

302 Dare Road  
Yorktown, Virginia 23692  
(757) 898-0300  
Fax (757) 890-0771/2352

yorkcountyschools.org



Dear Parents and Guardian,

I am writing on behalf of the School Board to update you regarding the work of the School Board. We have started the process of reconciling the school division's proposed [FY14 Operating Budget](#) with the funding levels approved by the Board of Supervisors last week.

On Thursday, May 2, the Board of Supervisors approved a County contribution to the schools that is \$1,745,500 less than the amount requested in the School Board proposed budget and \$1,137,500 less than the amount recommended by the County Administrator. As state aid for our schools has dropped substantially in recent years, the County has increased local funding for our schools. However, the division has never requested, nor received, anywhere near a dollar for dollar replacement for the loss of state funding. The division has lost millions of dollars more in state aid and state mandated expenditures in recent years than it has received in new dollars from the County. We have made [significant cuts](#) every year starting in FY10. For example, even if the Board of Supervisors had approved the School Board proposed County contribution to our schools, we had already reduced another fourteen positions, effective July 1, for a savings of almost \$500,000. In addition, the budget already included more reductions in contractual services, School Board Office printing, equipment and supplies.

During last night's School Board meeting, we discussed several options for revising the School Board proposed budget as a result of the recent action by the Board of Supervisors.

### **Health Care Costs**

The school division's health insurance expenditures increased by more than \$2.1 million this year, a rise of 20%. The cost of our health insurance coverage will increase another 20% next year (\$2.6 million). The original School Board budget absorbed that increase without passing any of the increase to employees.

An Employee Benefits Committee, comprised of a variety of division staff, recently reviewed options for cost savings in health insurance, and ranked the options by order of preference.

**Health Insurance Savings**  
(in order of preference of Employee Benefits Committee)

School Board Proposed Budget: No Changes to Plan, Prescriptions, or Premiums	\$0
Increase Premiums 20%, No Changes to Plan or Prescriptions	\$426,000
Current Plans w/ Alternative Rx, Increase Premiums 17.2%	\$725,000
Alternative Plans w/ Current Rx, Increase Premiums 15.7-18%	\$831,000
York County Government Plans/Rx	\$670,000

After lengthy discussion, School Board members came to a tentative consensus that while we would prefer to absorb the cost increase again without changing coverage, we should consider a premium increase or an adjustment to the health care plan in order to balance the budget.

**VRS Mandate**

The School Board proposed budget implemented the final 4% shift of Virginia Retirement System (VRS) contribution to employees, with a commensurate employee raise, as required by the state. A majority of school divisions across the state, along with the York County government, have already implemented the full 5% VRS requirement and salary adjustment. Delaying full implementation would garner [savings](#) for the division, but it would place the division at a disadvantage when recruiting high-quality employees. This disadvantage exists because the state requires all employees hired after July 1, 2012 to pay the full 5% contribution to VRS, even if their school divisions have not implemented the 5% pay adjustment to offset the VRS contribution. The Board is considering implementing a 2% shift.

The School Board proposed budget included a slight pay adjustment intended to hold employees harmless regarding the payroll tax implications of the VRS shift. The School Board may maintain the adjustment at a reduced level that still holds employees harmless on an annual basis, rather than on a per paycheck basis.

**Employee Compensation**

The County budget funded 2% salary increases for County employees. The School Board proposed budget also included a 2% pay increase for all employees, partially funded with state dollars that may only be used for a 2% raise for select state-supported positions. School Board members have reached consensus in support of implementing this proposed employee compensation, particularly since the division would lose almost \$700,000 of state funding if the 2% salary increase is eliminated. We still

need to determine the specifics of how the division will award the 2% raise i.e. percentage increase, step increase.

### **Staffing Levels**

Finally, one of the hardest areas to consider is staff reductions. Considering the cuts already made since FY10, as well as the cuts already made for next year, the division has eliminated [138 positions](#), with the greatest percentage of reductions occurring at the School Board Office. Many employee categories at the School Board Office have been cut more than 15%, while less than 4% of teaching positions have been eliminated. [Division average class sizes](#) have not increased at the elementary, middle, or high school level, although of course there are classes with more students than the division average. We have been able to cut a small percentage of teachers without affecting class size because our enrollment has declined by approximately five hundred students in recent years. Given our fiscal challenges, we may need to cut additional teaching positions. As we move forward, we will focus on more specific options and their potential impact. We want to work hard to achieve reductions through resignations and retirements.

The School Board will meet again on Wednesday, May 15 at 6 p.m. in York Hall. At that meeting, we will work to further develop our plan for revising the School Board proposed budget based on the level of funds provided by the Board of Supervisors. The May 15 meeting is open to the public and will be televised live on Cox Channel 47. We will also take public comment on the budget revisions during our regular monthly meeting on May 20. The budget may be approved prior to the end of the month. You can view extensive information regarding our budget by visiting the home page of the division website and selecting the [FY14 Operating Budget](#) link in the Top News section.

I'd like to thank parents, staff members, and other community members for their support throughout this budget process. I encourage you to share your thoughts with [us](#).



Barbara S. Haywood  
School Board Chair