

AT A JOINT MEETING OF THE MIDDLESEX COUNTY BOARD OF SUPERVISORS AND
THE SCHOOL BOARD HELD ON TUESDAY, FEBRUARY 15, 2022, IN THE BOARD ROOM
OF THE HISTORIC COURTHOUSE, SALUDA, VIRGINIA:

Present: Wayne H. Jessie, Sr., Jamaica District
Don R. Harris, Saluda District
John B. Koontz, Jr., Hartfield District
Reginald A. Williams, Sr., Harmony Village District
Lud H. Kimbrough, III, Pinetop District

Matthew L. Walker, County Administrator
Heather W. Lewis, County Attorney
Betty S. Muncy, Assistant County Administrator
Ann Marie Ricardi, Assistant County Administrator

CALL TO ORDER

Vice-Chairman Koontz called the meeting to order at 4:00 p.m. for the purpose of receiving the School Board's proposed budget requests for FY23.

ROLL CALL

Attendance was taken by Vice-Chairman Koontz with the following roll call: Supervisor Jessie – Present; Supervisor Harris – Present; Supervisor Williams – Present; Supervisor Koontz – Present; and Chairman Kimbrough – Absent. Four Board members were present; there was a quorum. Members of the School Board that were present were Dr. Burnette, Garland Harrow, Claudia Soucek, and Dr. Tracy Seitz, Superintendent. A quorum was present for the School Board.

SCHOOL BOARD BUDGET REQUEST PRESENTATION

Dr. Seitz presented the draft budget to the Board, stating that everything in the budget is related to the core values within the school system. Dr. Seitz stated that in December, priorities were established to be addressed during the budget season. The first priority is investing in personnel, recruiting and retaining staff, and offering rewarding work conditions for the staff, which includes health insurance and a competitive salary structure. The second priority lends itself to equitable programming to make sure that all students have access to quality programs and career training programs that will help further students' interests and passions and connect them to what they would like to do beyond high school. She reviewed some of the programs that are available to students, including supports for students with disabilities and dual enrollment opportunities. The third priority includes ways to realize efficiencies in operations, facilities, safety in all departments and schools, and the fidelity of the capital improvement program. She said that the current budget is based on an average daily membership (ADM) of 1,080 students. The proposed FY23 budget is based on an ADM of 1,100 students, and that number is used to determine the revenue received from the state. She said that funding is not received for preschool students or alternative day placement

students, which equals approximately 100 more students. She said she is expecting insurance premiums to rise by 10%. If possible, she does not want to pass that increase on to the employees. Dr. Seitz said that the Composite Index, the local ability to pay, has gone from .6008 to .6324, which is what the basic aid is based on. The basic aid received is based on the ADM and the Composite Index, so even though the ADM has increased, with the Composite Index factored in, it will result in less funding next year. However, the re-benchmarking hold harmless incentive, which is an additional state payment to offset the re-benchmarking process and support school divisions, is an additional state payment that will result in an increase to Middlesex schools. She said that the Governor is planning to eliminate the grocery tax from the proposed budget and a portion of the grocery tax goes directly to schools. The Governor realized that would impact schools and a grocery tax incentive has been included to raise that revenue back up to what it would have been with the grocery tax. She said there is also an at-risk add on, which is lottery funded, and it is a state payment that is added to the basic aid which will result in an additional increase. Dr. Seitz said that her projections are based on the former Governor's budget with the current Governor's amendments. Of course, the final state budget has not been received yet.

She reviewed the expenditures and highlighted some of the ones that were larger than last year. In Administration, health insurance, an additional position, and a new hire that came in at a higher salary scale, will impact the increase. The Operations and Maintenance increase includes a new position for next year and a new custodial contract. Debt service is down a little bit due to refinancing. The majority of expenses go to salaries and benefits. The bulk of the salary expenditures are for instruction. She said that funding includes K-12, but the expenditures include Pre-K-12, and it is anticipated that the student numbers for that will be up by about 20 students this coming year. She said that there will be another minimum wage adjustment going into FY2023, in January 2023, which will affect salaries. The part-time athletic trainer will be moving to full-time.

Chairman Kimbrough arrived at the meeting at 4:14 p.m.

Dr. Seitz said that the Governor's budget has a 10% salary increase over the biennium. Their proposed budget had a salary increase overall of 7%, which would be a 5.7% raise and 1.3% for an additional step increase.

Dr. Seitz reviewed the Capital Improvement Plan (CIP), saying that two electric school buses had been added, making the amount look quite large at \$704,000, but a DEQ grant of \$530,000 will be coming to offset that, leaving an actual cost of \$174,280, which is just over \$87,000 per bus, which is less than the cost of a diesel bus. She said the LED lighting upgrade is actually a two-year project at the elementary school and the middle school. It is also needed at the high school, but she is hoping that the high school renovation will take care of that. Dr. Seitz said that two more items on the list were paving, sealing, and painting of the parking lots at all the schools and creating an overflow parking lot at the elementary school. She is hoping to get ESSER III grant funds to pay for the overflow parking lot. If they get the grant, they will pull that project out of the CIP and reduce the CIP by \$565,000. The high school renovation is on the CIP, but the cost for that is still undetermined at this point. She is hoping to have estimates by June 2022 or so. She said grants were received for

replacement of the chiller at the middle school, removing that project from the CIP. Dr. Seitz said for the large project of the HVAC replacement at the elementary school, she was able to take advantage of a grant opportunity for air quality improvement with the HVAC replacement project, saving money on that project, so the School Board would be cutting a check back to the County for \$216,000. She said the total local funds shows an increase right now of \$784,615, which is a 6.8% increase.

Chairman Kimbrough said there were a number of challenges to face, including a 7.5% inflation rate, while trying to keep taxes low for the citizens. He suggested that the School Board also reach out to the citizens to help communicate these challenges and complexities that continue to drive numbers upward while there is a pretty constant ADM.

Ms. Soucek stated that there is a strong competition these days to hire good teachers when the teacher pool continues to drop off. It is hard to encourage young people to come to a rural county. Hiring also becomes much more difficult when applicants see the high cost of health insurance. Dr. Seitz added that it was difficult to get anyone to interview because of the competitiveness.

Mr. Walker asked Dr. Seitz to prepare a comparison table on insurance costs with several other, similar-sized, counties to see where Middlesex falls.

Ms. Soucek reviewed lump-sum funding as opposed to categorical funding. She said that categorical funding requires Ms. Murray to go through a significant amount of paperwork, to transfer funds from one line item to another, which must then come before the Board for approval. She does not think the Board has ever turned a request down, so she feels like it is an unnecessary burden on Ms. Murray to have to go through making those requests. In talking with other school divisions, she has found that they get lump-sum funding, which gives way to less School Board staff work as well as Board of Supervisors work. She asked that they consider lump-sum funding this year when designing the budget. She said that School Board spending goes through a rigorous overview, sometimes going through as many as five or six people. The School Board receives a monthly report showing all spending, and that report could easily be given to the Board of Supervisors monthly. It would cut down on red tape for both sides and increase efficiency.

ADJOURN

The Board of Supervisors agreed, by consensus, to adjourn until the budget work session scheduled for Tuesday, March 1, 2022 at 9:30 a.m.

Lud H. Kimbrough, III, Chairman
Board of Supervisors