Note: A full recording of the meeting is on file in the Clerk's Office and on the School Division website.

A Regular Board Meeting of the Albemarle County School Board was held on October 23, 2008 at 6:00 p.m., Room 241, County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

PRESENT: Mr. Stephen Koleszar (arrived at 6:04 p.m.); Mrs. Pamela Moynihan (arrived at 5:25 p.m.); Mrs. Diantha McKeel; Mr. Brian Wheeler; Mr. Jon Stokes: Mr. Ronnie Price (arrived at 6:12 p.m.); and Mrs. Barbara Massie Mouly.

ABSENT: None.

STAFF PRESENT: Dr. Pam Moran, Superintendent**;** Dr. Bruce Benson, Assistant Superintendent for Student Learning; Ms. Lorna Gerome, Assistant Director of Human Resources; Mr. Jackson Zimmermann, Executive Director of Fiscal Services; Ms. Kimberly Suyes, Director of Human Resources; Ms. Annie Kim, Senior Assistant County Attorney; and Mrs. Pauline Meehan, Deputy Clerk.

Call to Order.

At 5:18 p.m., Mr. Wheeler called the meeting to order.

Closed Meeting.

At 5:18 p.m., Mrs. McKeel offered a **motion** that the School Board go into Closed Meeting as authorized by the Virginia Freedom of Information Act, section 2.2-3711(A) of the Code of Virginia, under subsection 7 to consult with legal counsel and staff regarding actual litigation concerning employee discipline. Mr. Stokes **seconded** the motion, **and the motion passed with Mr. Koleszar, Mrs. Moynihan, and Mr. Price absent.**

Agenda Item No. 1. Call Back to Order.

At 6:03 p.m., Mr. Wheeler called the meeting back to order.

Certify Closed Meeting.

Mrs. McKeel offered a **motion** that the Board certify by recorded vote that to the best of each Board member's knowledge, only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the motion authorizing the Closed Meeting were heard, discussed, or considered in the Closed Meeting. Mrs. Moynihan **seconded** the motion. **Roll was called, and the motion passed by the following recorded votes:**

AYES: Mr. Wheeler; Mrs. Moynihan; Mrs. McKeel; Mr. Stokes; and Mrs. Mouly
NAYS: None.
ABSENT: Mr. Price and Mr. Koleszar.

Motion carried by a 5:0:2 vote.

Agenda Item No. 2. Pledge of Allegiance.
Agenda Item No. 3. Moment of Silence.

Agenda Item No. 4. Agenda.

Mrs. McKeel offered a **motion** to approve the agenda. Mrs. Moynihan **seconded** the motion, **and the motion passed with Mr. Price absent.**

Agenda Item No. 5. Consent Agenda.

5A. Donation to Broadus Wood Elementary School
5B. Donation to Albemarle High School
5C. Donation to Western Albemarle High School
5D. Donation to Baker-Butler Elementary School
5E. Donation to Murray Elementary School
5F. Teachers for a New Era Grant
5G. Dominion Resources Services Grant
5H. Target Grant – Reading Festivals and Lyrics Alive
5I. Learning Resources Selection and Adoption
5J. Additional Holiday Leave for 12-month Employees
5K. Exemption from Compulsory Attendance
5L. Personnel Action
5M. Donation to Western Albemarle High School
5N. Personnel Action

Mrs. McKeel offered a **motion** to approve the consent agenda. Mr. Koleszar **seconded** the motion, **and the motion passed with Mr. Price absent.**

Agenda Item No. 6. Announcements.

VPSA Funding: Dr. Moran announced that she received an email from Mr. Tucker stating because of rising interest rates there will be a delay of funding from the Virginia Public School Authority (VPSA). Mr. Koleszar asked if there are current projects being held up because of this. Dr. Moran stated that not at this point but it will be monitored with Mr. Tucker.

NCLB Blue Ribbon Award: Dr. Moran announced that Murray Elementary received the No Child Left Behind (NCLB) Blue Ribbon Award from Kerri Briggs, U.S. Assistant Secretary of Education at a ceremony in Washington, DC. Dr. Andy Grider and Teacher Christa Livermon were in attendance to receive the award. Murray Elementary is one of only seven public schools in Virginia and 342 in the nation to be named a Blue Ribbon School as one of the nation's highest performing schools.

Woodbrook Elementary School Assembly: Dr. Moran announced that Patricia Wright, State Superintendent, will be attending an assembly on October 30th at Woodbrook Elementary School to celebrate the school's success as a distinguished Title I and a Board of Education VIP school. Mr. Wheeler asked the Board to respond to the School Board Office if they will be attending.

September 30th Enrollment: Dr. Benson provided the Board with the September 30th enrollment and said that the division is at 12,531 students; approximately 40 students above last year's enrollment and 10 students under projection for this year.

Calendar Items: Mr. Wheeler shared the following calendar items with the Board:

October 30th – Dr. Hastings and staff are facilitating a planning information session at Monticello High School.

October 31st – The Public Education Fund is hosting a breakfast.

November 7th – Joint meeting with the Board of Supervisors.

November 12th - Tele-Town Hall meeting. Mr. Wheeler noted that it will not be advertised as a School Board Meeting.

ElectronicSchoolBoard: Mr. Wheeler informed the Board that he and Mrs. Johnston have drafted the project charter for ElectronicSchoolBoard to be presented to the Project Management Oversight Committee (PMOC) on November 6th.

Agenda Item No. 7. School Board and Superintendent Business. None.

Agenda Item No. 8. Work Session on FY 09/10 Compensation Options.

Dr. Moran and Dr. Benson summarized the staff report, which is on file in the School Board Office. The following are two questions that staff would like the Board to answer:

1. What is the Board's consensus regarding a starting point for compensation benefits?
2. What assumptions should staff members consider as they plan the 2009-10 budget?

The following are highlights of the Board discussion:

Priorities

- Highest Priority of the division has to be the work that supports the Division's Vision, Mission and Goals
- The division's core mission work occurs in the classrooms; therefore teaching and learning must be central to budget decisions
- Support services for student learning should be preserved to the greatest degree possible
- Non-instructional support services should be critically considered due to long-term costs associated with reducing these types of services
- People do the core and support work essential to accomplishing the Division's goals

Budget Profile

- Expenditures outweigh revenues
- 82.8% of the budget is in personnel
- 13.6% is in operational budget/$20.6 million
- Operational budget includes all the schools' and departments' operational budgets
- Operational budget has been reduced from 1998
- 3.1% in transfers is money used in school programs
- 0.5% of the budget is in capital

Inflation

- Inflation from September, 2007 through September, 2008 is 5.4%
- Division's fuel cost has increased 32.6%
- Division's paper cost has increased by 12.3%
- A dollar today is buying less supplies and resources than a year ago
- It is exceeding the inflation rate that is computed by the Federal government
- Departments have not received an inflation increase in ten years
- Schools have received 1.5% - 3% increases in their budgets

Initiatives and Growth

- Growth occurs with reconstruction to buildings and enrollment increases
- $85,307,343 increase in budget is due to initiatives and growth
- Key to the increase is in the cornerstone of every budget cycle for the past five years for compensation and benefits
- Instruction is 26.4% of the budget
- Administration, attendance and health is 1.3%
- 4% of initiatives occur in building services
- Transportation is 2.6% of the budget
- Teacher applications are competitive

- Significant number of students are taking AP and college level courses
- Significant growth with student achievement in math
- Professional development has increased
- Improvement in infrastructure in technology
- There are negative numbers in revenue, expenditures, and balance
- Costs today show the inflationary factor to a great extent

Options to Overcome the $6 Million Shortfall

- Pick up the increase in healthcare costs
- Healthcare and scale adjustment
- Maintain healthcare and current market strategy

Mrs. McKeel asked if the compensation included teachers and classified employees. Dr. Benson said the first option is looking at just picking up the increase of healthcare costs which includes medical and dental, the second option is a scale adjustment, and the third option is implementing the competitive strategy for the market with a cost of $5.4 million on top of the $6 million deficit.

Dr. Moran stated that revenue is less today than it was one year ago which results in a large increase in reducing expenditures. Mr. Stokes asked if that represents the current revenues. Dr. Benson said that it represents the $151 million current school division budget.

Dr. Moran reminded the Board that the teacher scale between the T15 and T20 range are the more unbalanced. The minimum of the scale is in to the competitive market band and the top of the scale are much less in that band. She said that the fund balance could be used to help the division with the deficit, after $2.1 million dollars is used to pay local government owed to them by the school division.

Business Practices Options to Generate Money

- Bringing all grades of students to school on the same bus
- Reducing building usage by shortening the number of days students attend school
- Privatizing some services that the division provides
- A one year early retirement incentive
- Reduce non-instructional services
- Reduce the replacement cycle for textbooks, computers, and buses
- Increase class size

Core to the Business of Albemarle County Public Schools

- Protect what is going on in the classrooms
- Keep teaching and learning in classrooms far from the reduction of expenditures
- Reductions other than the classrooms could still impact the classroom

Dr. Moran asked the Board's consensus on the options and information that had been communicated by staff.

Mrs. McKeel asked if 2.6% of the budget is spent on transportation. Dr. Moran said that it is 2.6% of the initiatives that have been put in place.

Mr. Stokes asked for clarification on compensation and benefits versus instruction. Mr. Zimmermann stated that a compensation and benefits increase in all aspects affects all employees employed as baseline for the succeeding fiscal year. He said it is an actual increase in the salary associated with the staff the division has employed. Mr. Stokes said that it is misleading to say that 26.4% of the reoccurring initiatives have gone to instruction because a vast majority of the $85 million has gone to instructional personnel. Mr. Zimmermann said the division could choose to split the instructional compensation versus non-instructional compensation but presently it is categorized in the division's budget as an initiative in and of themselves and has been for the past fifteen years. He said the new hires are classified as instructional. Mr. Stokes asked if the compensation for new hires goes into instructional and increase compensation for existing hires goes into compensation. Mr. Zimmermann responded yes.

Mrs. Moynihan stated that if there are no new initiatives in next year's budget and only 40 to 50 new students, there should not be much growth to be paid out. Mr. Zimmermann said that growth is historically a small component of the increased cost of the operation of the division. Mrs. Moynihan said the division should not have new recurring initiatives with a bare bones budget. Dr. Moran stated that the division still has to reduce the budget by $6 million next year from where it is right now. Mr. Wheeler said that there are no new initiatives except if the Board chooses to address some of the costs in health care and salaries. Dr. Moran said if that is a consideration it is going to have to be taken from somewhere else in the budget. She stated that growth is considered an initiative. She informed the Board that the $6 million, which stays constant, includes the projected $3 million State cut, the $2.1 million reduction for this year and next year, and $780 thousand in additional reduced revenues. If healthcare is added it results in a deficit of $7.3 million in the 2009/10 funding cycle. Mrs. Moynihan asked if all the initiatives in the past ten years are going to have to be reexamined. Dr. Moran said that was correct because getting more revenues, reducing expenditures and using fund balance is the only way to reduce the deficit.

Mrs. McKeel asked if the lock box is being used as an assumption by staff. Dr. Moran said staff is not looking at the lock box at this time. Mr. Wheeler reminded the Board that the lock box was relayed to the current fiscal year. If the Board of Supervisors were to revisit that assumption in their financial plan that would impact the school division by $700 thousand. Mr. Zimmermann stated that the number is presently $855 thousand and may change as assessments change and the funding formula is reexamined. Mr. Wheeler asked if the one penny on the tax rate results in $855 thousand transferred to schools. Mr. Zimmermann responded that amount is approximate.

Mrs. Mouly asked what is available presently and at the end of the fiscal year in fund balance. Mr. Zimmermann said that because of the audit taking place presently the present amount is unavailable, but he thinks it is in the millions range; approximately $2 million for this upcoming fiscal year. He said some fund balance will be used in the current year. Dr. Moran stated that staff is anticipating with the $2.1 million shortfall this current year, some of the fund balance would go towards that shortfall. Mrs. Mouly asked if the amount for the end of the fiscal year is known. Mr. Zimmermann responded that without knowing what the current year revenues are it is difficult to know what fund balance. He said that the 7.5% holdback and a hiring freeze early in the year are expected to increase fund balance. Mrs. Mouly asked if the number that comes out of the audit will be available this year and would it impact the fund balance for next year. Mr. Zimmermann said that it will be available this year and if it is not all expended it would impact next year's fund balance.

Mr. Price made clarification on there being new initiatives as reductions with the business practices options.

The following are the highlights of the Board's reflections of protecting the core relating to instruction and strategies that have been outlined and adding others.

- Compensation decision needed

Mr. Wheeler asked for clarification on the healthcare plus scale adjustment and asked if the scale was for classified employees only. Dr. Moran stated that it would adjust 1.83% on the teacher scale particularly in the T15 to T20 and a 2% classified increase. Mrs. McKeel asked if the 2% classified increase is a merit increase. Dr. Moran said that it would be 2% across the board. Mr. Price referred to the market data on the school division's peer's plan for pay increases. Dr. Moran said that it is lagging data and staff will continue to check on the data. There are some divisions that are going to scale salaries back. Mrs. McKeel noted that the healthcare cost is going to increase by 12% and dental by 5%. The Board continued with discussion on their reflections with compensation.

- Quality of classroom instruction is important

Mr. Koleszar stated that the quality of instruction in the classroom is more important than class size. He suggested leading with the healthcare and market strategy at $11.4 million to concentrate on having the best teachers in the classrooms. Mr. Stokes said that increasing the class size hurts the quality of classroom instruction. Mrs. McKeel asked how increasing class size would help the division's scenario. Dr. Moran said if you increase class size by one student, from grades four through twelve, it would put the division in the area of the $1 million range. Mr. Koleszar said the research shows that student achievement does not vary dramatically in changes in class size it is the change in the quality of the teacher that changes a student's performance. Mr. Price noted that the Baldrige report does agree with what Mr. Koleszar stated but he has concern with if there would be reduction in staff if the division leads with the $11.4 million.

- Job protection versus salary protection

Mr. Stokes asked Mr. Steve Gissendanner to comment on what is more important to the teachers, job protection or salary protection. Mr. Gissendanner stated that there are ways to modify such as having callbacks if there are layoffs. Layoff processes a way to remove teachers through an appropriate use of the teacher evaluation process. He said that there will be more discussion with the Albemarle Education Association (AEA) on this topic.

Mr. Price asked if there is a possibility that the school division could hold the pay increases for six months to see how the market is going to do. Mr. Zimmermann said that is a possibility and that the revenue scenarios from local government show not a significant recovery in the second year which means adding an increase into this upcoming budget cycle would make the second year extremely difficult.

- Class size increase and fewer teachers

Mr. Wheeler asked what the process would be for shrinking the workforce in the increase of class size. Dr. Moran stated that there is a reduction in force policy that would need to be enforced which is last employee in is first one out. Mr. Wheeler noted that the division has invested a lot in recruiting new teachers. Mrs. McKeel asked what staff's recommendation would be if class size was increased enough to realize savings without impacting layoffs. Mr. Stokes said that increasing class size saves money because there is a reduction in teachers which denotes layoffs. Mrs. McKeel asked if the class size could be increased by one student with the anticipation of no layoffs because of attrition and retirements. Dr. Moran stated that because of No Child Left Behind (NCLB), it is more difficult to have the flexibility to move teachers to other teaching positions due to the criteria of the NCLB.

Mr. Price suggested a plan that would offer a one year incentive for retiring teachers which would impact higher salary levels. Dr. Moran stated that there has to be some balance on how that is done because if the young hires are lost the division's future is lost and the loss of the established teacher is a loss of experience. There was continued Board discussion on the retirement incentive.

The following is the Board's views on the two questions asked in the presentation from staff.

- It is better to have across the board sacrifice in salary increases and reduce class size
- Healthcare increases be covered by Board
- Budget to be prepared with the market increase
- Class size increase on a small scale
- Protect the core is protecting teachers
- Keep teachers at market and scale
- Other options deserve Board's consideration

Mr. Wheeler asked if the Board wanted to vote on what had been presented. Mr. Koleszar suggested that when Dr. Moran presents her budget, she can tell the Board what the possible cuts are. Dr. Moran stated that it is important for her to know a starting point as well as the Board being informed walking into the meeting with the Board of Supervisors. She said that it is important that there is commonality with both boards in preparing the budget. Feedback from the community through the Tele-Town Hall and from staff through the K-12 Insight survey will give the staff perspective on what the stakeholders value in the division and what is important to them and help staff make necessary decisions on the budget.

There was Board and staff discussion on business practice options and how they could generate money for the division. Mrs. McKeel asked for data on positions relating to division deficiencies. Dr. Moran said that staff would get that data back to the Board. **There was Board consensus to have staff come back with business practice options to generate money.** (There was a break from 8:18 p.m. until 8:31 p.m.) (Mrs. Mouly left the meeting at 8:18 p.m.)

Agenda Item No. 9. Public Comment.

Mr. Steve Gissendanner commented that Albemarle Education Association (AEA) realizes how bad the state of the economy is and said if the reality is there will not to be any salary in increases, he suggested the Board mention the decrease in the school year or school week before mentioning no salary increase. He added that increasing class sizes would mean more to some schools than others and may result in different outcomes. He stated that dismantling the Virginia Retirement System (VRS) would cause problems in hiring teachers in Virginia.

Agenda Item No. 10. Other Business by Board Members/Superintendent.

Dr. Moran noted there is conversation that there is potential to not have VRS for employees who are currently not vested in the system and go to a defined contribution plan. Another thing on the table for discussion is to passing another 2% contribution to VRS to employees and would be a pass on cost to the division.

Mr. Stokes commended the staff's attendance at the 403B meeting and said that it showed the level of concern that there is on the subject. He suggested the division take that concern seriously and consider what the Board can do to alleviate some of the concern. Dr. Benson said there are other options being considered and there is a program administrator managing the programs and the staff should have direction next week. Mr. Stokes stated that only 27% of staff participates in the VRS. He said the Internal Revenue Service (IRS) is making it the plan sponsor's responsibility to make good decisions for the participants and part of it is getting the employees to participate. Mr. Wheeler asked if there is another meeting scheduled for staff. Dr. Benson responded that another meeting date has not been determined. Mr. Wheeler stated that he is working with staff in response to the AEA letters received.

Mrs. McKeel referred to the email regarding flu shots for employees and their spouses and thanked the staff responsible for this as it is a proactive thing to do to keep the employees healthy.

Mr. Wheeler announced the "Driver Appreciation Breakfast" being held at the Transportation Department at 9:30 a.m. on Friday, October 24^{th}.

Mr. Koleszar said it has been brought to his attention that there are students at Monticello High School having problems affording the fees and text books for Advanced Placement courses. He said that it has been discussed that the division helps out students who are in need and suggested that be stated in Policy JN. Mr. Wheeler suggested that Policy JN be reviewed by the Board. Mr. Koleszar stated his concern with students having to pay for text books in dual enrollment. Dr. Moran said that it could be a communication piece that the teachers are not aware that those students do have access those funds that have been allocated to the schools. Mr. Koleszar suggested that staff look into the communication at Monticello High School. Dr. Moran responded that staff will look into it.

Agenda Items No. 11. Closed Meeting. None.
Agenda Item No. 12. Certify Closed Meeting. None.

Agenda Item No. 15. Adjournment.

At 8:47 p.m., Mrs. McKeel offered a **motion** to adjourn the meeting of the Albemarle County School Board. Mr. Price **seconded** the motion, **and the motion passed with Mrs. Mouly absent.**

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Chairman

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Clerk