

**Joint Committee Minutes**  
**January 23, 2010**

A meeting of the Joint Committee was held on January 23, 2010 at the Campbell County Technical Center.

**Members present:**

R. Leon Brandt, Jr.  
Craig Brewer  
Lewis Bryant  
Barry Jones  
R. David Laurrell  
Hugh Pendleton  
Steven Shockley  
Dr. Robert Johnson

**Staff present:**

Beverly Eubank

Prior to the meeting committee members enjoyed a meal prepared by the food service class at the Technical Center.

The meeting opened at 7:04 p. m. with the following topics discussed:

// **Budget Objectives, State and Local funding Estimates for County and Schools**

Mr. Laurrell shared the county has been asking Legislators to give localities some relief and set aside mandates that would be costly and timely to implement. He was encouraged that Senator Newman was in favor of dropping as many mandates as possible allowing localities to find the best way to implement services and come back after 3 to 4 years to find the best practices to implement state-wide.

Mr. Pendleton noted that VACo was also in favor of reducing mandates and allowing counties to do what needs to be done since there are no longer State funds available for the mandates.

Dr. Johnson stated he learned at the Region V Superintendent's meeting earlier in the day that Virginia School Boards Association (VSBA) believed school initiatives already in place would remain and only some of the ones planned for implementation in the next couple of years would be considered for cutting. He noted this would not be much relief for the schools in funding mandated programs.

Dr. Johnson and Lewis Bryant distributed a spreadsheet for committee members to review the proposed reductions in revenue from the current (FY 10) school budget based on the March 2009 General Assembly funding and the FY11 proposed budget from Governor Kaine in December of 2009. Dr Johnson noted some of the key items, one of which was the Federal Stimulus money (ARRA funds) being gone; the remaining 1.1 million has been rolled into

basic aid. The schools are projecting a \$1.7 million shortfall in state funding in the current fiscal year.

Mr. Laurrell shared with members the County's strategies for the next couple of years:

- Looking for ways to consolidate services any place and any time the opportunity arises. He noted the county would like to work with the schools and the region to investigate areas they also may be able to combine services.
- Defer all but non-essential capital improvement projects for the next two years.
- The Board adopted a 360 rolling vacancy hiring freeze for non-public safety and health related personnel.

Dr. Johnson commented the school administration was already trying to find similar opportunities. He, Mr. Erb, and Mr. Arnold were looking at all areas where cuts may have to be made so they could present recommendations to the School Board. He also noted that the schools only used funds for repairs that had to be done and no capital outlay money was released this year.

Mr. Laurrell reiterated the county was in similar circumstances as the schools; the county is estimating an \$800,000 cut in state revenue for the upcoming fiscal year along with local revenue down about \$700,000 which would also affect the schools. He noted the Board's adopted step down plan and the projected estimates schools would receive referring to a letter sent to Dr. Johnson earlier in the month. They discussed possible ways that the shortfalls could be made up and the general consensus was both Boards will have to look for savings wherever they can be found.

Mr. Laurrell asked Dr. Johnson to relay to the committee his proposed ideas for the Technical Center Building. Dr. Johnson shared that representatives from the School Administration have been meeting with CVCC to discuss development of an Early College Program. This program, offered to high school juniors and seniors who are planning to attend a 4-year college would allow them earning simultaneously a 2-year Associates in Arts and Sciences Degree and their high school diploma with the college credits transferring to the 4-year college. He noted that so often schools had to concentrate more on lower achieving students and he hoped this would offer the higher achieving students resources as well. His vision for the Technical Center is to become a school offering options for higher education and technical training with worthwhile certifications.

He explained CVCC really liked the building and location but some retro fitting to the printing shop would be necessary. Dewberry is working on plans, which include a science lab, a computer lab and two offices and it is his hope they would be able to bid out the job in February using unspent funds from the Concord project. He noted parents have been very receptive and Mr. Arnold is planning to have a second meeting with parents at RHS later in the week. He further explained students would have afternoon classes at the Technical Center and then if they choose could return to their respective high school to participate in after school activities. This would be an ambitious undertaking to have ready by August; however he felt staff would handle it.

Mr. Pendleton agreed the school administration was on the right track and could see future growth possibilities in many areas of education. Everyone was in agreement the potential for higher education opportunities for school age and the adult population was very positive.

// **GASB 45 Options – Retiree Health Benefit Policy Changes**

The GASB 45 is a liability that the County is eventually going to be obligated to fund and Mr. Laurell explained staff is planning to recommend to the Board of Supervisors phasing out the Retiree Health Insurance program for the county and hopes the schools will follow suit. The benefit now allows retired employees hired prior to July 1, 2006 with 10 years of service and those hired after July 1, 2006 with 20 years of service to continue their health insurance benefits until age 65 (remaining on the County's health insurance plan with the county and employee continuing to pay their portions). Staff would like to recommend anyone hired after July 1, 2010 would have to pay the actual cost of continuing health insurance between retirement and age 65. This would show an inclining debt for the next 20 years, followed by a declining obligation and eventual elimination of the GASB 45 liability.

The committee discussed offering an option of a Health Savings Account (HSA) for employees to prefund their retirement health insurance. This type of fund would belong to the employee and could be used for any health premium plan they wished to use.

// **VRS Contribution Plan Options Being Considered – Employee Contributions**

Mr. Laurell explained there are some bills in the General Assembly now that would affect current employees; however, he doesn't think these will move forward. He does believe that over the next 5 years there will be a fundamental shift in VRS;

<sup>1</sup> the state will require current employees to contribute to their own VRS plan and pick up part of the 5% employee share that state and localities are currently funding. Governor Kaine's<sup>2</sup> budget is proposing employees pick up 1% of the contribution this year and another 1% the next.

<sup>2</sup>For new employees he believes the state will shift VRS funds from a defined benefits plan to a defined contributions plan making it more of a 401K or 403B plan with defined amounts of contribution but no guarantees what will come from them.

He stated everyone should know where the state is headed by the middle of March. Mr. Laurell continued to explain there are a couple more bills that may impact the system this year but he was unsure if they would affect current employees or future employees. He wanted everyone to be aware there would be changes coming to the VRS program. Dr. Johnson had also heard of possible changes.

// **Health Insurance Plan Revision Options Being Considered for 2010/2011**

Health Insurance rates are believed to be increasing next year. There have been several years since the benefits increased or were changed. The county is trying to hold the increases by using the health insurance reserve depending on the amount of reserve when renewal time nears in April or May 2010 and possibly consolidating plans to a KeyCare product with a slightly higher deductible as a base and another with a much higher deductible as an option. Cost of the plans would be redistributed between the two plans chosen, which may mean a decrease for some and an increase for others. The insurance consultant, Matt Smith, is taking a look at some of the plans and will meet with county and school representatives in February or early March to propose more definite figures to bring to the Boards. Mr. Laurrell noted they were trying to have as minimal impact on employees as possible. He also noted that health providers were all accepting KeyCare products now.

// **Matter from the Floor**

Dr. Johnson inquired about an earlier discussion at the September meeting of hiring an independent consultant to conduct a joint comprehensive study for future growth, attendance areas, buildings, etc. Mr. Laurrell stated this was still in the Board's Priority Initiatives and a discussion followed as to funding possibilities. Dr. Johnson noted he thought this type of study is needed for future planning of the county and schools.

Mr. Brandt commented he believed the Board of Supervisors and School Boards were supportive and cooperating well since the inception of this committee and he commended the county and school staff members for jobs well done.

There being no further business the meeting closed at 8:47 p.m.

The next meeting will be March 23, 2010.