

MINUTES
JAMES CITY COUNTY BOARD OF SUPERVISORS
Joint Meeting with Williamsburg City Council and W-JCC School Board
Legacy Hall
4301 New Town Avenue, Williamsburg, VA 23188
March 16, 2018
9:00 AM

ADOPTED
APR 10 2018

A. CALL TO ORDER

Ms. Larson called the Board of Supervisors to order at 9:02 a.m. Mr. Freiling called the City Council to order at 9:02 a.m. Ms. Cook called the School Board to order at 9:02 a.m.

B. ROLL CALL

Board of Supervisors:

Present were Mr. Michael Hipple, Mr. James Icenhour, Mr. John McGlennon, Ms. Sue Sadler and Ms. Ruth Larson (Chair.) Also present was Mr. Bill Porter, Interim County Administrator.

City Council:

Present were Mr. Scott Foster, Mr. Douglas Pons, Ms. Barbara Ramsey, Mr. Benny Zhang and Mr. Paul Freiling (Mayor.) Also present was Mr. Marvin Collins, City Manager.

School Board:

Present were Dr. James Beers, Ms. Kyra Cook (Chair), Ms. Julie Hummel, Ms. Lisa Ownby and Mrs. Sandra Young. Mr. Jim Kelly and Mrs. Holly Taylor were absent. Also present were Dr. Olwen Herron, superintendent; Ms. Monique Barnes, CFO; Ms. Janet Cerza, clerk of the board; staff; press; and, the public.

C. JOINT MEETING AGENDA ITEM

1. State Budget Issues and Implications for K-12 Public Education in the W-JCC School District

See attached presentation given by Mr. Regimbal. There was discussion on how the tax reform would impact state funding; the computation of the Local Composite Index (LCI); would take \$750,000,000 to restore state funding to what was given in 2009; the possibility of taxing internet sales and personal services; and, the Free and/or Reduced Lunch (FRL) calculation.

When asked what local governments have done to make up for the shortfall from the state, Mr. Regimbal responded they have cut staff, hiring freezes, delays in capital and equipment, real estate tax increases, meals tax increases; and, salary and benefits cuts.

When asked how much revenue could be realized in internet sales, Mr. Regimbal said it was estimated around \$300,000,000.

When asked if there was a connection between more money invested in schools and student achievement. Mr. Regimbal said it was hard to figure.

There was a recess from 10:22 a.m. to 10:31 a.m.

2. School Board Update on FY2019 Operating Budget and 2019 Capital Improvement Plan

Ms. Cook stated that as a member of the School Board of Williamsburg-James City County, she acknowledged she has an interest in the FY2018-2019 School Budget because she is an employee of the Williamsburg Health Foundation; however, she believed she is able to participate in the consideration of and vote on the budget fairly and in the public interest.

Dr. Herron noted there were two priorities in the FY2019 Operating Budget: 1) Champion success of all students by giving students what they need to be successful and 2) Employee compensation (3%). Dr. Herron and Monique Barnes, CFO, presented the proposed FY2019 Operating Budget (see attachment).

Mayor Freiling suggested that there be consistent peer comparisons and regional comparisons in the future.

Ms. Cook noted the school board discussed two additional items at their last meeting: 1) adding a position in finance to pay bus drivers, cafeteria workers and custodians supplemental pay as a second payment in the month; and, 2) Additional security guards in schools.

There was discussion about the entry level teacher salary increase (\$1,500 plus 3% increase); how employee VRS and health care would be affected by proposed 3% increase (WJCC will have a \$496,000 savings in VRS and the increase in medical coverage cost is around 7%); how close enrollment projections have been (very close for the past seven years in the "low estimate"); state funding is creating a larger match in local funding; was the school division considering putting seatbelts in new buses (there are pros and cons); how many new hires are there each year (about 100); and, retention rate (do not have a high turnover rate).

Mr. Zhang left the meeting at 10:50 a.m.

Ms. Ownby and Ms. Cook thanked the localities for their support. Ms. Ownby noted that the regraded positions will receive as much as a 10% increase. Ms. Ownby told of a conversation with Senator Norment on the proposed Tourism Tax Bill. Senator Norment's thinking was the additional flow-through dollars could be earmarked for local school budgets, which could be \$3,000,000 annually. Ms. Larson asked if the additional security and the finance position were added to the budget, would the school board add to the budget, or would they take something out (waiting for costs from staff). There was further discussion on the teacher shortage (what could localities do to make the area attractive to come and work?) and certification of teachers and how often they have to recertify. Dr. Beers noted that some northern Virginia community colleges are working with local school divisions to "grow potential teachers" and trying to keep them in the community. Dr. Herron said WJCC will be offering a Future Teachers of Virginia course next year in the high schools and is working with the College of William and Mary on the Trips to Teachers program.

Ms. Ownby understood the issue in Virginia was that a degree in Education was a dual major at the elementary teacher level. Some colleges were looking at allowing education to be a stand-alone major.

Capital Improvement Plan FY2019 – there is no request in the FY2019 CIP for design of a new additional academic learning space at the high school or middle school level. On April 26, 2018 the WJCC Strategic Planning Committee will be looking at long-term planning to review facility needs and timing of these needs and make recommendations to the school board. The first priority will be to look at high school space over the long-term and view the CIP needs.

James Blair Middle School is on time and within budget. A ribbon-cutting date will be in late August.

Ms. Cook noted they may have to revisit enrollment in the different schools. Residents view where they live (to the closest school) is where their children will attend. It's not a contract that you will always attend the closest school. Ms. Larson said she had a conversation with Mr. Kinsman (county attorney) about this and suggested a connection with realtors to open channels of communication with the real estate community was needed.

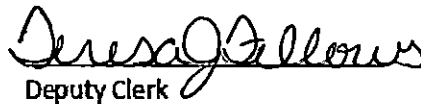
D. ADJOURNMENT

3. Adjourn until 4 p.m. on March 27, 2018 for the Work Session

At 11:21 a.m. Mr. Icenhour made a motion to adjourn until 4 p.m. on March 27, 2018 for work session. The motion carried 5:0.

Mr. Pons made a motion to adjourn the city council meeting. Ms. Ramsey seconded the motion, which carried 5:0

The WJCC School Board adjourned at 11:21 a.m.


Deputy Clerk

**State Budget Issues and Implications
for K-12 Public Education
in the WJCC School District**

Fiscal Analytics, Ltd.

March 16, 2018

State GF Revenue Growth Is Forecast to Modestly Increase in the 2018-20 Biennium

<u>Fiscal Years</u>	<u>Avg. Annual GF Growth*</u>
1990-1999	5.9%
2000-2008	5.7%
2009-2010	-5.0%
2011-2016	4.1%
2017	3.6%
<i>2018</i>	<i>3.4%</i>
<i>2019</i>	<i>4.0%</i>
<i>2020</i>	<i>4.0%</i>

*Does not include GF transfers

So Far, FY 2018 GF Revenue Growth Is Encouraging

	<u>% of GF</u>	<u>Est. Growth</u>	<u>Thru Feb. GF Growth</u>
<i>Withholding</i>	63.1%	3.5%	5.6%
<i>Est Payments/Tax Dues</i>	16.8%	4.3%	19.0%
<i>Refunds</i>	<u>-10.1%</u>	<u>5.8%</u>	<u>7.9%</u>
Net Individual Income	69.8%	3.4%	7.5%
Sales Taxes*	18.0%	3.0%	3.2%
Corporate Income	4.4%	5.7%	13.3%
Recordation	2.1%	3.3%	-2.3%
Insurance Premiums	1.9%	6.2%	-25.6%
Total GF Revenues	100.0%	3.4%	6.2%

* 19.2% share of GF when including 0.375 cent sales tax transfer to the GF

Historical GF Appropriation Growth (\$ Mil.)

	<u>2001</u>	<u>2018</u>	<u>Growth</u>	Annualized Compound <u>Growth</u>
Medicaid (DMAS)	\$1,384.2	\$4,651.7	236.1%	7.4%
GF Debt Service	\$243.1	\$739.5	204.2%	6.8%
Behavioral Health	\$430.2	\$772.6	79.6%	3.5%
Other H&HS	\$648.9	\$1,059.0	63.2%	2.9%
K-12 Public Education	\$3,942.4	\$5,972.7	51.5%	2.5%
Public Safety/Comp Board	\$1,949.1	\$2,588.3	32.8%	1.7%
Higher Education	\$1,634.2	\$2,015.2	23.3%	1.2%
Natural Resources/Forest M	\$152.1	\$128.2	-15.7%	-1.0%
All Other	<u>\$1,899.4</u>	<u>\$2,372.1</u>	<u>24.9%</u>	<u>1.3%</u>
Total GF Operating	\$12,283.6	\$20,299.3	65.3%	3.0%

Note: Since 2001, the Consumer Price Index has averaged 2.0%.

GF State Aid to Localities (\$ Mil.)

	<u>FY 2009</u>	<u>FY 2014</u>	<u>FY 2018 (i)</u>	<u>FY 2019 (i)</u>	<u>FY 2020 (i)</u>
Direct Aid to K-12	\$5,607.6	\$5,240.3	\$5,972.7	\$6,236.5	\$6,339.4
K-12 % of Total GF Appropriations	35.2%	29.6%	29.4%	29.9%	29.4%
Health and Human Services	888.4	791.7	951.0	995.4	1,021.4
CSA	299.7	217.2	279.9	298.6	318.8
Community MH/SA Services	249.4	269.3	350.4	365.2	369.6
Local Social Services Staff	117.4	115.3	122.1	126.8	128.2
Community Health Programs	117.6	107.2	117.9	123.3	123.3
Welfare Services and Programs	104.3	82.7	80.7	81.5	81.5
Public Safety	734.3	687.9	740.0	758.3	768.0
Local Sheriffs Offices	406.1	411.3	453.6	464.4	465.9
Local Police Depts HB 599	197.3	172.4	178.0	184.5	191.7
Local Jail Per diem	80.1	59.4	61.3	61.7	62.7
Assistance for Juvenile Justice	50.8	44.8	47.1	47.7	47.7
Constitutional Officers	155.3	145.8	158.0	161.5	161.5
Dept. of Accounts Transfers	49.3	49.3	49.6	48.9	48.9
Car Tax	950.0	950.0	950.0	950.0	950.0
Aid-to-Locality Reduction	<u>(50.0)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Local GF Aid	\$8,334.9	\$7,865.0	\$8,821.3	\$9,150.6	\$9,289.2
Total GF Appropriations	\$15,943.0	\$17,705.2	\$20,299.3	\$20,881.2	\$21,560.1
Local Aid % of Total GF	52.0%	44.1%	43.5%	43.8%	43.1%

Will Massive Move to Managed Care Provide Assumed Medicaid Savings?

<u>Fiscal Years</u>	<u>Avg. GF Annual Growth</u>
2000-2009	8.8%
2010-2015	6.2%
2016	9.3%
2017	7.2%
2018 Forecast	4.1% 6.5%
2019 Forecast*	2.3%
2020 Forecast*	3.4%

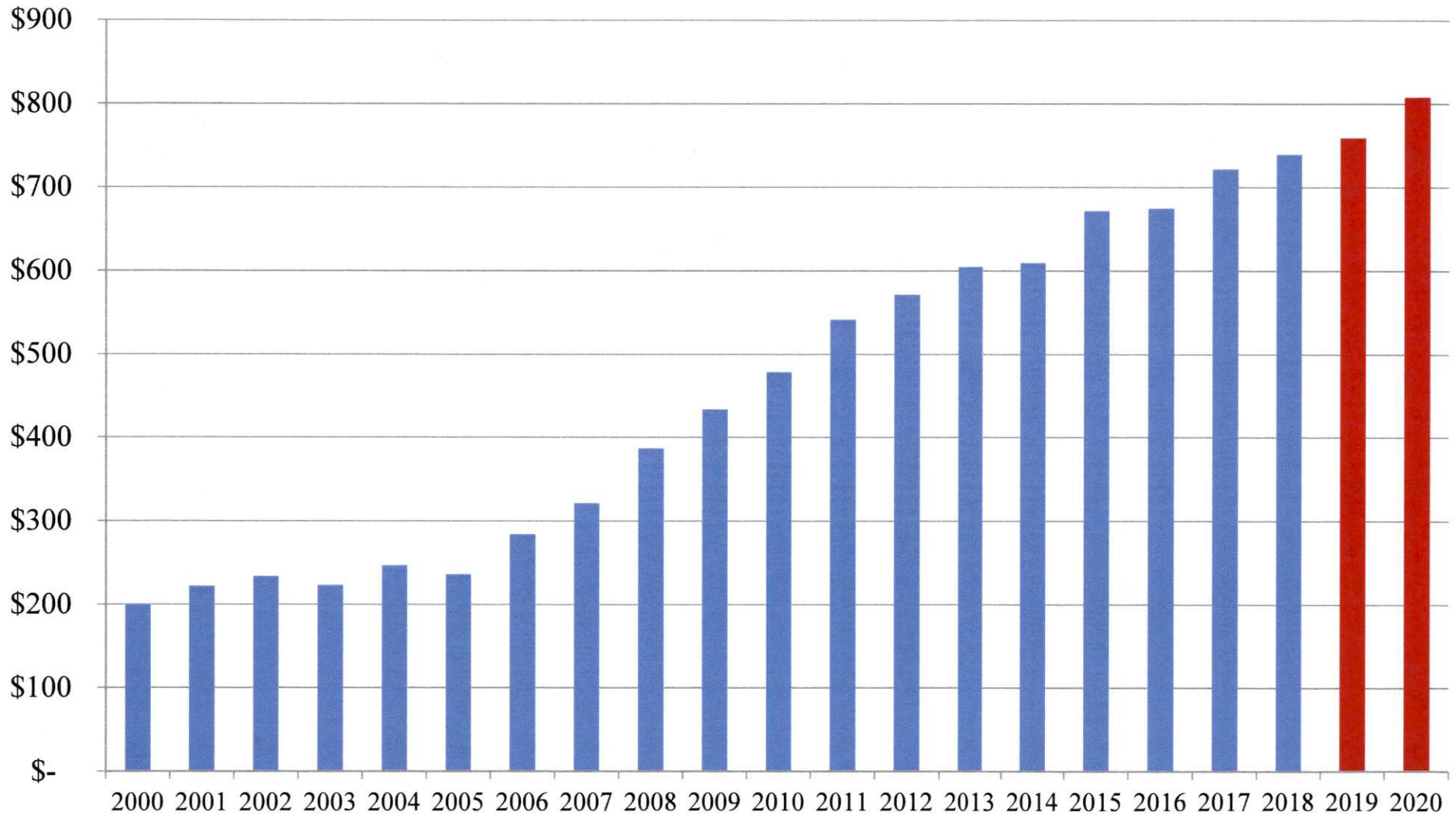
* Reflects large expansion of managed care beginning 1/1/18, mostly in long-term care and behavioral health with *assumed* lower rates and continued low new eligibility.

Steadily Rising Senior Population Ensures Medicaid Enrollment Growth

	Total Projected VA Population	Pop. 65 years and over	% of Total Pop. Age 65 and Over	Pop. 85 years and over	% of Total Pop. Age 85 and Over
2010	8,001,024	976,937	12.2%	122,403	1.5%
2020	8,744,273	1,392,849	15.9%	149,399	1.7%
2030	9,546,958	1,803,403	18.9%	194,658	2.0%
2040	10,201,530	1,925,149	18.9%	283,507	2.8%

Source: Weldon Cooper Center, <http://www.coopercenter.org/demographics/national-population-projections>

Continued Growth in GF Debt Service (\$ Mil.)

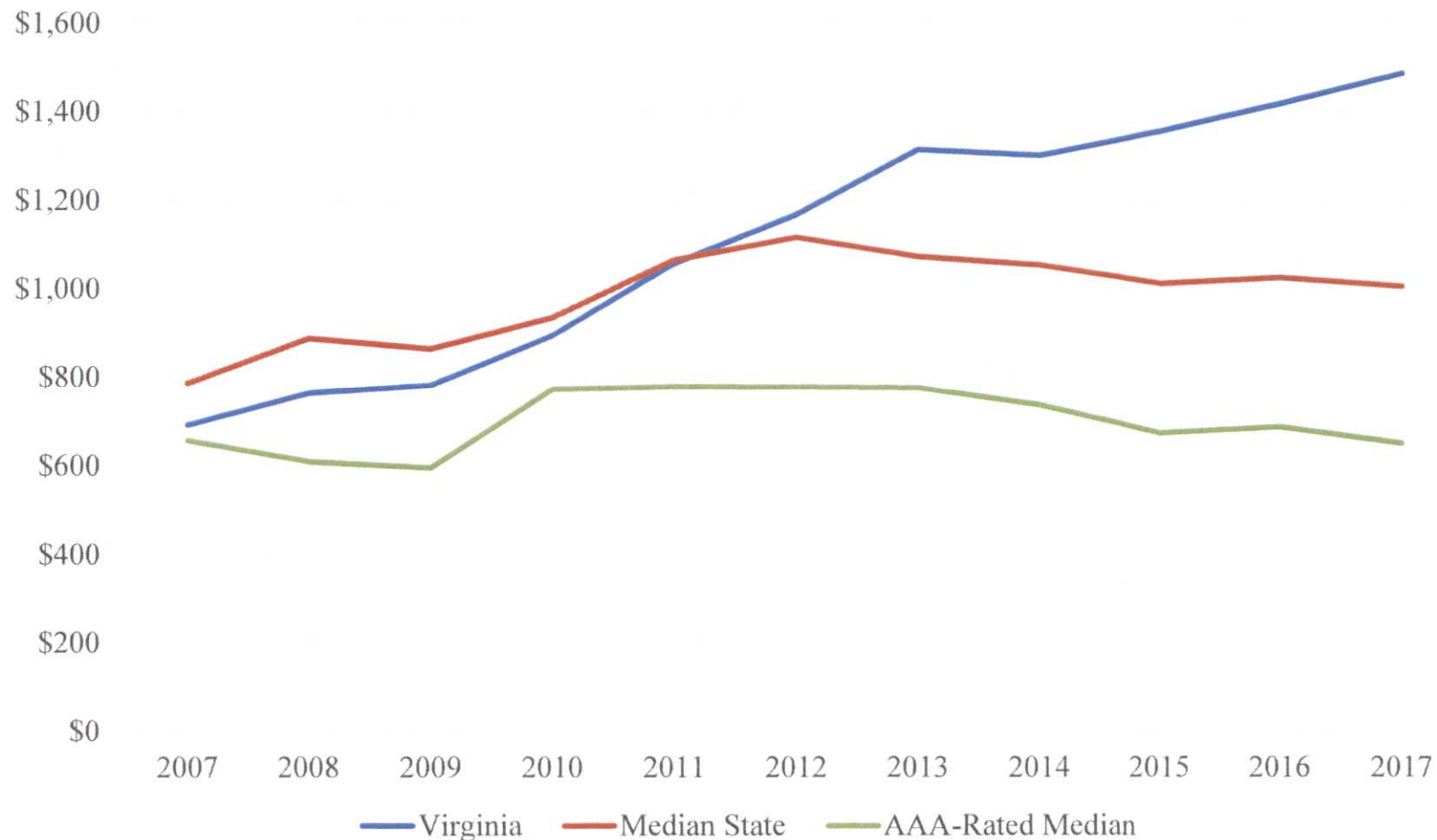


Note: Between fiscal years 2008 and 2017, the General Assembly collectively authorized \$12.13 billion of tax-supported debt. As of June 30, 2017 authorized and unissued debt amounted to \$5.7 billion, of which \$5 billion is for 9(d) projects (VPBA/VCBA).

...But Virginia Has Relatively Little Room for More Borrowing*

Introduced Budget Proposed Authorizing \$730 Mil. in New Debt in FY 20

Virginia Debt per Capita Compared to Other States

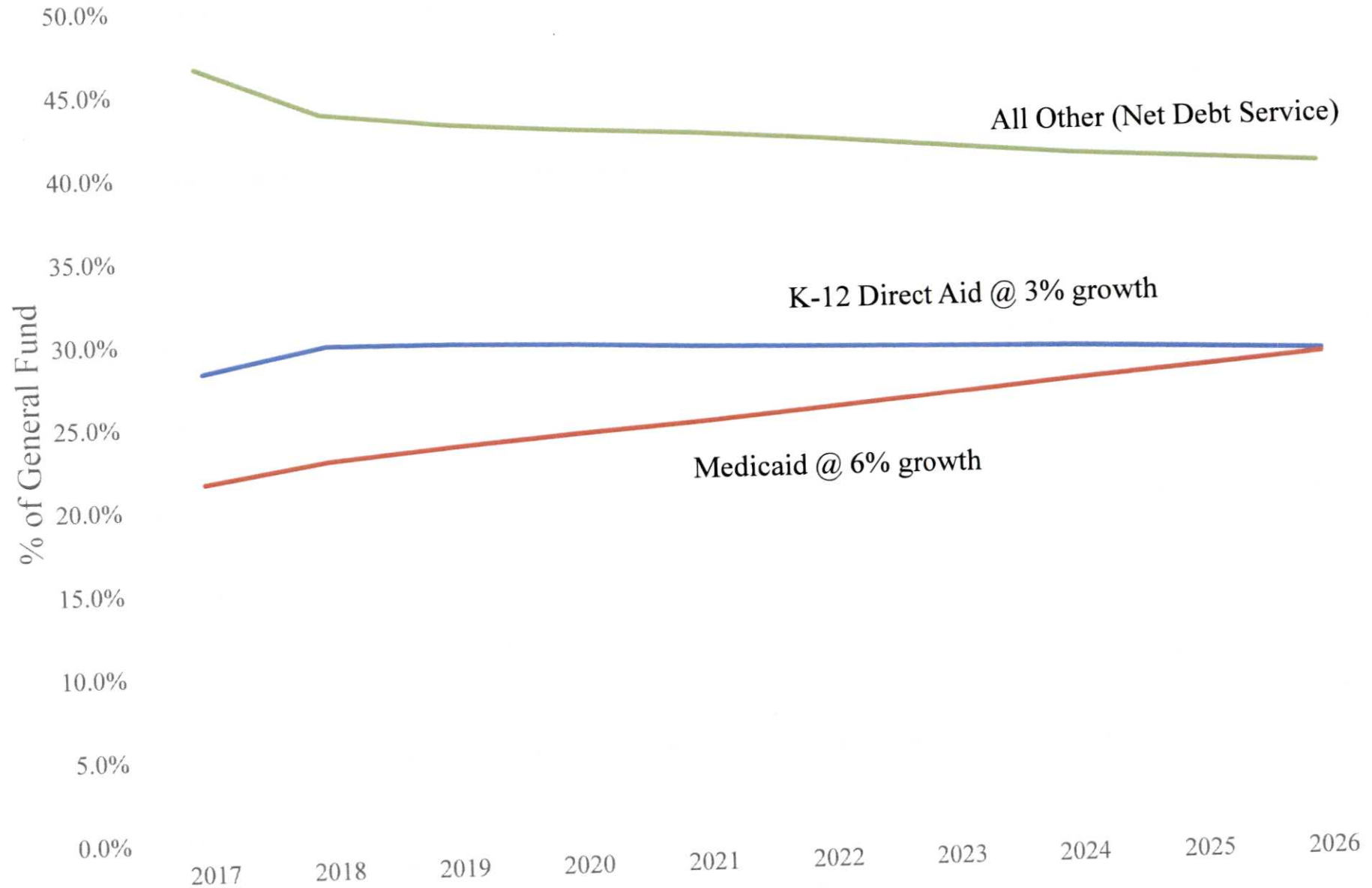


** Additional debt capacity based on self-imposed cap of 5% of GF + transportation revenues.*

DCAC model assumes an average of \$580 mil. per year over next 10 years can be issued.

Source: Virginia Debt Capacity Advisory Board, Dec. 2017

GF Spending Programs and Policies Are Not Sustainable at 6% Medicaid Growth and 3-4% Revenue Growth



Governor's Introduced Budget

GF Budget Accounting (\$ Mil.)

			<u>Change from FY18</u>			<u>Change from FY19</u>	
	<u>2018 Caboose</u>	<u>FY 2019</u>	<u>\$</u>	<u>%</u>	<u>FY 2020</u>	<u>\$</u>	<u>%</u>
Legislative and Executive	\$119.4	\$123.7	\$4.3	3.6%	\$123.7	\$0.0	0.0%
Judicial Dept.	485.6	496.0	\$10.4	2.1%	496.0	\$0.0	0.0%
Administration/Comp Board	714.3	736.7	\$22.4	3.1%	739.6	\$2.9	0.4%
Treasury Board Debt Service	739.5	759.1	\$19.6	2.7%	807.6	\$48.5	6.4%
Other Finance/Technology	31.1	191.2	\$160.1	514.8%	189.8	-\$1.4	-0.7%
Rainy Day Fund Deposit	-	-	-	-	-	-	-
Car Tax Reimbursement	950.0	950.0	\$0.0	0.0%	950.0	\$0.0	0.0%
Commerce and Trade	203.5	208.9	\$5.4	2.7%	210.3	\$1.4	0.7%
Agriculture / Nat. Resources	163.7	191.9	\$28.2	17.2%	168.9	-\$23.0	-12.0%
K-12 Education/Central Office	6,031.2	6,297.5	\$266.3	4.4%	6,400.8	\$103.3	1.6%
Higher & Other Education	2,015.2	2,119.8	\$104.6	5.2%	2,148.6	\$28.8	1.4%
DMAS Medicaid *	4,651.7	4,651.2	-\$0.5	0.0%	4,796.3	\$145.1	3.1%
Other Health & Human Services	1,847.1	1,949.5	\$102.4	5.5%	2,029.1	\$79.6	4.1%
Public Safety & Veterans/HS	1,938.0	2,030.8	\$92.8	4.8%	2,041.8	\$11.0	0.5%
Transportation	41.0	43.0	\$2.0	4.9%	43.0	\$0.0	0.0%
Central Appropriations	211.3	71.5	-\$139.8	-66.2%	188.6	\$117.1	163.8%
Cash Reserve	156.4	50.0	-\$106.4	-68.0%	220.7	\$170.7	341.4%
Independent Agencies/Capital	<u>0.3</u>	<u>10.4</u>	<u>\$10.1</u>	<u>NM</u>	<u>5.3</u>	<u>-\$5.1</u>	<u>-49.0%</u>
Total GF Appropriations	\$20,299.3	\$20,881.2	\$581.9	2.9%	\$21,560.1	\$678.9	3.3%
GF Revenues	19,328.2	20,096.5	\$768.3	4.0%	20,892.3	\$795.8	4.0%
Transfers	622.7	615.7	-\$7.0	-1.1%	625.8	\$10.1	1.6%
Rainy Day Fund Withdrawal	272.5	-			-		
Balances for Appropriation	201.6	22.0			(0.5)		
Unappropriated Balance		54.6			12.1		

* Includes Medicaid expansion savings of \$421 million

Initial 2018-20 Biennium K-12 Rebenchmarking

(Net of 25% non-participation for VA Pre-School Initiative)

- FY 2019 = \$210.8 m; FY 2020 = \$232.6 m; Total = \$443.4 m
 - Increases state funding by about 6 percent over the 2 years.

Major Cost Increases:	<u>Biennial Cost</u> (\$ Mil)	Major Cost Decreases:	<u>Biennial Cost</u> (\$ Mil)
Recognize Full Year Cost of 2.0% State Salary Increase and Instructional/Support Prevailing Costs	\$169.5	Pupil Transportation Costs	(\$24.1)
Non-personal Support Prevailing and Inflation Costs (largest factor: substitute teachers up 9.3%)	\$161.3	3-Year Avg. FL Rates for CEP Schools	(\$21.0)
Health Care Premium (up 10%)	\$58.0	Support Position Cap Ratio (4.27-1)	(\$18.9)
Update Lottery Accounts	\$43.7	Textbook Costs	(\$14.4)
Projected Enrollment Counts	\$38.4	Federal Revenue Deduct	(\$2.3)
ESL, CTE, Remedial Summer School, Categorical, Superintendents, School Board, Nurse Costs	\$22.7	Other	(\$1.7)
SOL Test Failure Rate Data	\$17.5	Total Decreases	(\$82.4)
Special Ed Child Counts	<u>\$14.6</u>		
Total Increases	\$525.7		

K-12 Introduced Budget Changes

K-12 Direct Aid GF *biennium* spending increases (above base) primarily included:

- \$487.5 mil. GF for normal Standards of Quality re-benchmarking.
- \$42.7 mil. GF to update sales tax revenues for public education and \$5.2 million for sales tax distributions based on school-age population.
- \$80 mil. GF to offset decreased Literary Fund support for teacher retirement.
- \$51.3 mil. GF for the state share of a 2% salary increase starting December 1, 2019.
- \$11.5 mil. GF in FY 2019 for “no loss” funding in FY 2019 compared to FY 2018. This funding holds localities harmless that otherwise would lose state funding in FY 2019 relative to their FY 2018 allocations.
- \$7.7 mil. GF in FY 2020 for one full-time principal in every elementary school based on the Virginia Board of Education's recommendations to amend the Standards of Quality.
- \$7.1 mil. GF in FY 2020 for additional at-risk student funding based on numbers of free lunch students from a basic aid boost of 1-13% to 1-14% in FY 2020.

K-12 Direct Aid GF *biennium* spending reductions primarily included:

- \$80.4 million GF reduction due to increased Lottery proceeds projections.
- \$47.9 mil. GF reduction from Virginia Pre-school Initiative 25% non-participation
- \$45 million reduction from reduced teacher retirement and OPEB rates - 16.32% to 15.68%
 - VRS funded status for teachers has increased from a low of 62% in FY 2013 to 74% in FY 2019
- \$5.5 mil. GF in savings from revised lower student enrollment projections
- \$1.7 mil. GF in savings from new LCI calculations.

Major General Assembly K-12 Budget Proposals

House Budget:

- Adds \$62.4 mil. GF and \$17.6 mil. in lottery funds to increase flexible lottery per pupil distributions to 40 percent of total lottery funds.
- Adds \$36.3 mil. to advance 2% salary increase from 12/1/19 to 7/1/19.
- Removes \$7.7 mil. introduced budget funding for small school full-time principals.
- Removes \$7.1 mil. introduced budget funding for the At-risk Add-on.
- Adds \$6.1 mil. for school division enrollment declines of over 5% over last 5 years and less than 10,000 students.

Senate Budget:

- Cuts \$51.3 mil by removing 2% salary increase on 12/1/19.
- Removes \$7.7 mil. introduced budget funding for small school full-time principals.
- Keeps \$7.1 mil. introduced budget funding for the At-risk Add-on.
- Adds \$9.2 mil by increasing Virginia pre-school Initiative from \$6,125 per pupil to \$6,500.
- Adds \$5.0 mil. for school division enrollment declines of over 10% over last 10 years and less than 10,000 students.
- Adds \$1.5 mil. for Master Teacher Residency programs for urban school divisions.

James City and Williamsburg State SOQ K-12 Funding Accounts - FY 2018

	<u>James City</u>	<u>RLM</u>	<u>Williamsburg</u>	<u>RLM</u>
Basic Aid	\$20,436,623	\$26,447,119	\$1,094,743	\$3,764,304
Sales Tax	\$11,746,648	\$0	\$1,144,091	\$0
VRS Retirement	\$2,774,368	\$3,590,321	\$145,030	\$498,688
Special Education	\$2,542,032	\$3,289,654	\$132,747	\$456,454
Social Security	\$1,207,237	\$1,562,291	\$63,303	\$217,668
Textbooks	\$500,115	\$647,201	\$25,931	\$89,163
Prevention/Remediation	\$451,006	\$583,648	\$23,620	\$81,220
Gifted Education	\$218,669	\$282,981	\$11,338	\$38,985
ESL	\$176,254	\$228,091	\$38,684	\$133,016
Vocational Education	\$113,890	\$147,386	\$5,905	\$20,305
Remedial Summer School	\$81,676	\$0	\$9,256	\$0
Group Life	<u>\$82,001</u>	<u>\$106,118</u>	<u>\$4,252</u>	<u>\$14,620</u>
Total SOQ	\$40,330,519	\$36,884,810	\$2,698,900	\$5,314,423

Major Incentive, Lottery, Categorical, and Supplemental State Accounts - FY 2018

	<u>James City</u>	<u>RLM</u>	<u>Williamsburg</u>	<u>RLM</u>
Supplemental Lottery Per Pupil	\$1,249,559	\$0	\$64,789	\$0
Special Education State Programs	\$0	\$0	\$1,047,609	\$0
K-3 Class Size Reduction	\$472,925	\$612,014	\$36,192	\$124,447
Technology VPSA	\$0	\$0	\$440,000	\$88,000
Special Ed Regional Tuition	\$332,289	\$0	\$89,002	\$0
At Risk Add-on	\$275,253	\$356,206	\$14,575	\$50,117
Virginia Preschool Initiative	\$283,235	\$283,235	\$0	\$0
Compensation Supplement	\$203,316	\$0	\$10,897	\$0
Early Reading Intervention	\$138,060	\$178,664	\$8,092	\$27,825
Special Ed Homebound & Jails	\$0	\$0	\$137,000	\$0
SOL Algebra Readiness	\$61,934	\$80,149	\$2,987	\$10,270
Foster Care	\$63,944	\$0	\$0	\$0
School Breakfast & Lunch	\$0	\$0	\$56,525	\$0
Career and Technical Education	\$0	\$0	\$9,311	\$0
Academic Year Governor's School	\$0	\$0	\$0	\$0
All Other Programs	<u>\$0</u>	<u>\$0</u>	<u>\$28,081</u>	<u>\$0</u>
Subtotal	\$3,080,515	\$1,510,268	\$1,945,060	\$300,659
Total K-12 Education	\$43,411,034	\$38,395,038	\$4,643,960	\$5,615,082

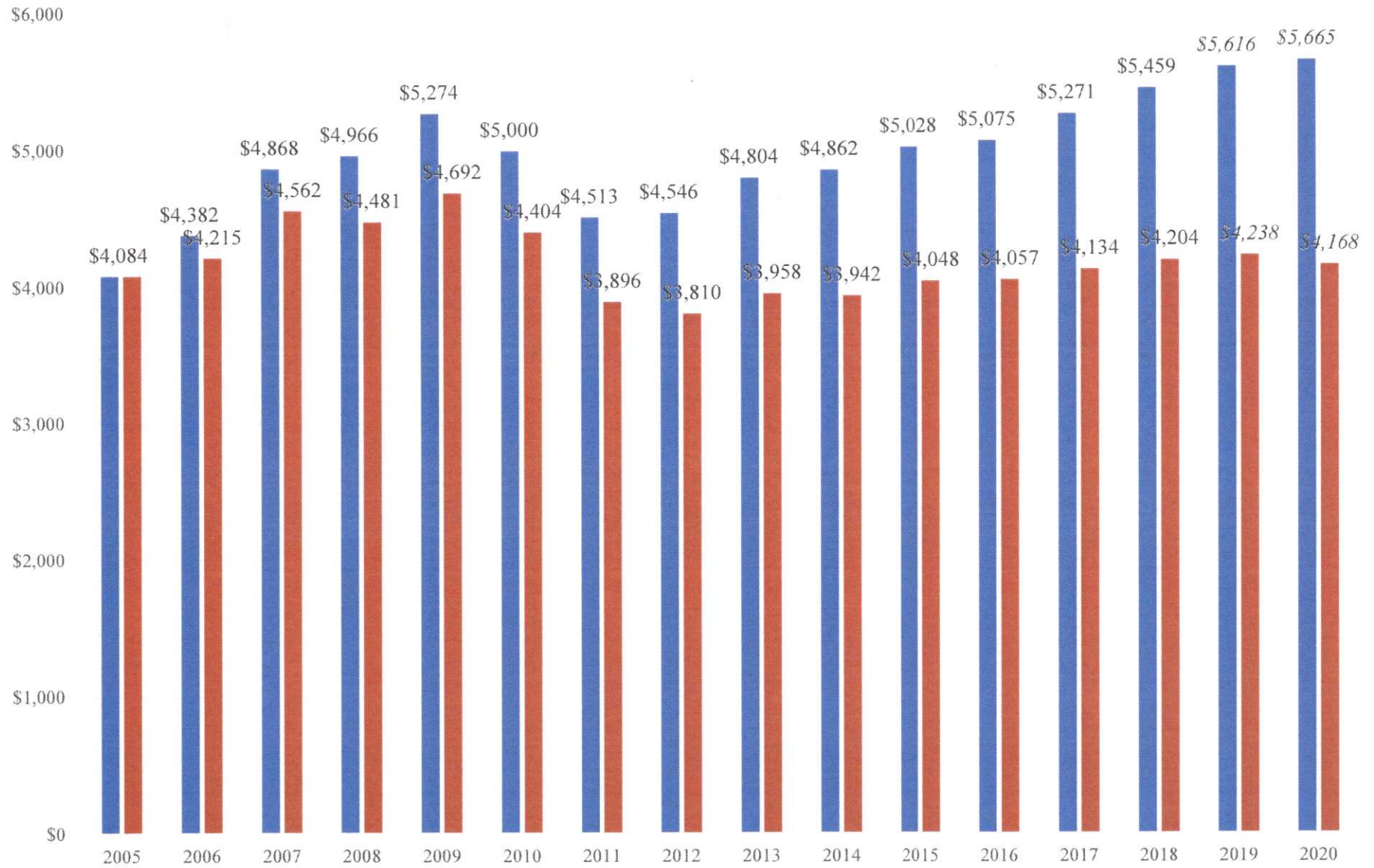
WJCC State Per Pupil K-12 Direct Aid (All Funds) Nominal and Inflation-Adjusted (CPI \$2005)



Source: Virginia DOE - http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml

Note: includes state sales tax distribution

State Per Pupil K-12 Direct Aid (All Funds) Nominal and Inflation-Adjusted (CPI \$2005)



Source: Virginia DOE - http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml

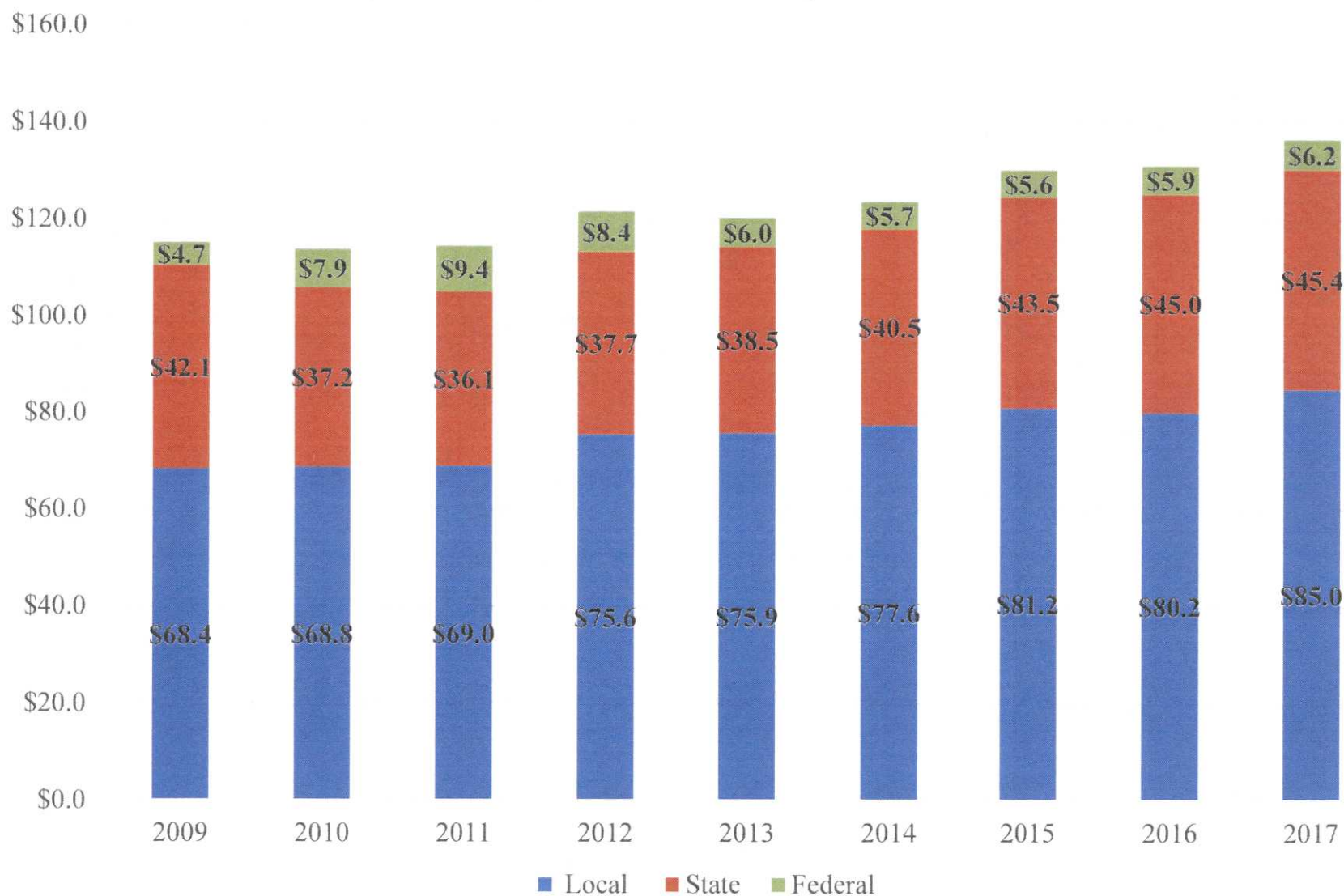
WJCC LCI Analysis

(Percent of State Totals)

	FY 2018-20	FY 2016-18	FY 2010-12	FY 2018-20	FY 2016-18	FY 2010-12
	<u>James City</u>	<u>James City</u>	<u>James City</u>	<u>Williamsburg</u>	<u>Williamsburg</u>	<u>Williamsburg</u>
TVRE (50%)	1.069%	1.038%	1.004%	0.158%	0.159%	0.165%
VAGI* (40%)	1.065%	1.038%	0.999%	0.123%	0.132%	0.172%
Sales (10%)	<u>1.000%</u>	<u>0.982%</u>	<u>0.921%</u>	<u>0.389%</u>	<u>0.407%</u>	<u>0.456%</u>
Numerator Weighted Avg	1.061%	1.032%	0.994%	0.167%	0.173%	0.197%
ADM (.667%)	0.829%	0.811%	0.784%	0.080%	0.080%	0.064%
Population (.33%)	<u>0.875%</u>	<u>0.850%</u>	<u>0.799%</u>	<u>0.177%</u>	<u>0.180%</u>	<u>0.172%</u>
Denominator Weighted Avg	0.844%	0.824%	0.789%	0.112%	0.114%	0.100%
N/D Ratio	1.2563	1.2529	1.2594	1.4859	1.5210	1.9701
LCI	.5657	.5641	.5668	.7703	.7747	0.8000

* Williamsburg VAGI adjusted for over 3% non-resident income

Total WJCC K-12 Funding (\$Mil.) **Average Annual Growth 2.5%/yr from FY 2009-17**

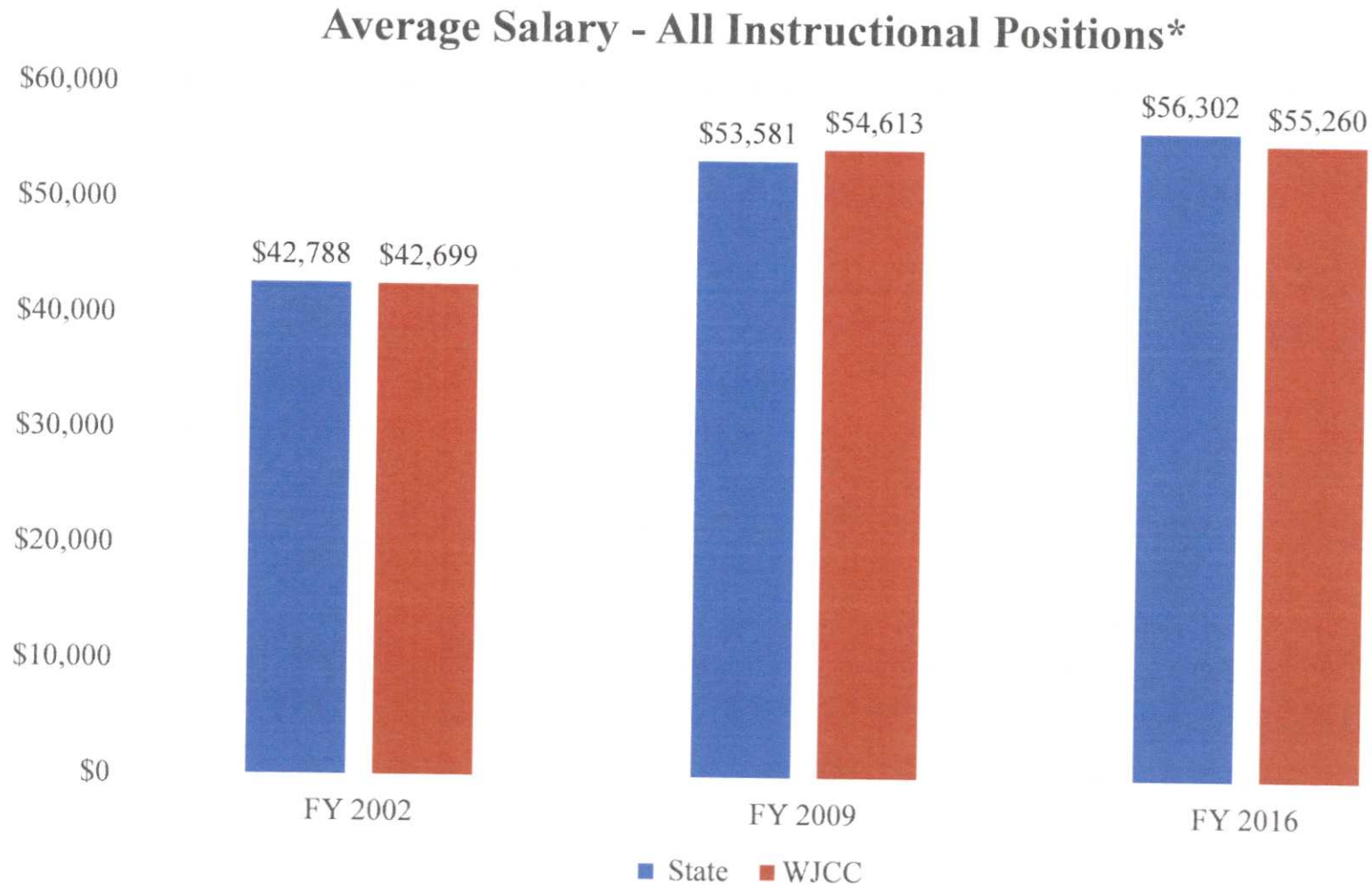


Note: State funding includes sales tax, FY 2009-17 state funding avg. annual growth 1.1%, local funding growth 2.75%.
Source: DOE Superintendents Annual Report

Policymakers Beginning to Recognize There Are Teacher Supply and Demand Issues

- Teachers are central to education – recruiting, retaining, and rewarding effective teachers is at the core of the success of schools.
- Some school divisions face challenges in hiring enough qualified teachers.
 - 1,000 unfilled positions in Fall 2016
 - Declining enrollment in teacher preparation programs
- Teacher supply and demand is a complex equation involving licensure/preparation, compensation, working conditions, and class size.

Instructional Pay Increases Have Slowed Considerably Since 2009

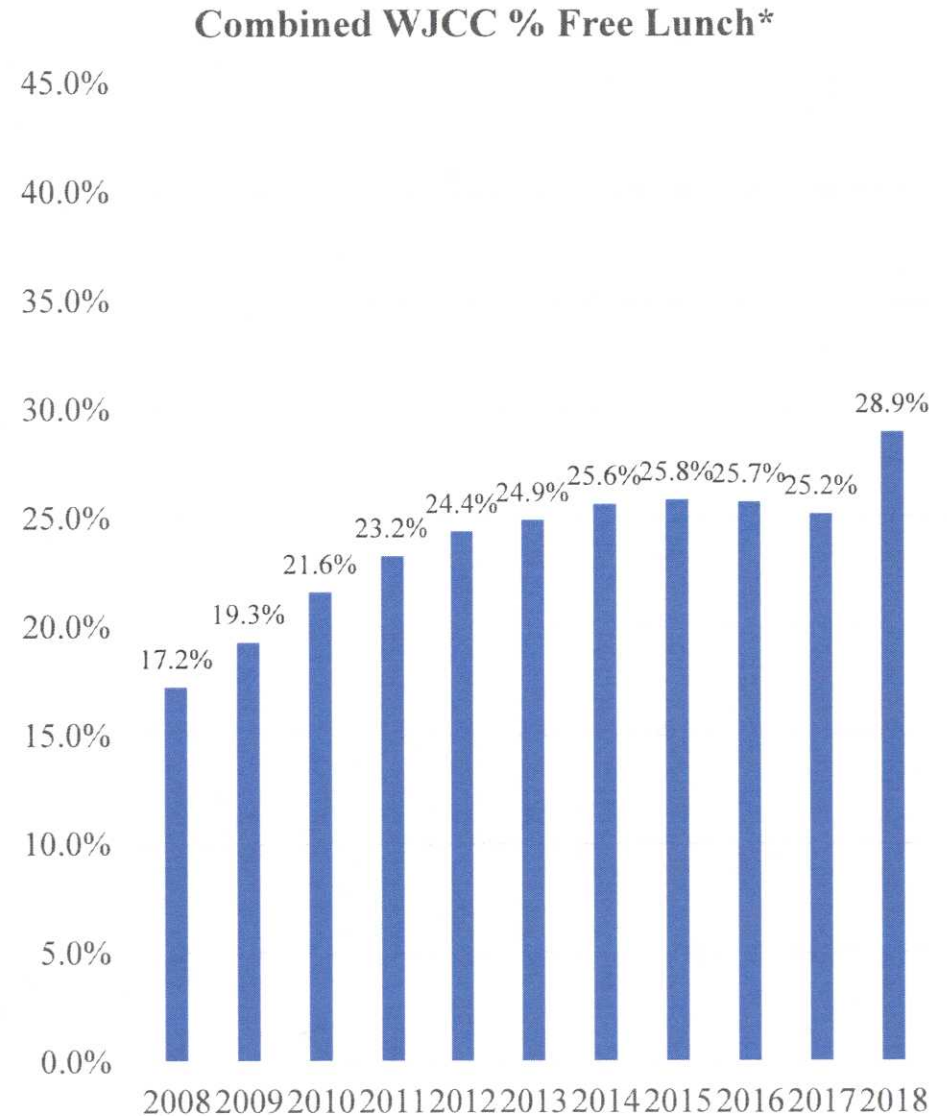
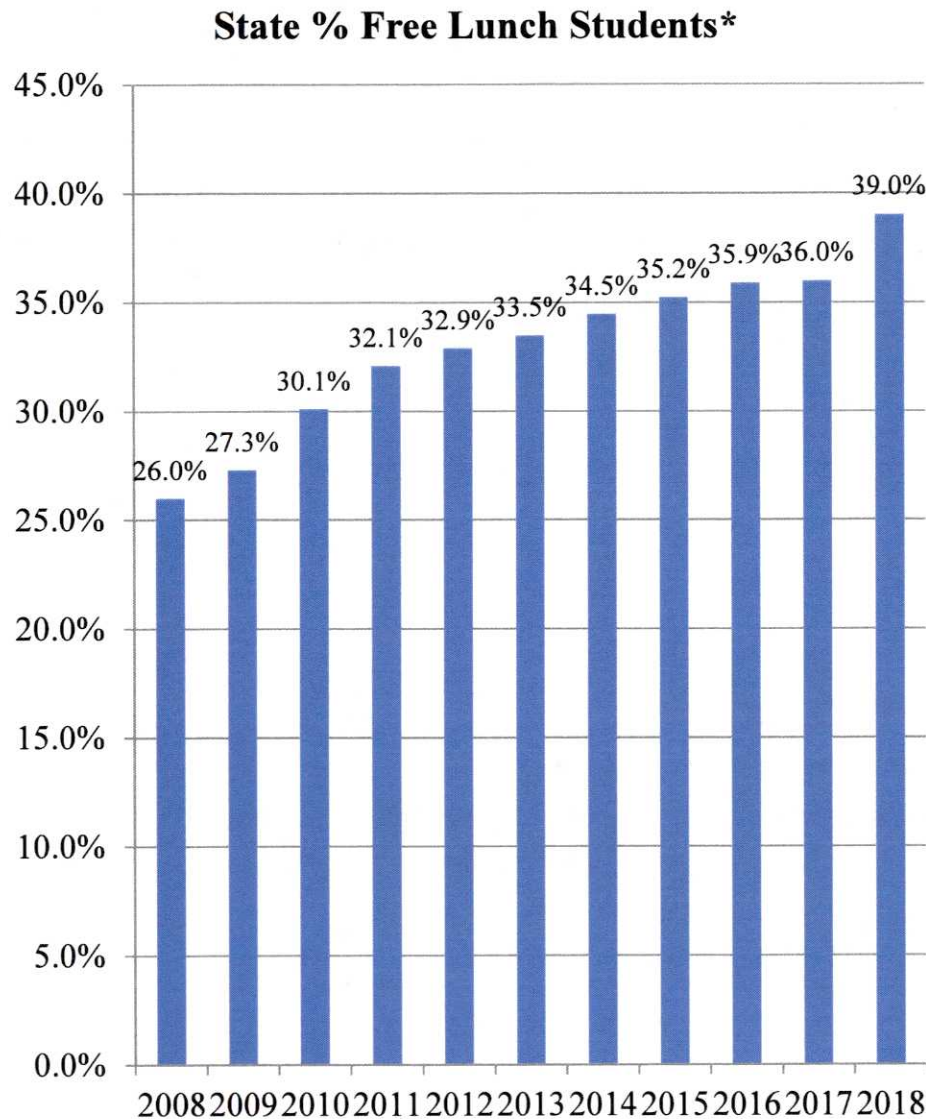


Source: Superintendent's Annual Report.

* All instructional positions include classroom teachers, guidance counselors, librarians, principals, and assistant principals.

Note: Average instructional pay would have been \$59,872 (state) and \$61,025 (WJCC) in 2016 if grown at the rate of the CPI from 2009.

Increasingly More Difficult Population to Educate



* Jump in FY18 FL students due to participating in the Community Eligibility Provision and/or Direct Certification of Medicaid eligible students (WJCC)

Source: Virginia Dept. of Education

The Achievement Gap Persists

SOL Pass Rates 2016-17

	English		Math	
	<u>WJCC</u>	<u>State</u>	<u>WJCC</u>	<u>State</u>
Asian	90	91	93	93
White	89	86	88	86
Hispanic	74	71	73	71
Black	66	67	64	66
Economically Disadvantaged	67	67	65	68
Limited English Proficiency	57	64	62	68

Source: http://www.doe.virginia.gov/statistics_reports/school_report_card/index.shtml

Relatively Little State Funding to Address the Achievement Gap

Major State-Funded At Risk Student Education Programs (Governor's Introduced Budget)

	<u>FY 2019</u>
K-3 Primary Class Size Reduction	\$130,593,583
SOQ Prevention, Intervention, & Remediation	113,078,853
At Risk Add-on (Split funded)	100,250,878
Virginia Preschool Initiative	70,234,325
SOQ English as a Second Language	62,210,121
Early Reading Intervention	22,599,681
School Breakfast and Lunch	13,607,703
SOL Algebra Readiness	13,003,937
Targeted Extended School Year Grants	7,763,312
Teacher Recruitment & Retention Grant Programs	1,931,000
Math/Reading Instructional Specialists	1,834,538
Early Reading Specialists Initiative	1,476,790
Communities in Schools	1,244,400
Teacher Residency Program	1,000,000
Mentor Teacher	<u>1,000,000</u>
Major At-Risk Student Funding	\$541,829,121
Total State K-12 Funding	\$7,033,220,624

At-Risk Student % of Total State K-12 Funding

7.7%

State Standards of Quality Do Not Reflect True Costs for Local K-12 Divisions

- Only 136,000 out of 200,000 K-12 positions (68 percent) employed by local school divisions are recognized by the SOQ; many support positions and other support costs de-funded after 2009; the “linear weighted average” methodology underfunds teacher’s salaries; real-time costs not reflected in re-benchmarking.
 - Raising teacher salaries from 29th (*JLARC 2018*) to the national average and funding prevailing support costs requires an additional \$750 million GF/year.
- Localities on average spent 109 percent, or \$4.0 bil. beyond state SOQ requirements to meet SOL and SOA requirement in FY 17. All 135 local school divisions exceeded Required Local Effort (RLE) in FY 17.
 - ***James City County exceeded the FY 2017 SOQ RLE by \$37.6 mil. or 101%.***
 - ***Williamsburg exceeded the FY 2017 SOQ RLE by \$1.7 mil. or 35%.***

Divisions up to 25% Above RLE	15
Divisions Exceeding 25% to 75%	47
Divisions Exceeding 76% to 100%	27
Divisions Exceeding 100% RLE	46

Virginia Board of Education Recommends \$600 Mil./Year in Standards of Quality Upgrades

- In 2016, BOE recommended SOQ funding changes - first since the early 2000's. Examined where local practices overwhelmingly exceeded state recognized staffing practices.
- The Board of Education recommends the following changes to the SOQ:
 - Restoring the funding of support positions using prevailing practices rather than the 2009 enacted support position cap of 1 support per 4.27 SOQ funded teachers - \$340 million.
 - Require one school counselor for every 250 students in grades K-12 - \$82.4 million
 - Require one full-time assistant principal for every 400 students in grades K-12 - \$71.4 million
 - Require one full-time social worker for every 1,000 students - \$48.7 million
 - Require one full-time school psychologist for every 1,000 students - \$42.7 million
 - One full-time principal in each elementary school. 12 percent of schools have under 299 students and are only provided funding for a part-time principal - \$7.7 million (*in Governor's introduced budget for FY 20*)
 - Require one full-time school nurse for every 550 students - \$1.8 million
- New position standards would increase local match requirements for some localities.

National Rankings Indicate Relatively Low State K-12 Funding Levels, and a Higher Burden on Local Taxes

	<u>2012 JLARC Ranking</u>	<u>2018 JLARC Ranking</u>
Per capita personal income	8	12
Per capita state taxes	34	33
Per capita local taxes	13	16
State Per Pupil Funding	35	40
State and Local Per Pupil Funding	17	24
Average Salary of Public School Teachers*	28	29

** Average teacher salary in VA about \$7,500 below national average*

Source: Virginia Compared to Other States, JLARC, 2012, 2018 Editions

Available Local Revenues Not Keeping Pace With Population/Inflation

	Williamsburg				James City Co.		
	FY 2009	FY 2017	% Growth		FY 2009	FY 2017	% Growth
Population	13,572	14,860	9.5%		63,696	73,325	15.1%
CPI-U Inflation Index	215.7	245.0	13.6%		215.7	245.0	13.6%
Total Local Revenues*	\$32,991,978	\$36,209,466	9.8%		\$146,852,743	\$180,035,240	22.6%
<i>Per capita Local Revenue</i>	\$2,431	\$2,437	0.2%		\$2,306	\$2,455	6.5%
State revenues*	\$7,261,668	\$8,962,018	23.4%		\$63,687,957	\$67,105,414	5.4%
Federal Revenues	\$1,522,181	\$1,772,828	16.5%		\$9,821,896	\$10,946,828	11.5%
Total Revenues	\$41,775,827	\$46,944,312	12.4%		\$220,362,596	\$258,087,482	17.1%
Real Property	\$10,136,979	\$10,429,845	2.9%		\$85,326,956	\$98,153,629	15.0%
Public Service Prop.	\$279,150	\$307,406	10.1%		\$1,426,801	\$2,093,504	46.7%
Personal Property	\$636,373	\$735,079	15.5%		\$14,729,182	\$22,091,826	50.0%
Machinery & Tools	\$1,307,209	\$1,370,354	4.8%		\$4,910,373	\$5,922,084	20.6%
Sales Tax	\$3,844,275	\$4,388,596	14.2%		\$8,618,525	\$11,085,090	28.6%
BPOL	\$1,595,535	\$1,833,991	14.9%		\$5,967,511	\$7,083,691	18.7%
Meals Tax	\$5,522,541	\$7,043,184	27.5%		\$5,618,586	\$7,202,286	28.2%
Service Charges	\$1,230,941	\$2,029,081	64.8%		\$9,520,646	\$12,206,704	28.2%
Transient Occupancy	\$4,922,280	\$4,445,064	-9.7%		\$2,764,063	\$3,631,440	31.4%
Recordation/Bank	\$299,172	\$598,947	100.2%		\$1,226,412	\$1,532,368	24.9%
Other Revenues**	\$3,217,523	\$3,027,919	-5.9%		\$6,743,688	\$9,032,618	33.9%
* Adjusted for Communication Sales and Use Taxes now from state							
** Other taxes, Permits, Licenses, Fines, Fees, Rental, Interest, etc.							

Slow Real Property Revenue Growth Has Required Rising Rates

Median Real Estate Tax Rates in Virginia Localities*

	<u>CY 2009</u>	<u>CY 2016</u>	<u>Change</u>
All Cities	0.90	1.07	0.17
<i>Williamsburg</i>	<i>0.54</i>	<i>0.57</i>	<i>0.03</i>
All Counties	0.55	0.66	0.11
<i>James City County</i>	<i>0.77</i>	<i>0.84</i>	<i>0.07</i>
Towns	0.18	0.18	-

* Nominal rates per \$100 of assessed value. Source: Weldon Cooper Center, "Virginia Local Tax Rates"

Job Growth in WJCC Region Relatively Slow, But Higher Paying Jobs Growing Faster

	2nd Q 2017 Avg Jobs	2nd Q 2012 Avg Jobs	% Growth	Average Weekly 2017 Wage	2nd Q 2017 Total Wages	2nd Q 2012 Total Wages	% Growth
<i>Total, All Industries</i>	43,404	41,528	4.5%	\$705	\$409,402,487	\$338,494,593	20.9%
Jobs Paying Under \$800/Week*	22,346	22,782	-1.9%		\$130,375,960	\$122,970,940	6.0%
Jobs Paying Over \$800/Week*	15,050	13,278	13.3%		\$209,480,176	\$163,598,872	28.0%

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages

*Jobs don't add to total due to confidentiality reporting requirements. See Appendix for more details

Summary

- The 2009-10 recession took a big bite out of state K-12 education funding. Since the recession, relatively low growth in state GF revenues, and high growth in Medicaid and debt service has kept the state from fully restoring support for K-12.
- Key Questions: Will increased managed care slow Medicaid expenditure growth and will state revenues grow faster to allow more state investment in K-12? Will the WJCC area local economy achieve faster growth?
- It will become harder to raise local property tax rates with the new federal tax law SALT caps on itemized deductions.
- The state should either shoulder more funding responsibility or provide localities with greater revenue generating capacity.
 - e.g., Modernize the sales tax and communications sales tax bases.

Appendices

FY 2018 SOQ Statewide Funding Accounts

	<u>FY 2018 State Amount</u>	<u>Required Local Match</u>
Basic Aid	\$3,187,618,305	\$2,553,285,710
Sales Tax	\$1,377,942,000	N/A
VRS Retirement	\$447,555,445	\$359,898,957
Special Education	\$382,857,839	\$334,596,521
Social Security	\$195,042,985	\$156,870,253
Prevention, Intervention, & Remediation	\$113,821,446	\$77,561,025
Textbooks	\$76,599,185	\$60,508,952
ESL	\$55,594,856	\$66,437,532
Vocational Education	\$52,236,389	\$34,014,855
Gifted Education	\$34,425,282	\$27,747,861
Group Life	\$13,240,433	\$10,599,711
Remedial Summer School	<u>\$25,785,842</u>	<u>N/A</u>
Total SOQ	\$5,962,720,007	\$3,681,521,377

Major Incentive, Lottery, Categorical, and Supplemental Statewide Accounts

	<u>FY 2018 State Amount</u>	<u>Required Local Match</u>
Supplemental Lottery Per Pupil	\$191,267,718	N/A
K-3 Class Size Reduction	\$128,583,847	\$83,622,434
At Risk Add-on	\$98,091,648	\$61,081,866
Special Education Regional Tuition	\$87,578,979	N/A
Virginia Preschool Initiative	\$70,950,500	\$57,041,705
Technology VPSA	\$67,163,200	\$13,059,040
Special Education State Programs	\$34,427,328	N/A
Compensation Supplement	\$31,740,080	N/A
Early Reading Intervention	\$20,098,089	\$15,107,504
Academic Year Governor's School	\$15,924,371	N/A
SOL Algebra Readiness	\$12,775,341	\$8,892,478
Career and Technical Education	\$12,400,829	N/A
School Breakfast & Lunch	\$11,294,161	N/A
Foster Care	\$9,595,565	N/A
Special Education Homebound & Jails	\$8,717,442	N/A
All Other Programs	<u>\$63,467,389</u>	<u>\$3,177,816</u>
Subtotal	\$864,076,487	\$241,982,843
Total K-12 Education	\$6,826,796,494	\$3,923,504,220

Williamsburg-James City County

Changes in Employment 2012-2017

	2nd Q 2017 Avg Jobs	2nd Q 2012 Avg Jobs	% Growth	Average Weekly Wage	2nd Q 2017 Total Wages	2nd Q 2012 Total Wages	% Growth
<i>Total, All Industries</i>	43,404	41,528	4.5%	\$705	\$409,402,487	\$338,494,593	20.9%
Accommodation and Food Services	7,152	7,053	1.4%	\$382	\$36,119,040	\$33,760,162	7.0%
Health Care and Social Assistance	5,832	5,217	11.8%	\$813	\$66,721,967	\$50,267,983	32.7%
Retail Trade	5,295	5,150	2.8%	\$387	\$27,428,634	\$25,179,745	8.9%
Arts, Entertainment, and Recreation	4,259	4,744	-10.2%	\$319	\$17,645,211	\$16,568,172	6.5%
Educational Services	2,270	2,339	-2.9%	\$701	\$20,686,061	\$20,393,265	1.4%
Professional, Scientific, and Technical Serv	1,974	1,424	38.6%	\$1,347	\$36,434,738	\$19,852,575	83.5%
Manufacturing	1,902	1,682	13.1%	\$1,228	\$30,233,077	\$27,034,610	11.8%
Construction	1,716	1,601	7.2%	\$888	\$20,003,695	\$16,366,688	22.2%
Administrative and Support	1,417	1,425	-0.6%	\$647	\$11,495,935	\$9,396,401	22.3%
Public Administration	1,067	1,131	-5.7%	\$969	\$13,535,647	\$12,913,902	4.8%
Management of Companies and Enterprises	1,054	844	24.9%	\$1,352	\$18,251,450	\$18,874,574	-3.3%
Real Estate and Rental and Leasing	938	752	24.7%	\$940	\$11,482,782	\$8,114,704	41.5%
Other Services (except Public Administration)	876	949	-7.7%	\$567	\$6,033,817	\$5,597,440	7.8%
Wholesale Trade	876	845	3.7%	\$795	\$9,145,965	\$8,245,044	10.9%
Finance and Insurance	567	627	-9.6%	\$1,581	\$12,816,820	\$10,173,836	26.0%
Information	201	277	-27.4%	\$697	\$1,821,297	\$3,830,711	-52.5%

ITEM SUMMARY

DATE: 3/16/2018
TO: The Board of Supervisors
FROM: Olwen Herron, Superintendent, W-JCC Schools
SUBJECT: School Board Update on FY2019 Operating Budget and 2019 Capital Improvement Plan

Fiscal Year 2019 Superintendent's Proposed Budget may be accessed online at the following link:

<https://wjccschools.org/wp-content/uploads/2014/02/FY19-Superintendents-Proposed-Budget.pdf>

REVIEWERS:

Department	Reviewer	Action	Date
Board Secretary	Fellows, Teresa	Approved	3/8/2018 - 3:18 PM

Superintendent's Proposed FY2019 Budget

March 16, 2018

INDIVIDUALISM | INTEGRITY | INNOVATION | ACCOUNTABILITY | COLLABORATION



State Code Requirements

§ 22.1-92. Estimate of moneys needed for public schools

It shall be the duty of each division superintendent to prepare, with the approval of the school board, the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public schools of the school division. The estimate shall set up the amount of money deemed to be needed for each major classification prescribed by the Board of Education and such other headings or items as may be necessary.

Major Budgetary Factors

- **Compensation Study**
- **Teacher Recruitment & Retention**
- **Special Education Needs**
- **English Language Learner Population Needs**
- **Instructional Needs**
- **Historical State Funding**
- **Governor McAuliffe's Introduced Budget**

Previous Teacher Salary Scale Initiatives

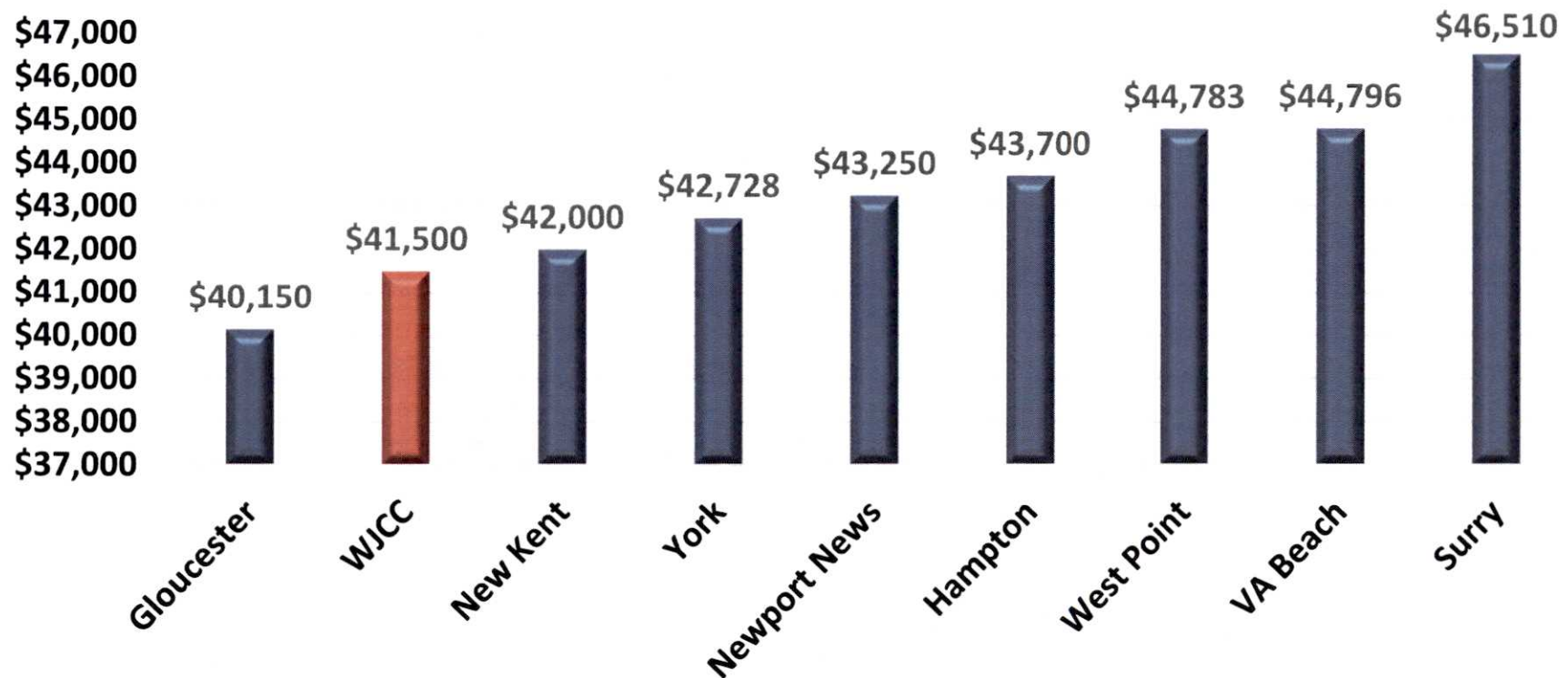
2016-2017:

- Aligned steps with years of service**
- Eliminated the “+15” columns**
- Moved toward an average 1.5% increase between steps**
- Increased entry-level salary \$1,200**

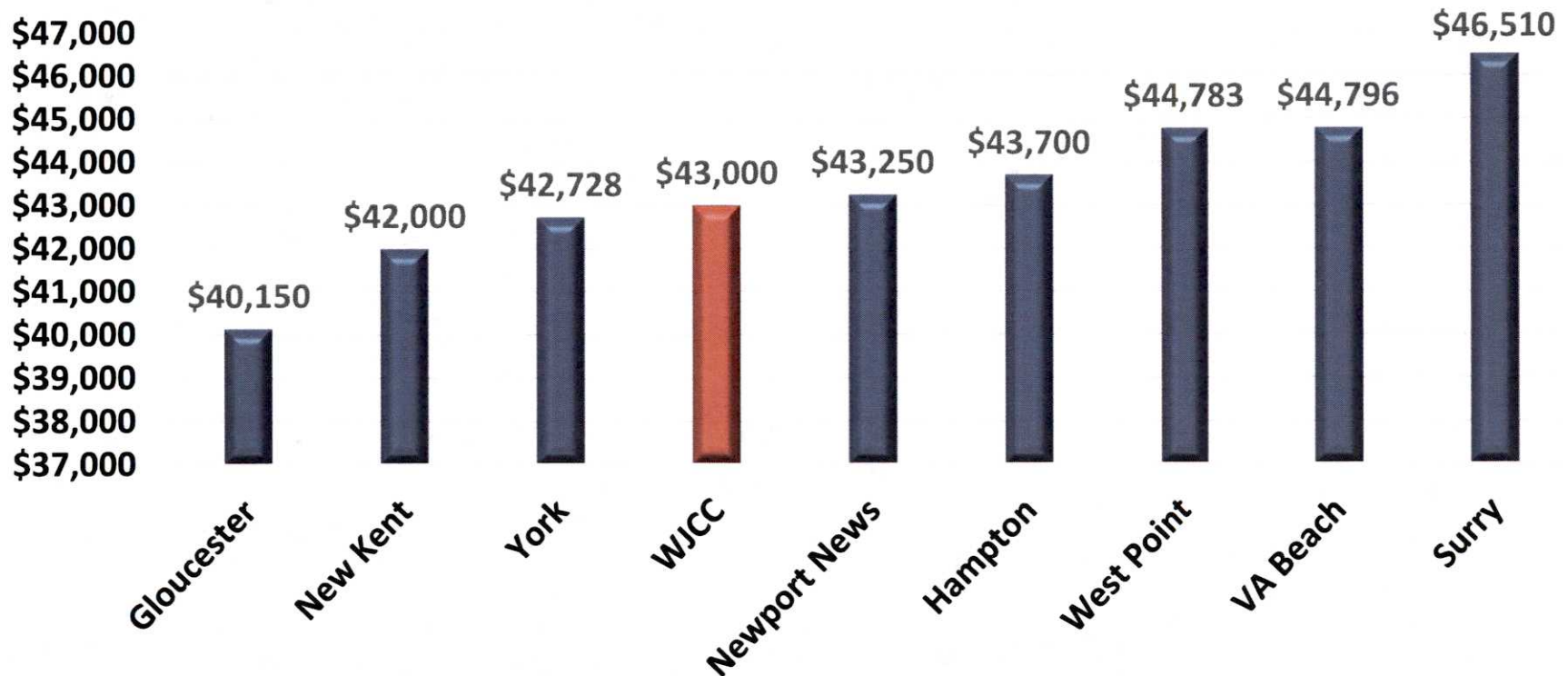
2017-2018:

- Step increase averaging 1.5%**
- No increase in entry-level salary**

Entry Level Teacher Salaries 2017-18



Entry Level Teacher Salaries*



*Proposed FY19 for WJCC, Current FY18 for all others

Classification & Compensation Study

- **Conducted by Evergreen**
 - **Analysis of Current Condition**
 - **Market Salary Survey**
 - **Recommendations**

Market Peers

- **WJCC Schools**
- **Charles City Public Schools**
- **Chesapeake City Public Schools**
- **City of Williamsburg**
- **Colonial Williamsburg**
- **Gloucester County Public Schools**
- **Hampton City Public Schools**
- **Isle of Wight County Public Schools**
- **James City County Government**
- **New Kent County Public Schools**
- **Newport News City Public Schools**
- **Norfolk City Public Schools**
- **Poquoson City Public Schools**
- **Portsmouth City Public Schools**
- **Prince George County Public Schools**
- **Suffolk City Public Schools**
- **Surry County Public Schools**
- **Sussex County Public Schools**
- **Virginia Beach City Public Schools**
- **West Point Public Schools**
- **York County Government**
- **York County Public Schools**

Market Survey

- 65 Benchmark Classifications
- 21 Market Peers
- Evergreen found that overall Division administrative and support salary ranges are:
 - 2.4% below the market average minimum across all surveyed job titles;
 - 3.6% below the market midpoint average; and
 - 4.3% below market average at maximum of the range.

FY19 Proposed Compensation

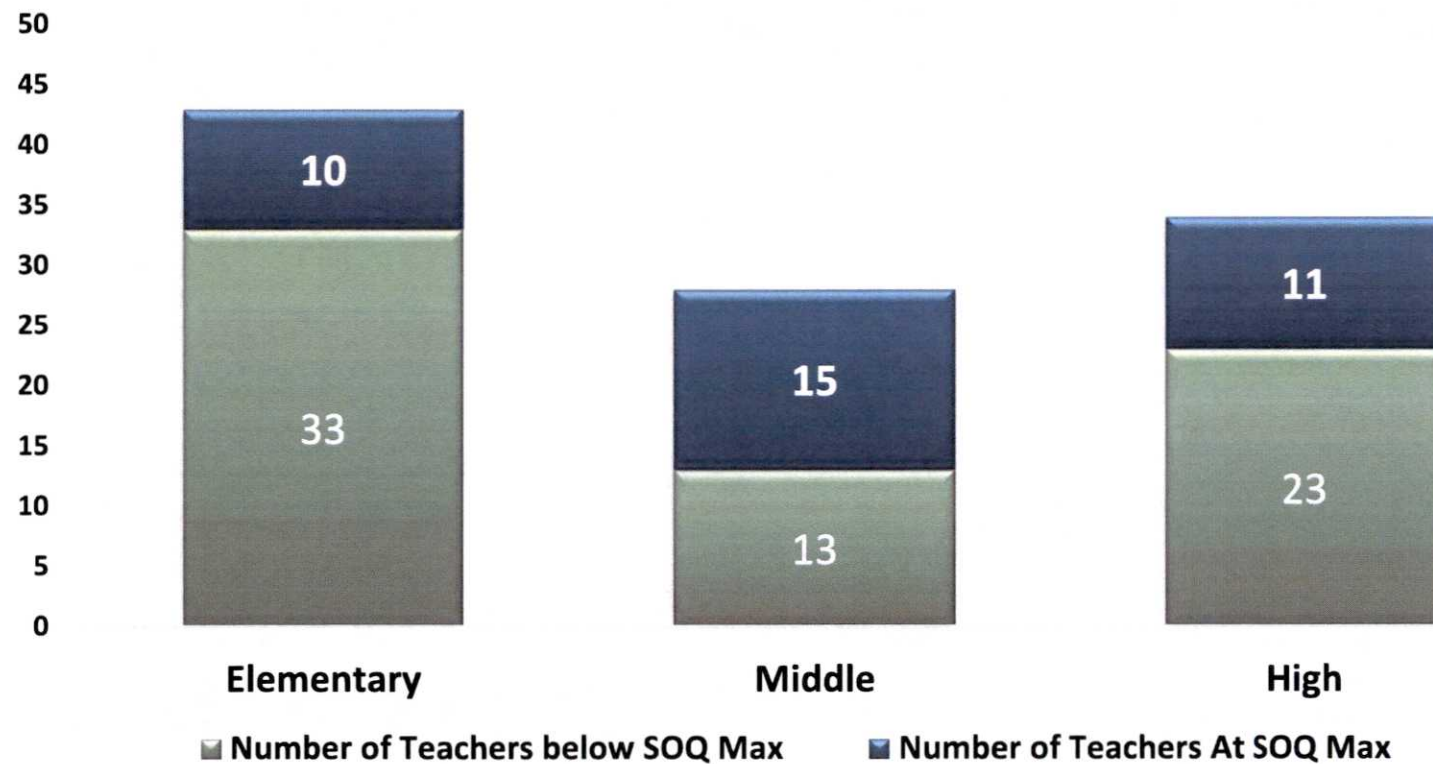
Description	Estimated Cost
<ul style="list-style-type: none">• Teachers: Entry-level adjustment plus step & salary increase = Avg. 3%• Avg. 3% increase for all other staff• Plus regrade of certain positions	\$2,976,484*

***Includes FICA & VRS – Total Operating Fund Costs**

Special Education Student Population

School Year (Dec. 1)	Number of Students	Annual Growth
2009-10	1,551	(2)
2010-11	1,549	(1)
2011-12	1,548	(10)
2012-13	1,538	44
2013-14	1,582	(10)
2014-15	1,572	58
2015-16	1,630	85
2016-17	1,715	49
2017-18	1,764	
Total Change in Special Education Enrollment from 2010-18		213

Special Education Caseload Capacity



Special Education Staffing

School Year (Dec. 1)	Number of Students	Change in Student Count from Prior Year	Teacher Count	Change in Teacher Count	Special Education TA Count	Change in Special Education TA Count
2013-14	1,582	44	96	(7)		
2014-15	1,572	(10)	96	0	105	2
2015-16	1,630	58	100	4	108	3
2016-17	1,715	85	106	6	109	1
2017-18	1,764	49	109.5	3.5	111	0

4 Additional Special Education Teachers - \$300,000

Special Education FTE Comparison*

Division	Number of SWD	Number of SPED Teachers	Average Number of Students per Teacher
WJCC	1764	109.5	1:16.11
Hampton	2709	204.5	1:13.25
Gloucester	726	56	1:12.96
Rockingham	1215	94.5	1:12.86
York	1456	117	1:12.44

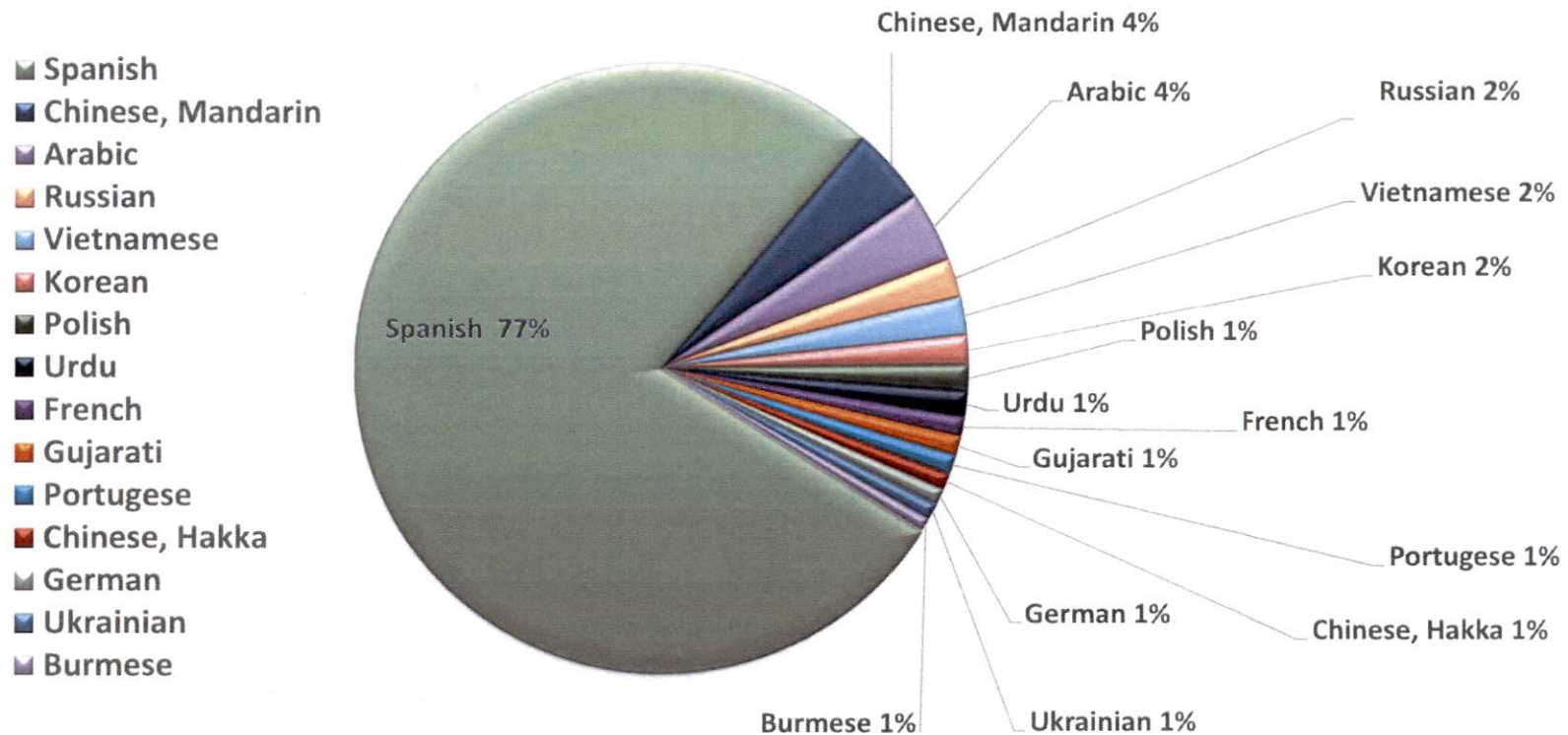
For comparison purposes, the average assumes each student counts as one point

*Data provided by school divisions represented

English Language Learner (ELL) Population

School Year	Total ELLs	Annual Growth
2009-10	199	51
2010-11	250	81
2011-12	331	61
2012-13	392	93
2013-14	485	25
2014-15	510	31
2015-16	541	87
2016-17	628	83
2017-18	711	
Total Change in ELL Enrollment from 2010-18		512

Enrollment by Language



SOQ vs. Level of Need

- **SOQs do not take into account the language level of students**
- **Language level drives the services each student needs**
- **Current WJCC EL enrollment: 711**
 - **1:59, 12 Teachers**
- **Enrollment weighted by level of need: 1,014**
 - **Requires 17 Teachers**
 - 3 Additional ESL Teachers = \$225,000**

ESL Support Comparative Data

Division	# of ELs	# of ESL Teachers	FTE Allocation Ratio
York	500	8*	1:62
WJCC	711	12	1:59
Hampton	374	8*	1:47
Rockingham	780	23*	1:35
Newport News	1,200	39*	1:30
Fauquier	620	20*	1:31
Augusta	200	9	1:22

* Division has additional ESL support staff – paraprofessionals/teacher assistants

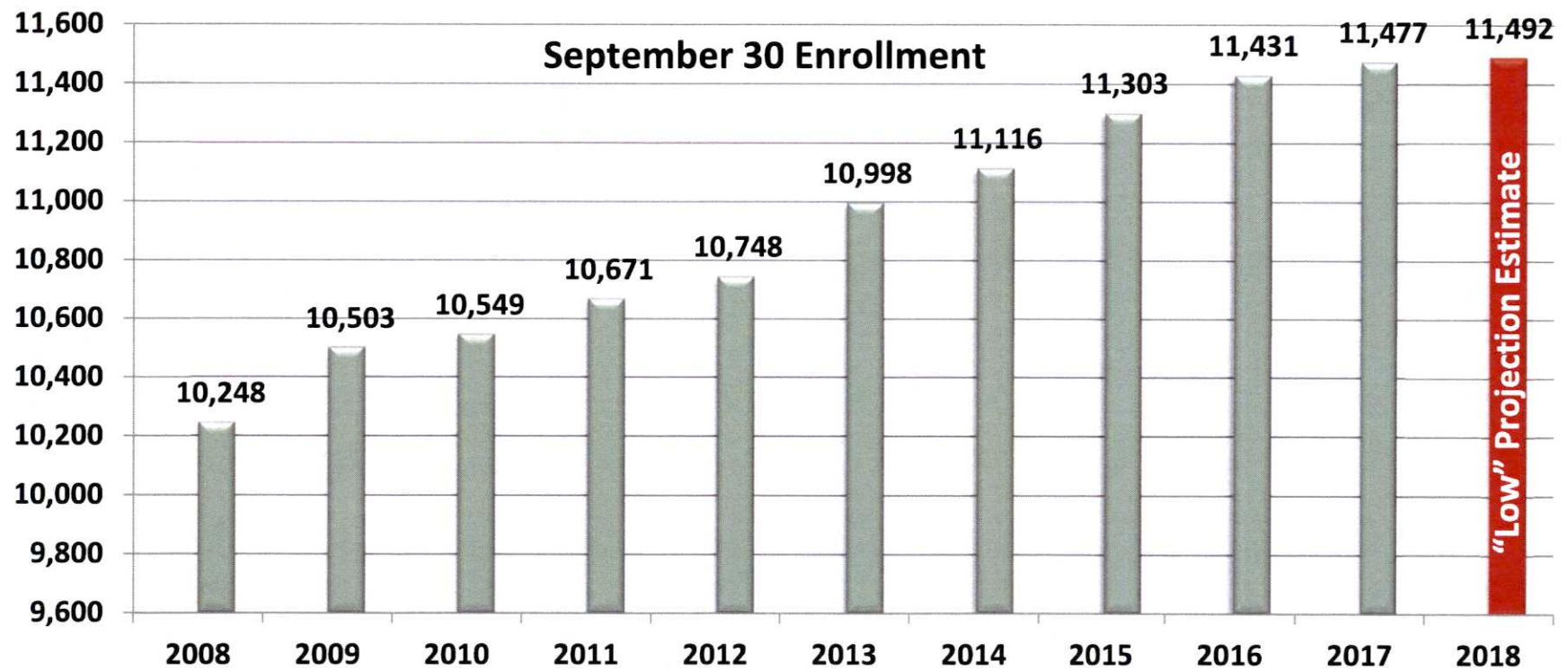
Additional Needs - Buses

		<u>Age Based</u>			<u>Mileage Based</u>		
Fiscal Year	Estimated Bus Cost \$ (3% Infl.)	Original Plan Age > 15 Years	Actual number of buses	Estimated Future Cost	Mileage > 150k	Mileage > 200k	Mileage > 250k
FY2014	110,000	8	9				
FY2015	113,300	1	9				
FY2016	109,000	15	10				
FY2017	109,000	10	10				
FY2018	112,270	0	8*		29	29	26
FY2019	115,638	12	2	1,387,656			
FY2020	119,107	5		595,535			
FY2021	122,680	12		1,472,160			
FY2022	126,361	8		1,010,888			
FY2023	130,151	6		780,906			
FY2024	134,056	15		2,010,840			
FY2025	138,078	-		-			
FY2026	142,220	24		3,413,280			
FY2027	146,487	12		1,757,844			
FY2028	150,881	13		1,961,453			
FY2029	155,408	10		1,554,080			
FY2030	160,070	9		1,440,630			
FY2031	164,872	9		1,483,848			
FY2032	169,818	10		1,698,180			
FY2033	174,913	10		1,749,130			
Total		155	38	\$ 22,316,430	29	29	26

Overview of Proposed Requests

Description	Estimated Cost
New Horizons Regional Education Center	\$90,703
James Blair Middle School – Insurance & Ops	\$200,000
James Blair Middle School – Salaries	\$2,106,624
Transportation	\$285,960
Additional Teachers – Special Ed, ESL & Enrollment	\$825,000
Special Education Requirements	\$131,000
Athletic Safety – Concussion Protocol & Metal Detectors	\$29,700
Instruction – Behavior Specialist, Career Counselor, Early College, Virtual Learning, High School Courses	\$485,708
TOTAL	\$4,154,695

Enrollment History K-12



FY19 Budget – Historical State Funding

Fiscal Year (FY)	State Budget	Enrollment 9/30	Avg. Per Pupil
2009	\$32,785,545	10,248	\$3,199
2010	29,486,608	10,503	2,807
2011	28,154,118	10,549	2,669
2012	26,597,814	10,671	2,493
2013	27,371,795	10,748	2,547
2014	27,461,499	10,998	2,497
2015	31,249,910	11,116	2,811
2016	31,834,391	11,303	2,816
2017	31,692,035	11,431	2,772
2018	33,106,263	11,477	2,885
Total Change from FY09 to FY18	\$320,718	1,229	(\$314)

Governor's Introduced FY2019 Budget

	FY 2018 Budget	FY 2019 Estimated	Change (\$)	Change (%)
Revenues				
State Sales Tax - Local	12,875,248	13,088,031	212,783	1.7%
State Revenue				
Standards of Quality (SOQ)	30,181,521	31,078,827	897,306	3.0%
Categorical/Incentive	2,924,742	2,880,501	-44,241	-1.5%
Total State Revenue	33,106,263	33,959,328	853,065	2.6%
Grand Total (State + Sales Tax)	45,981,511	47,047,359	1,065,848	2.3%

Summary – Balanced Budget

Description	Governor's Budget
Revenue – Net Increase (Projected based on Governor's Budget & Localities' Projected Budgets)	\$6,516,551
Expenditure – Additions:	
Budget Requests	\$4,154,695
Salaries & Benefits (3% Raise & Regrade; Employer 7%; VRS Rate Change)	\$3,175,690
Expenditure Subtotal	\$7,330,385
Expenditure – Reductions Budget line review = reductions, efficiencies & attrition	-\$813,834
Expenditure – Net Increase	\$6,516,551

Superintendent's Proposed FY2019 Budget

March 16, 2018

INDIVIDUALISM | INTEGRITY | INNOVATION | ACCOUNTABILITY | COLLABORATION

