track resurfacing accessing capital reserve for \$80,000

Unmet Needs

- Co-curricular: currently utilizing private funds for student travel and registrations, if incorporated as operational, unmet needs estimate would be \$50,000
- 1:1 full implementation: \$150,000 estimate
- Textbooks: \$150,000 estimate to replace outdated resources but anticipate this amount decreasing over time as the school moves to a 1:1 focus and utilizing more on-line resources

Object Code Comparison

From adopted FY16 to Proposed FY17 with over/under.

- Supervisor overage is to cover keeping Mr. Tharp for ½ year, plus bringing on a new supervisor = +\$148,779
- Teacher line item is attributed to compensation increase = +\$149,491
- Instructional staff other is attributed to object code reclassification and compensation increase = +\$71,874
- Substitute teachers additional = +\$500
- Supplements = -\$24,819. Does not eliminate any existing supplements or reduce their rate, rather eliminates the previous over-budgeting
- Benefits total = +\$195,793, largely credited to FICA and VRS. Keycare zeroed out as it is combined with total health insurance line-item. Current average compensation of salary and benefits at MLWGS is \$81,156; this will be the amount benchmarked against the divisions as directed in the strategic plan
- Purchased services review: overall down in this category by \$37,256 attributed to no laptop carts for purchase and a decrease in custodial services with a new contract. Also, \$13,000 decreased in professional consultants (tech support) and a decrease in repair and maintenance on instructional equipment
- Other charges: advertising and recruitment totals are up as the school will be using online recruiter services with LinkedIn and applicant tracking software with Searchsoft, but is somewhat offset by reducing legal and general advertising. Co-curricular field trips are increased by \$500 and athletic transportation up \$8,000. Electricity with a 2% escalator. Telephone expenses currently cover phone allowances for designated employees; however, next year administration wants to purchase phones that will be specifically for business use and not co-mingle usage with personal activity, thus an increase of \$4,100. And +\$1,000 for postage
- Supplies/materials: the overall category is down by \$508, and is based on actual requests from department chairs. Individual line items such as paper are within office supplies and up +\$1,750. Meals are unchanged at \$8,000 and is an in/out line item from revenue. Other requests are in-line with needs. New textbooks are -\$17,771. And lastly in this category, administration fees +\$10,000 to cover graduation venue

- Other operating expense: the overall category is decreased \$4,000, in particular, is due to a decrease of recruitment travel due to the on-line recruitment protocol
- Capital outlay (operational capital expenses): overall category decrease of \$30,250 as the administration does not anticipate needing additional equipment and machinery. Lease purchase-principal (copy machine(s)) is the only line item up \$750
- Other use of funds: category is increased \$80,388 allowing \$45,000 for VHSL activities, with the remaining amount for reserve
- Total estimated expenditures for FY17 = \$8,247,361, increased by \$599,832.

15-Year Capital Program (Draft)

- No actual or proposed expenditures from the capital account are projected from FY16
- Energy savings and capital contribution +\$70,875 to repopulate total revenue balance in FY17 from FY16. A same line item of +170,387 to repopulate total revenue balance in FY18 from FY17. Similar projections are provided through FY31.
- Consider track resurface and tech infrastructure from this account; one-time expenses of \$135,000
- Looking into the future, the remaining sections of the roof repair need to be addressed and are targeted for FY19, FY21, and FY23. In FY30, the process repeats itself
- Innovation/Maker Space is a tech-rich environment with a common learning space and gallery space for the arts, should the board choose to proceed, having an estimated cost of \$500,000 in FY20. In combination with the GS Foundation and the Parsons Foundation, by that time we would be eligible again for another grant, perhaps could put together the resources necessary to engage this project
- HVAC, while currently in good condition, the existing units have a 20-year life expectancy, thus the need to plan for replacement

Discussion

- Mr. Wright asked if the school will also have software to support 1:1 device piloting. Dr. McGee responded that most software is cloud based and would be an option for MW. Walker currently does have some subscriptions that are in the cloud and could be accessed as an option. However, there may be a need in FY18 with some increased software subscriptions. In response to Lane's question, the Director confirmed MW uses the learning management system ItsLearning.
- Mr. Wright stated by his calculations working backward of the average compensation noted by Dr. McGee of \$81,156, that average salary is \$62,000 and requested a copy of Walker's salary scales. Dr. McGee noted there are many faculty members near the top of the scale, as well as many with Masters adding an extra 5% on the base, and Masters+30 with an extra 7.5% on the base, and Ph.D with an extra 9% on the base. Mr. Wright observed low turnover at MLWGS. Step increases are provided by way of percentage increase on the salary, example: 2% or cost of living. Dr. McGee stated that many divisions are moving to min-mid-max ranges and as shared by Phil Tharp, Walker's mid-max currently is \$41,144 (Bachelors Scale) to 38 years at \$78,847. Mid at 20 years is \$51,187.
- Mr. Wright mentioned that 9% for benefits increases is much higher than what Goochland has seen and asked if Walker participated in a consortium, and if not, how benefits are priced out. Dr. McGee responded we are part of a small business pool and we work through a broker. Time is still available with an October renewal to explore options. Dr. McGee added that

Walker subsidies at a high level for its employees, perhaps higher than most. Mr. Tharp used the following example for illustration; the Healthkeepers option is subsidized at 75% for family, 78% for employee and spouse, 78% for employee and children and 92% for employee coverage. The Chair asked if Walker had ever explored joining another division's benefits, with Dr. McGee confirming it had been delved into once with Chesterfield prior to his tenure but was rejected by faculty vote. Dr. Lane suggested the Director bring an analysis to this board that shows rates each of the local divisions are paying as a comparison, and if one is lower, perhaps it would be beneficial to explore pooling. Dr. McGee offered to engage the finance committee for Dr. Lane's request. Ms. Larson indicated there is more to this decision other than just 'the rates,' it's the overall plan and stated that while Richmond didn't experience a big rate change on renewal, it's the plan services they are getting complaints about, and suggests we [*the board*] needs to look beyond rates.

- During capital planning discussion, Mr. Wright inquired about the cost projected for HVAC unit replacement, designated as \$660,000 through FY30. Dr. McGee responded there are (11) roof top units of various tonnage and age, with the highest rated unit estimated at \$20,000 for replacement. Mr. Wright added he recently experienced this same scenario in his employment capacity replacing (10) units at a cost of \$119,000 and asked how these costs were determined. Dr. McGee responded that Henrico and Siemens partnered to review the units, and these amounts are their rough estimates provided with a dollar escalator for outlying years.
- Ms. Larson asked how the capital fund balance was populated. Dr. McGee responded it was/is done with public monies. MW is different from some of the divisions, in that Walker's board is able to capture and keep excess funding, and subsequent to audit, roll them into a fund reserve. The current balance has been built up over time through surpluses. The school has typically budgeted-in contingency line items for this purpose in lieu of having to come back to the districts when additional funding is needed.
- A budget will be proposed at the February Regional School Board meeting.

On motion by John Wright, seconded by Sarah Barber, the meeting was adjourned.

John Axselle III, Chairman

Jeffrey McGee, Ph.D., Director

Minutes Recorded by:
Barbara Marshall, Regional Board Clerk