A Special Meeting of the Albemarle County School Board was held on October 12, 2011 at 4:00 p.m., Room 241, Albemarle County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

SCHOOL BOARD MEMBERS PRESENT: Mr. Stephen Koleszar, Mr. Harley Miles, Mr. Jason Buyaki, Mrs. Diantha McKeel, and Mrs. Barbara Massie Mouly.

SCHOOL BOARD MEMBER ABSENT: Mrs. Pamela Moynihan and Mr. Eric Strucko.

SCHOOL BOARD STAFF PRESENT: Dr. Pam Moran, Superintendent, Mr. Billy Haun, Assistant Superintendent for Student Learning, Mr. Jackson Zimmerman, Executive Director of Fiscal Services, Mr. Chris Brown, Senior Assistant County Attorney, and Ms. Jennifer Johnston, School Board Clerk.

BOARD OF SUPERVISORS PRESENT: Mr. Ken C. Boyd, Mr. Lindsay G. Dorrier, Jr., Ms. Ann Mallek, Mr. Dennis S. Rooker, Mr. Duane Snow and Mr. Rodney Thomas.

BOARD OF SUPERVISORS ABSENT: None.

OFFICERS PRESENT: County Executive, Mr. Tom Foley; Mr. Bryan Elliott, Assistant County Executive, County Attorney, Mr. Bill Letteri, Assistant County Executive, Mr. Larry W. Davis, Clerk, Ella W. Jordan.

Agenda Item No. 1.1. Call to Order.

At 4:11 p.m., Ms. Mallek called the meeting of the Board of Supervisors to back to order. Mr. Koleszar called the meeting of the Albemarle County School Board to order.

Agenda Item No. 2.1. Total Compensation Report.

Ms. Lorna Gerome, Acting Director of Human Resources, reviewed the staff report on total compensation which included information on compensation strategies, benefits strategies and wellness updates. In addition, the following recommendations were presented to the Boards for consideration: 1) establish a budget target for providing a 1 – 2 % salary increase for classified employees and teachers, 2) Use a portion of the Health Care Reserve Fund to offset any increase in employee premium and to reduce the employer premium costs, 3) Plan for a 7% increase in dental costs, and 4) Continue to pick-up the five percent member contribution for VRS for VRS Plan 2 employees.

Mr. Boyd asked if the demographics of the workforce would have looked different if the data was gathered five years ago. Ms. Gerome feels that it would look similar.

Mr. Boyd asked if Human Resources ever went to broad banding. Ms. Gerome said that they may try to pilot it. They are still looking at it. Mr. Boyd said that they use it at the University successfully to solve the compression problem. Ms. Gerome reiterated that staff is still looking at it.

Mr. Koleszar commented that WorldatWork comes up with their projections in the Spring. Ms. Gerome said that is correct. Mr. Koleszar said that if he were projecting salary increases for 2012-13 when the economy seemed to be going a little stronger before it stalled that might lead to an over-prediction. We have seen WorldatWork fall short when something changes between the time they gather the data and the time we talk about it.

Mr. Thomas asked about losing teachers to union states. Do we have any data? Ms. Gerome said that she does not have data showing we are losing teachers to union states. However, there are many union states in our region which could be driving up the number for proposed salary increases.

Ms. Mallek said that one disadvantage of doing away with the zero on the deductible is that you discourage people from going early and be seen to and then they wait and when they go it costs a lot more. And since we are self-insured we are biting off our nose despite our face. Ms. Gerome said that we would have to look at that because they do not want that to happen.

Mr. Thomas said that the thought the new employees had to pay the five percent to VRS. Ms. Mallek said that was changed last year. Mr. Buyaki asked about the impact of the five percent was on new hires. Ms. Gerome said that they felt like they did lose some employees and were not as attractive of an employer particularly on the School Division side because we were one of the few passing the cost on to employees. It creates two different salary levels within our own employee group. Mr. Boyd asked if that is still the case. Ms. Gerome said it is the case with our adopted market.

Mr. Koleszar said that he is confused. How can we say that we are five percent above market when we are paying less for employee medical care than our market? Ms. Gerome said that the scoring matrix looked at not just costs but it looked at plan design elements such as deductibles, co-pays, prescription co-pays, emergency room co-pays, so when they looked at all of that in total we came out higher. We tried to develop this so we could look at it in a comprehensive way. Mr. Koleszar asked if that meant that Albemarle County employees are healthier and therefore do not consume as much health care. Ms. Gerome said that we have had several good years of claims. Mr. Rooker said that he does not think that you can draw that conclusion because we are a self-funded plan and if we are offering richer benefits yet the cost is still not higher then you can assume that you are consuming less care than others then it is comparable. Ms. Mallek said that the wellness programs are well done.

Mr. Rooker said that there is a recommendation that the reserve fund be used to cover some of the increased costs on the medical side. What is the size of the reserve and the percent of our reserve in terms of total claims? Ms. Gerome said that we do target to have 25 percent of our reserve. Right now there is about $4 million above that target. Mr. Rooker said that we are way over the target percentage for reserve. Mr. Foley said that the recommendation would put the reserve back down to about the target percentage.

Mr. Boyd asked how does the proposal for the salary increases fit into our five year projection. We announced last week that it was going to be a million dollar shortfall. Is this going to increase this shortfall? Mr. Foley said that one of the keys is that it is dependent on revenues. There is still some uncertainty about that; we are finishing our projections now. The thing that he just mentioned is one of the keys to us being able to go as high as a two percent. Both the revenue picture and the reallocation of this very healthy reserve and healthcare is the thing that gives us the ability to look at one and two percent and see if we cannot afford to do that. A proposal would be put together and presented to the Board. Mr. Foley said that staff would like the flexibility of one and two percent, which was in the recommendation.

Ms. Mallek said that the recommendation is for building a budget. Mr. Foley said yes.

Mr. Dorrier asked if the reserve would be impacted by the federal changes to healthcare. Mr. Foley said that at this point we are not seeing any effect. The real changes are not until 2014 and our consultant is assisting us in making sure we make appropriate adjustments.

Mr. Rooker said that it would helpful to have the budget impact per one percent increase in salary. Mr. Foley said that one percent for local government employees is just under $400,000.

Mr. Rooker spoke about the purpose of reserves. Mr. Foley said that we also have stop loss insurance. Mr. Rooker asked if we have aggregate stop loss insurance or what type. Ms. Gerome said that we have individual. Mr. Rooker suggested that staff look at both individual and aggregate stop loss insurance because the prices do change every year. Ms. Gerome said that staff will take a look at it.

Mr. Boyd said that he would like to receive a report on the pros and cons of broad banding. Ms. Mallek asked about a timeframe for receiving such a report. Ms. Gerome said that HR developed a pilot so using that information it will not take more than a month.

Mrs. McKeel asked Ms. Gerome if she still felt comfortable using WorldatWork. Ms. Gerome said that at this point she feels that it is the best source for aggregate projection data that we can get. We use the education and public administration sector. She feels that it is good data. Mr. Rooker asked about the cost of WorldatWork. Ms. Gerome said that it is around $100 but we also get a lot of information professionally – it is a professional organization and we get the survey information because we participate. Ms. Mallek asked if VaCo provided a similar service. Ms. Gerome said that they do surveys but they are periodic and not completed at the same time each year. WorldatWork comes out in September which works with our budget timelines. Mr. Koleszar said that WorldatWork is good to use but not be locked into always using their numbers. Ms. Mouly asked who WorldatWork uses to do their compilation analysis. Ms. Gerome said that they have hired staff to do that work.

Mr. Buyaki asked Mr. Zimmermann what the impact of a one percent increase in salary for classified and teaching staff. Mr. Zimmermann said that for teachers it is more difficult to provide an exact number and he would have to do further work, however, for classified staff is about $320,000. Mr. Koleszar asked if we were looking at a range of $600,000 - $800,000 for teachers. Ms. Mallek said it would total around $1.2M.

Mr. Foley clarified that the recommendation for salary was 1 – 2 percent. We really want to get to 2 percent because we want to move the scale and we do not know where the revenues are right now. The range will allow him and Dr. Moran to work together on a recommendation.

Mr. Rooker offered a **motion** to approve staff's recommendation as articulated by Mr. Foley which gives reasonable room to work. It is also a starting point for the budget; it is not a final resting place. Mr. Thomas said that it gives them some room to work. Mr. Snow **seconded** the motion. **Roll was called, and the motion passed by the following recorded votes:**

AYES: Mr. Rooker, Mr. Thomas, Mr. Snow, Mr. Boyd, Ms. Mallek.
NAYS: None.
ABSENT: Mr. Dorrier (Mr. Dorrier has left the meeting room when the vote was taken.)

Motion carried by a 5:0:1 vote.

Mrs. McKeel offered a **motion** to follow staff's recommendation as presented which would be 1-2 percent for classified employees. Mr. Miles **seconded** the motion, **and the motion passed.**

Mr. Buyaki asked about the cost of WorldatWork. Ms. Gerome said that it is a professional organization which costs around $100 but she could provide the exact number to the Boards.

Agenda Item No. 3.1. Other Matters Not Listed on the Agenda. None.

Agenda Item No. 4.1. Adjournment.

At 4:50, Mr. Koleszar hearing no objections adjourned the meeting of the Albemarle County School Board.

The Board of Supervisors continued their meeting.

____
Chairman

____
Clerk