

A SPECIAL JOINT MEETING WAS HELD BY THE NEW KENT COUNTY BOARD OF SUPERVISORS AND THE NEW KENT COUNTY SCHOOL BOARD ON THE 12<sup>TH</sup> DAY OF MAY, IN THE YEAR TWO THOUSAND FOURTEEN IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING, NEW KENT, VIRGINIA, AT 5:00 P.M.

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IN RE: CALL TO ORDER

Chairman Evelyn called the meeting to order.

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IN RE: ROLL CALL

Thomas W. Evelyn	Present
C. Thomas Tiller, Jr.	Present
James H. Burrell	Present
Ron Stiers	Present
W. R. Davis, Jr.	Present

All members were present.

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IN RE: SCHOOL BOARD

School Board Vice Chair Sarah Barber called the School Board meeting to order. Other School Board members present were Brett Marshall, Gail Hardinge and Dean Simmons, along with School Superintendent Robert Richardson, Jr.

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IN RE: PROPOSED FY15 BUDGET

School Board members explained that it was their understanding that there was talk of additional reductions in local new funding for the Schools in the proposed FY15 Budget and they wanted to "gain an understanding" as to what the Board of Supervisors' thoughts were on that.

County Administrator Rodney Hathaway reported that at the Board's business meeting later in the evening, he would be proposing additional new School funding in the sum of \$370,000, which was \$200,000 less than the amount in his previous recommendation, based on several issues, one of which was the loss of Off Track Betting (OTB) revenue of \$402,000 as the result of the cancellation of the 2014 Thoroughbred season at Colonial Downs.

School Board members asked about the rationale for that decision.

Chairman Evelyn explained that reduction in funding was basically half of the loss of the OTB revenue.

Dr. Hardinge spoke about the importance of transparency and questioned why the Board's "first thought" was to cut school funding when the School System had a "particularly taxing" year with a \$500,000 Virginia Retirement System (VRS) cut; when most of the Schools' budget was personnel related; when the School System was the largest employer in the County; and why the County was adding and upgrading positions that cost more money.

A handout labeled "Points of Discussion" was distributed that included information pertaining to the loss of OTB revenue, additional real estate revenue resulting from updated assessments, the proposed personnel additions and upgrades in the County's budget, and

information regarding the Debt Service set aside. Dr. Hardinge asked the Board to help the School Board understand why the Schools should "take a \$200,000 cut" when the County's loss of OTB revenue, when offset by the additional real estate revenue resulting from updated assessments, was only \$254,000.

Mr. Hathaway spoke about the additional \$476,825 in State funding for Schools that had been identified, as well as a \$45,000 savings since the School Board office would no longer be paying rent.

Sheila Minor, Interim Director of Finance & Budget for the Schools, confirmed that the Schools would be receiving \$436,000 in additional funds from the State as a result of a drop in the Local Composite Index and re-benchmarking, as well as an Average Daily Membership (ADM) adjustment of \$68,000 for 15 new students, for a total increase of just under \$.5 million. However, she added that with the VRS cut of \$450,000, an increase in health insurance costs of \$216,000, and the fact that \$6,000 of the new State funding was earmarked for textbooks or cafeteria, there was a net loss of \$170,000.

Mr. Davis remarked that with the proposed \$370,000 in new local funding, less the \$170,000 loss, the Schools would have \$200,000 for the 13 new students projected. He also reminded that the Schools had received \$800,000 in new local funding for FY14 and had fewer students than had been projected.

Dr. Richardson reported that the new rankings had been released and the New Kent School System had fallen from 23<sup>rd</sup> lowest to the 4<sup>th</sup> lowest in spending per student in the Commonwealth. Dr. Hardinge spoke about how that was not a ranking to be proud of and how it was "not about 13 students" but was about educating students. She said that the "numbers don't add up" and asked if the Board was going to "balance the budget on the back of the Schools". She explained that the reduction in new local funding would likely impact their planned technology initiative and textbooks, as well as things like repairs to buildings. She again asked why County proposed to spend \$200,000 in increased personnel costs and suggested that this wasn't "the year to do it".

Mr. Hathaway explained that adjustments had been made to the proposed list of County personnel changes and Board members commented that they were still reviewing the proposed Budget and would be making additional changes.

Mr. Simmons pointed out that the only staffing increase in the School Board's budget was for an elementary art teacher and it didn't make sense for the School's funding to be decreased by \$200,000 when the gap was only \$254,000.

Board members reminded that the Schools were still proposed to get \$370,000 more in funding over last year.

Dr. Hardinge then spoke about the County's "healthy" financial position and how it had \$1 million in its Capital Improvements Plan (CIP) as well as cash reserves of 27% when the County's policy was 15%, and about the plan to set aside \$96,000 for future Debt Service.

Mr. Hathaway explained that the set aside for future Debt Service was to mitigate the impact of the depletion of the Debt Service Reserve fund in 2017.

Dr. Richardson spoke about some of the things that would have been able to be restored with full funding, which included remedial summer school at \$40,000, as well as moving forward with the first phase of their technology initiative that would provide Chromebooks to

all high school students and provide additional slots at Bridging Communities Technical Center. He emphasized that New Kent needed to be competitive with other school divisions if it was going to be a work force development center, and that all of those things were a part of their budget and it was not just about 13 new students. He explained that most of their under-enrollment for FY14 was at the elementary level with over half of it in Kindergarten. He reported under-enrollment was not a problem at the high school and in fact, they had moved two teaching positions from the elementary to the high school in order to fill that need without any additional costs.

There was discussion regarding the Chromebook program. Dr. Hardinge explained that the technology initiative had been designed to be phased in, starting with the high school and moving down to the lower grades, in order to be more cost-effective. She marveled at how in previous years, requests from the School Board for funding for raises had been granted, but when no raises were planned and the funding was for services for students, the funding would not be available.

Dr. Richardson advised that textbook funding continued to be short of what was needed.

Dr. Hardinge spoke about how education was moving towards electronic teaching and there was a concern about how the smaller school divisions would be able to meet those higher expectations and graduate students who were employable and had the skills to compete. She called New Kent's 4<sup>th</sup> lowest ranking a "red flag" and suggested that the two Boards needed to "work better together to address needs".

Mr. Evelyn asked about potential impacts of the proposed reduction in new local school funding. School Board members admitted that they had not yet discussed cuts but said there were a lot of things to look at, including whether to cancel the Chromebook order.

Board members commented about the State budget process and about how the County's goal had been not to increase taxes.

Dr. Hardinge repeated that their point was that as citizens and constituents, when they saw a revenue gap of \$254,000, \$200,000 in County personnel changes, a healthy 27% cash reserve, \$1 million in CIP, and a \$96,000 set aside for Debt Service, they couldn't understand why the Board would want to cut school funding when everything was services for students.

Board members explained about the radio system needs. Dr. Hardinge clarified that the Schools didn't want to compete with other agencies for funding or for the Board to cut funding to others in order to give it to the Schools, but they just wanted to understand the justification for the series of decisions that had been made and what the Board's priorities had been.

Board members emphasized that there could likely be more cuts and adjustments to the budget before it was adopted.

Mr. Stiers asked what the School Board would say if the Board funded \$40,000 for the Summer School Program and \$40,000 for the Chromebooks. Dr. Hardinge advised that they still would not have a new elementary art teacher, but added that the School Board didn't want to fight with the Board - it only wanted to understand what the priorities were.

Mr. Stiers commented that he would rather the County be too healthy than too poor.

Dr. Hardinge suggested that the County could "make adjustments" on its 27% cash reserve. Board members reminded her that was "one-time money" and could not be used for operations. She advised that other localities were "shocked" that New Kent had so much money but added that it was just not one thing but a compilation of things.

Mr. Evelyn explained that the cash reserves were set aside for unexpected expenditures and was not used to fund operations.

Dr. Richardson spoke about how there was a substantial difference between absorbing a \$100,000 cut and a \$200,000 cut, and stated that the effect on students would be considerable. Board members asked for information on where the cuts might be made. Dr. Hardinge advised that the School Board would be glad to give the Board that information but it did not want the Board telling the School Board where to make the cuts. She summarized that as "the folks responsible for education", they wanted the Board to help them understand the decisions that were made, given the larger than required cash reserve and the net revenue loss of \$254,000 and not \$400,000.

Mr. Hathaway explained how he came up with the latest proposed local school funding amount of \$370,000, which was 53.5% of new revenues.

Dr. Hardinge indicated that she understood what the Board was saying but suggested that it was hard to compare the Schools to other programs and service.

There was again discussion regarding the County's proposed personnel changes.

Mr. Evelyn advised that everyone cared about education, that the Board was trying to do what it could for the Schools and he hoped that the economy would pick up. He remarked that the Board had heard the School Board's concerns and would follow up with them.

Ms. Barber adjourned the School Board meeting.

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IN RE:           ADJOURNMENT

Mr. Tiller moved to adjourn the meeting. The members were polled:

C. Thomas Tiller, Jr.	Aye
James H. Burrell	Aye
Ron Stiers	Aye
W. R. Davis, Jr.	Aye
Thomas W. Evelyn	Aye

The motion carried. The meeting was adjourned at 5:46 p.m.