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[00:00:02] okay good evening welcome we are here to hear the proposed the superintendent's proposed budget presentation and I'd like to call this meeting to order it is 1:20 at 6 1:20 26 at 6 p.m. so we are called to order we have a little bit of business to do so we have do we have an amendment to our agenda we do I move to amend the agenda by adding the following item approval of the consent agenda thank you miss

[00:00:37] lynn i have a motion do i have a second second um thank you um mr coleman um all those in if there any discussion okay hearing none all those in favor uh say aye aye all those opposed okay the motion passes um the next um do we have an adoption of this agenda we do i move to adopt the agenda as amended. Thank you, Dr. Schelp. I have a motion. Do I have a second? Second. Thank you, Dr. Schroff. Is there any discussion? Okay. All those in favor, say aye. Aye. All those opposed?

[00:01:16] Okay. The motion passes. And we have a consent agenda. Do we have a motion? We do. I move to approve the consent agenda as presented. Thank you, Mr. Seifer. I have a motion. Do I have a second? Second. Thank you, Dr. Shrove. Do we have any discussion? Hearing none. All those in favor, say aye.

[00:01:36] Aye. All those opposed. Thank you. We are going to move into our presentation. Before we do that, we have some special recognition really quick. We'd like to wish Diane Brown, our director of special education, a very happy birthday.

[00:01:55] So happy birthday, Ms. Brown. Thank you. All right. Thank you.

[00:02:25] It is my pleasure to present the proposed fiscal year 2027 budget for your consideration this evening. Every day, our educators, support staff, and administrators selflessly and passionately serve our students.

[00:02:43] Together, this remarkable Hanover County Public Schools family makes a meaningful and lasting difference for every child who walks through our doors. Each year, the budget is an opportunity to strengthen this important work.

[00:02:58] Again, this year, I am confident that the proposed budget reflects our priorities of supporting our students and the dedicated professionals who serve them with excellence while balancing our collective fiscal responsibility.

[00:03:14] Tonight, we will discuss the following budget development process, some of our tremendous accomplishments as a school division over the past year and the proposed fiscal year 2027 operating budget Mrs. Terry Stone will then share with you an overview of our budget the school nutrition fund and the proposed five-year capital improvement plan before outlining the next steps in this important process. First, I think it is important to recognize the steps that brought us

[00:03:49] to where we are this evening. This process is an extension of our philosophy of involving our school board members, our faculty and staff, our families, our county funding partners, our broader community, and many other important stakeholders. From the public hearing specifically held this fall for the general public to engaging meetings with our school administrators to learn more about the needs in our schools, to our budget exercise at the November 13th work session with you, in which you as school board members shared your priorities with us. This has

[00:04:27] been a meaningful and deliberate development process. We are deeply grateful for our internal and external stakeholders, our employees, administrators, parents, advisory committees, school board members, our valued partners in the Hanover County government, our community, and many others who have been engaged in this process with us from the outset.

[00:04:51] I am deeply appreciative of the engagement that they have shown throughout the process. Together, as the Hanover County Public School family, we remain committed to serving in the best interest of our students, staff, and our broader school community.

[00:05:09] Before we dive into the proposed budget, we think it is important to pause and reflect on the past year. The past year has been filled with special moments and accomplishments across our school community. While we are not in this life-changing work of public education for the awards and recognition, we also deeply believe in celebrating our accomplishments and the joy that takes place in our schools every day.

[00:05:38] First, let's rewind to two historic days in March when we got to break ground on the replacement of Battlefield Park Elementary School and the replacement of Beaver Dam Elementary School. These schools represent the second and third schools constructed in Hanover County since 2008.

[00:05:58] With many of you in attendance, along with our Board of Supervisors, students, families, faculty and staff, state legislators, county and school division officials, and other distinguished guests, we celebrated the groundbreaking of Battlefield Park on March 18th and Beaver Dam on March 24th.

[00:06:18] As we heard last week from Mr. Bauer with CRA, both of these projects are coming along well and remain on track to open for the upcoming school year. While the construction of the new school buildings is certainly intricate, it's not quite rocket science.

[00:06:37] We leave that to our middle schoolers. Last spring, a team of Oak Knoll Middle School students, led by their science teacher, Kara Zedeker, was selected as the best overall middle school team submission for the Plant the Moon NASA Regional Space Grant Expansion Project.

[00:06:56] This project is a science experiment and research challenge that examines how vegetable crops can grow in lunar soil. It involved more than 420 middle and high school teams from across the world. At the end of June, the team had the opportunity to travel to Florida and the Kennedy Space Center for an awards ceremony and immersive experiences.

[00:07:22] The team also won an international award for best in show from the Institute of Competition Sciences. What an amazing recognition and opportunity for these students. The Attlee High School varsity boys basketball team accomplished something in 2025 that no team in the history of Hanover County has ever achieved, winning a boys basketball state championship.

[00:07:51] Under the leadership of VHSL Class 4 Coach of the Year, Rowley Axel, the Raiders went 27-1 last school year and won the first boys basketball state championship in both Attlee and Hanover County Public Schools history.

[00:08:07] Among the standout Raiders was senior Will Hopkins, the 2025 VHL Class 4 Boys Basketball Player of the Year, who finished his high school career with 1,507 career points.

[00:08:24] Congratulations to Attlee. In addition to the historic state championship by the Attlee High School Boys Basketball Team, we had a number of state champions that we celebrated as a community and recognized at our school board meetings. From the first Boys Volleyball State Championship in Hanover High School history, to individual track and field state championships, to the Boys Indoor Track and Field State Champions at Attlee High, we have so much to be proud of with our student-athletes and teams for their work on our playing fields.

[00:09:00] As I'm sure you have experienced during your time on the school board, we have many talented students and music educators in our schools. from our elementary schools all the way through high school. This includes the work of students from all of our schools on display at our annual Arts and Science Festival held last spring at Hanover High School.

[00:09:25] Speaking of Hanover High School, choir students were invited to perform at the White House this holiday season. While the event was unfortunately canceled for this year, we remain incredibly proud of the Hawks, who have already received an invitation to perform there next year.

[00:09:44] Also among our talented students are seven from Attlee High School who had the opportunity to perform in the Macy's Thanksgiving Day Parade with the Macy's Great American Marching Band in front of an international audience. It is no wonder that for the 13th consecutive year, Hanover County Public Schools was named a Best Community for Music Education by the National Association of Music Merchants.

[00:10:12] This is a coveted status, and we are one of only 23 school divisions in Virginia who have achieved it. Well done, Hanover County Public Schools. Hanover County is also home to truly exceptional

educators.

[00:10:30] This is on full display each year through the National Board Certified Teacher Process and the awarding of the prestigious REB Awards. This year, we have the honor of celebrating nine new National Board Certified Teachers.

[00:10:46] Earning your NBCT is something only approximately 4% of educators achieve, and Hanover County Public Schools is home to more than 100. This gives us the highest percentage of National Board Certified Teachers in the Richmond region.

[00:11:04] In addition to NBCT, we recognize our outstanding educators through the REB Awards. This year, three of our teachers received a combined \$36,500 to travel the world to continue their own learning and bring it back to their classroom to benefit their students.

[00:11:25] The awards program is a partnership between the Community Foundation for a Greater Richmond and the REB Foundation, and nominations are now open for the 2026 awards. Also, as part of the REB Awards, we recognize Mrs. Allison Mullins, principal at Cold Harbor Elementary School, with the REB Award for Distinguished Educational Leadership, giving her a \$10,000 unrestricted cash grant and \$20,000 to be used for initiatives at her school.

[00:12:01] Congratulations to all of these extraordinary educators for their deep commitment to our students and for these remarkable achievements. One of the biggest highlights of this school year has been our division-wide emphasis on kindness.

[00:12:18] As we highlighted at the November school board meeting, all of our schools are providing kindness-themed activities, lessons, and celebrations. While academic growth and achievement remain at the center of our mission, we know that kindness is the heart that creates the foundation for safe, supportive, and thriving schools.

[00:12:40] whether it's welcoming a new student, lending a hand to a classmate, or offering a word of encouragement. These simple acts have a profound impact on the lives of others. We've seen this on display through the Be the Eye in Kind social media series that celebrates the students and staff who inspire us all by bringing kindness to life through their words and actions. Kindness is powerful. Our emphasis has reminded us of the value of empathy and helped reinforce that

[00:13:15] every member of our Hanover County Public Schools family has the ability to make a positive difference, allowing them to reach their fullest potential. As we continue this work, we are proud of the way our students and staff are modeling the type of character that strengthens both our schools and our broader community. Our convocation theme this year spoke to the heart of who we are.

[00:13:42] We are family. Our Hanover County Public Schools family is doing the incredibly meaningful work of educating and inspiring our students with excellence, with passion, and with kindness. From our bus drivers, to nurses, to counselors, to teachers and administrators, to our front office staff, to our custodians in every position in between. Our faculty and staff show our students how to work hard, how to contribute to something bigger than themselves, and to ignite their

[00:14:15] curiosity. Care is at the core of what we do, and it is at the heart of Hanover County Public Schools. Our team has demonstrated this in so many ways. Our collective dedication helps to ensure that our students are not only mastering essential academic skills, but also growing into empowered learners,

responsible citizens, globally engaged communicators, and resilient individuals. The foundation of the Hanover Promise. These are the traits that will carry our students forward in

[00:14:51] life long after they graduate. With your support, through the budget and otherwise, we remain leaders in education in the Richmond region and across the Commonwealth. While we have shared this data with you previously, it is again worth celebrating.

[00:15:08] All of our schools have been designated as fully accredited by the Virginia Department of Education. Seven of our schools, three elementary, one middle, and three high schools, have earned distinguished status from the VDOE under the Commonwealth's new accreditation system.

[00:15:26] Under this new system, we have the highest percentage of schools in the Richmond region who are designated as either distinguished or on track. For the 13th consecutive year, our on-time graduation rate exceeds 95% and a higher percentage, nearly two-thirds of our students graduated in 2025 with an advanced diploma compared with the state.

[00:15:54] Our SOL tests in 2024-2025 showed that our students outperformed state averages in reading, math, science, and history, and we continue to lead the Metro Richmond region in all content areas. We also, once again, have the highest pass rates among Virginia's 15 largest school divisions in math.

[00:16:17] The remarkable Hanover County Public Schools family makes an extraordinary impact on every child who walks through our doors. Our impact extends far beyond academic achievement, nurturing confidence, character, and a love of learning in our children.

[00:16:36] Our success lies not only in academics, but in the relationships built by our faculty and staff, the kindness they show, and the confidence that they instill in every student who walks through our doors. With these achievements and accomplishments in mind, let's now begin to review the fiscal year 2027 budget proposal. One of the key factors of the budget each year is the state budget.

[00:17:05] The governor's proposed budget informs the development of our proposed budget, and as you know, there will likely be changes to the state budget as the General Assembly conducts its work, which is currently underway. Our team is closely monitoring the legislative session, recognizing the significant impact it is likely to have on our final budget.

[00:17:28] For now, we are basing our budget on the following things that we know. This is the first year of the state's biennial or two-year budget. The governor's proposed budget reflects the routine re-benchmarking of the costs associated with the standards of quality.

[00:17:46] These adjustments include a recalculation of the Local Composite Index, or LCI, for all 131 school divisions in the Commonwealth. The LCI is often referred to as the locality's ability to pay and is based upon the true value of real property, adjusted grossed income, and taxable retail sales. For the sixth consecutive biennium, or for 12 years, our LCI has increased, which means the state requires Hanover County to pay for a higher portion of the ever-growing

[00:18:22] needs of our children. We are grateful that Hanover County has continuously increased funding in support of local education, and we are deeply grateful for the strong support of our local funding partners. Overall, in the governor's proposed budget, Hanover County Public Schools would receive approximately \$966,737 for operating funds in the governor's proposed budget.

[00:18:53] This is above the fiscal year 26 adopted state budget. In addition to monitoring the General Assembly, we continue to closely monitor our enrollment given its important role in shaping our budget. As you know, enrollment affects the level of funding available to our division, staffing needs within our schools, and how resources are distributed to support student learning.

[00:19:19] Our enrollment for the 25-26 school year decreased from 16,467 in the 24-25 school year to 16,212 for the 25-26 school year for a net loss of 255 students.

[00:19:38] While we do not expect another noticeable decrease in enrollment for the 26-27 school year, we are projecting 16,205 students for next school year. In subsequent years, enrollment is forecasted to remain relatively stable.

[00:19:56] While enrollment has decreased, we are set to experience savings through lower rates from the Virginia retirement system. These rates represent the percentage of our payroll that we are required to contribute to VRS pension plans to fund both retirement payment obligations as well as unfunded liabilities.

[00:20:15] This fall, the VRS Board of Trustees unanimously adopted lower rates, resulting in a savings of approximately \$3 million for Hanover County Public Schools. In addition to savings through VRS, we are once again grateful to have strong local funding partners who are committed to public education and the success of Hanover County Public Schools.

[00:20:41] We are projected to receive \$5.64 million in additional funding from Hanover County, an investment in the children of our county and those who serve them.

[00:20:52] As we highlighted at convocation earlier this school year, the collaboration of Team Hanover, which includes our partnership between our school division, the school board, county administration, and the Board of Supervisors, has resulted in historic investments in raising the teacher salary scale, constructing new school buildings, providing additional opportunities for our students through expanding the Health Sciences Specialty Center and the Hanover Center for Trades and Technology.

[00:21:22] Through our partnership, we have upheld our long-standing tradition of excellence and strengthened our county. With all of this being said, it is now time to share the details of the proposed fiscal year 2027 budget and how it places the highest priority on supporting our students and those who faithfully serve them each and every day.

[00:21:47] As always, this proposed budget balances many worthy requests with the financial realities that we face this year. While we recognize that there are many important items and initiatives that would benefit our students and staff, we must allocate our funding responsibly.

[00:22:04] Admittedly, these were very difficult decisions. Ultimately, our budget must reflect a sustainable balance among many competing priorities that support our students and staff, while honoring our responsibility to operate within the resources that are available to us.

[00:22:21] I believe that this budget advances our mission in a way that stewards our resources in an intentional manner. The bedrock of our school division's vast success is in our talent, professionalism, and passion of our faculty and staff.

[00:22:39] Through this work, we provide our students with the highest quality public education and empower them to be confident and productive lifelong learners. I am proud to propose a 3% salary

increase for all eligible employees in fiscal year 2027, beginning July 1st.

[00:22:59] This salary increase proposal recognizes the dedication and commitment of our faculty and staff to their work each day and reflects our commitment to retaining, supporting, and attracting highly skilled and devoted educators and support staff who serve our students with care.

[00:23:16] To that end, the proposed budget also includes approximately \$2.65 million to significantly offset the increasing health care costs that our employees would otherwise have encountered this calendar year, reinforcing our belief that investing in our people is essential to the success of our schools and to the division.

[00:23:38] Again, this funding supports the rates that began January 1st and end on December 31st, 2026. We remain mindful that health care costs continue to increase across the state and the country. The costs anticipated by the School Division for Health Care, for example, are projected to increase 10.25% compared with our previous budget.

[00:24:03] Accordingly, we will continue to actively prioritize long-term and more sustainable solutions to this important budget item. As you know, the fiscal year budget for 2026 included historic investments in elevating the teacher salary scale.

[00:24:20] This was part of our multifaceted retention and recruitment efforts to combat the ongoing teacher shortage and to demonstrate to our educators that we recognize their value, whether they are in year one or year 30. In this budget, we are continuing to invest in our teachers and other vital employees, further demonstrating that they are appreciated here in Hanover County.

[00:24:47] The proposed budget also includes job family adjustments for occupational therapists, physical therapists, speech-language pathologists, specific instructional leaders, including assistant principals, curriculum specialists, and senior teachers.

[00:25:04] These hard-to-staff positions require highly specialized expertise and play a critical role in meeting the needs of our students. These salary adjustments are intended to support recruitment and retention efforts and to help ensure that we remain competitive in attracting and retaining these essential professionals.

[00:25:25] We are also excited to propose targeted salary adjustments for administrative support positions, such as office assistants, registrars, and bookkeepers. These staff members are often the first to greet our families, support essential school operations, and ensure that the day-to-day work of our buildings runs smoothly.

[00:25:45] As with all job family adjustments, we will review each individual's pay to help ensure that it remains competitive with comparable positions in the region. As we discussed earlier, we remain a leader in academic achievement in both the Richmond region and the Commonwealth of Virginia.

[00:26:06] But we cannot and will not rest on our previous success. We know the important role that math and literacy play in our students' education. This budget begins a multi-year process for targeted investments that will strengthen instruction and expand supports both for our students and our educators as we continue our successful implementation of the new, more rigorous state standards and expectations.

[00:26:34] Accordingly, this budget proposes two additional math coaches and two additional literacy coaches in our elementary schools. Our school-based instructional coaches are more than mentors. They

work side-by-side with teachers to strengthen instructional practices, to analyze student data, and to ensure effective evidence-based strategies are implemented in our classrooms to improve student outcomes.

[00:26:59] The proposed budget also includes funding for two elementary special education senior teachers. In addition to the number of students with individualized education programs and 504 plans increasing, so too has the complexity of our students' needs.

[00:27:16] The addition of special education senior teachers in our elementary schools would provide both advanced knowledge of these intricate processes and the practices that we can put into place to better serve our students. These positions would also allow our elementary school principals and assistant principals to more efficiently manage the increasing demands associated with special education by utilizing the advanced expertise of senior teachers, ultimately improving outcomes and supports for students while strengthening the overall school operations.

[00:27:50] The budget proposes using local funds to continue funding a portion of the math and reading intervention tutoring at the elementary and middle school levels that was previously funded through the Commonwealth's All-In Initiative, which concludes on June 30, 2026.

[00:28:08] These tutors have proven to be invaluable by providing targeted, small group, and individualized support that helps students strengthen foundational skills, address learning gaps, and build confidence, helping to ensure continued progress in both math and literacy.

[00:28:27] I am also proposing that we continue the use of EDIA, a supplemental math program aligned with the Virginia Standards of Learning. We currently use EDIA at Bell Creek Middle School and Liberty Middle School, and teachers use the data from EDIA to create small groups and inform instructional decision making.

[00:28:46] At the elementary level for mathematics, the proposed budget includes funding for ST Math, a supplemental mathematics program that is currently in place at all of our elementary schools and is a key component of our math workshop structure. This program is currently funded through the Commonwealth's All-In Initiative, and with its success in helping students strengthen their understanding of mathematics, we believe that it should continue in our elementary schools.

[00:29:13] The proposed budget expands or maintains opportunities with funding for the following. Addition of middle school cross-country teams and related coaching stipends. Increased costs associated with access to Google for our students and staff.

[00:29:32] And tuition increases at Code RVA, Maggie L. Walker Governor School, Reynolds Community College, and St. Joseph's Villa. As we discussed, our enrollment affects all aspects of our budget and operations, including the staffing that is needed within our schools.

[00:29:52] Careful and strategic monitoring of enrollment allows us to align resources responsibly while continuing to meet the needs of our students and schools. Due to the decrease in enrollment that we experienced in the current school year, we believe that it is fiscally prudent to propose limited staffing adjustments.

[00:30:13] Specifically, this budget proposes a reduction of 10 instructional positions that will be accomplished through normal attrition, such as retirements. It is important to note that these adjustments

would not result in any employee losing their job.

[00:30:30] Rather, the adjustments would be accomplished through natural attrition in the annual staffing process. This allows us to responsibly align staffing with enrollment while minimizing disruptions to our employees and to continue to provide our students with a high-quality education.

[00:30:49] Again, these adjustments would not result in any employee losing their job. Rather, this would occur through normal attrition, such as retirements. We want to be sure that we are clear on that. As I shared, these adjustments are enrollment-driven.

[00:31:06] As we do each winter and spring, we will soon conduct our annual staffing process to ensure our valuable faculty and staff members are appropriately assigned to schools to help ensure that our student-to-teacher ratios are effectively maintained. The fiscal year 2027 proposed budget also includes a reduction in contractual counseling services.

[00:31:29] These services were initially funded through a grant. Please be assured that our mental health supports for students in our schools are extensive and we have invested in them for many years. We have, among other things, expanded our mental health and counseling supports, enhanced our class offerings, increased academic support structures and coaches, added behavioral interventionists, and provided staff with world-class professional learning opportunities.

[00:31:55] As always, we remain committed to supporting and serving the needs of our students and upholding our long-standing tradition of excellence in Hanover County Public Schools. As I believe we have demonstrated, this proposed budget supports our students and those who care for them while balancing our collective fiscal responsibility.

[00:32:16] It has been my privilege to share with you how this budget supports our life-changing work. To share more details about our operating budget, to provide an overview of the School Nutrition Fund, and to discuss how we're proposing to invest in the future of our school buildings I would like to invite Mrs. Terry Stone to the podium.

[00:32:36] Thank you, Dr. Penny Cuff. Good evening, everyone. Now for the interesting stuff, the numbers. That's when they bring me in. So this demonstrates the funding sources for the operating fund.

[00:32:55] You can see that the local funding is increasing by the \$5.6 million. That's a 4.3% change. state funding by the 966,000, a 0.8% change. For comparison, the state funding last year went up 8 million or 7.7%. So you're seeing that impact of the enrollment decline and also the LCI change.

[00:33:22] There is a reduction in federal funding that's related to Title I and Medicaid funding of a three point a negative three point seven percent impact and then overall for the general fund it is increasing by six point three million or two point four percent if you looked at the existing budget for the current year that increase is six point six percent um so it's not a significant increase but yet within that increase we were able to um to establish a three percent or propose a three

[00:33:58] percent merit increase. So considering the impact of the salary increase and the benefits, that took a lot of hard work, as Dr. Pennykoff shared. So when we look at our operating revenue by source, you see that the local government makes up 50.6 percent of the total revenue for the operating fund and the state 45.2 percent. Last year, the state was 45.9 and the local government was 49.7. So we were discussing this afternoon, we all know I've been

[00:34:33] around for decades, and this is the first time that local funding has represented 50% or greater of our total funding. So again, we're seeing more of that push into the locality for covering the cost of education. When we look at our expenditures by type, you see that the personnel, which represents salaries and benefits, makes up 89.4% of our budget. Last year it was 89.6%, so it's generally level. I always point out we're a service industry. This is exactly what you would

[00:35:10] expect for most of the costs to be in the area of personnel. Operating represents your utility costs, fuel, instructional supplies, and things like that. Expenditures by, I think I missed one, there we go. Expenditures by function, you see that instruction, when we take all of our expenses, put them into the appropriate categories that are defined by the Virginia Department of Education, instruction is 79.6% of the total budget proposed. Last year it was the exact same amount, so no

[00:35:49] change there. Now we'll look at our school nutrition fund. The proposed budget totals \$10.6 million. And it also includes a 3% salary increase for all eligible employees. Looking at the revenue sources, you can see that sales and other is projected to go up 525,000 or 9.5%. There's a reduction here in the state funding. Not surprised by that when we look at the overall budget of

[00:36:24] about 12.8 percent, a reduction in federal funding of 4.4 percent, with a total increase for the fund of \$300,000, or 2.9 percent. For the expenditures by type, personnel makes up 45 percent, and then the operating is 53.1 percent. That operating includes all your food costs. So this is where the pie looks differently because we have to purchase all the food and supplies related to

[00:37:00] providing those meals. So that is the information on the operating budget and also the school nutrition. Now we'll take a look at the capital improvement plan. So our CIP development plan remains the same. We meet with the school board regarding planning meetings. You share your thoughts and your expectations we look at our safety audits are there specific areas that we need to address or focus on we have meetings with the school and county administration and to talk

[00:37:34] about the opportunity for debt funding and look at the existing cip are there any changes that need to be made we have joint education committee meetings with the board of supervisors each year we take a look and address the school bus and technology funding plan. Are there areas there that we need to address? And then a facility study, that's the original study that we have referred to, and many joint education meetings that was refreshed in 2021. And then we work with the county to update the 10-year model and their expectations in regards to debt funding projects.

[00:38:13] So a status check. I know just last week we heard from Josh Bauer with CRA, and he talked about the two existing projects, Beaverdam Elementary School and Battlefield Park. There has been great progress for both of those projects, and more importantly, they are both on time and on budget.

[00:38:37] So we are excited about that, and I'm going to knock on wood. We certainly hope that continues, and we're excited about those projects. In regards to the proposed five-year CIP project or highlights, we have, based upon the Washington Henry bid that was just received within the past few weeks, we have recommended that for the fy 2028 mechanics for elementary school replacement and the fy 2030 campus style replacement that we increase that cost to 50 million dollars and what the county asked us to

[00:39:16] do in our cip is to budget based upon today's dollars and so based upon what we're seeing or dollars for the first fiscal year we are recommending that that should both of those projects should be

budgeted at 50 million we also have additional funds proposed for the Hanover Center for trades and technology expansion eight hundred thousand of that is related to the instructional infrastructure for the instructional programs that have been selected that include diesel mechanic and welding both of those projects require additional ventilation over and

[00:39:55] beyond the norm. And then for diesel mechanic, we have to be able to lift heavier vehicles. So we're requesting additional funding for that. Also is going through the cut process, we understand that parking, additional parking will be required for that project. So we were able to include that additional 1.5 million for that project within the capacity of the allotted debt funds in the five years. So for the first year in the CIP in addition to the trade school that we talked about

[00:40:31] there are also several field athletic proposed projects. As we looked at some of the needs this year there were many related to field and gym and so there has been a focus on that within the first year and within the entire five years. So in the first year you see a baseball field upgrade for Mechanicsville High School, a football stadium field upgrade for Mechanicsville High School, weight room renovation for Patrick Henry, and then \$6.5 million of HVAC funding for several

[00:41:08] schools. That includes \$2 million for Hanover High, \$1 million for Chickahominy Middle, an additional \$1 million for Pole Green, and then some other small HVAC projects for other schools. In regards to when we look at the entire five years, you see projects that really expand across the county in regards to and across the different levels.

[00:41:34] So you're going to see track upgrades for all four high schools, elementary school playground upgrades, Atlee High School gym floor replacement, gym bleacher replacement at Liberty Middle and Bell Creek, gym bleacher refurbishment at Patrick Henry and Mechanicsville High, parking lot paving, Liberty Middle School multi-purpose field, and then middle school field upgrades overall.

[00:42:03] So when you look at that entire five years, you're going to see a significant sampling and increase in our focus on those fields and the gyms. So what do the funding sources look like?

[00:42:19] It includes county transfer, county transfer assignment, and assignment to be identified. The only people who could really love this are the accountants. But those first lines represent cash funding. and that is cash funding that Hanover County Public Schools has returned at year-end back to the county. The county assigns or restricts all of those funds to be used for future capital projects. A lot of the projects that we talked about or we're going to dive into the projects you'll see that they have to be cash funded. In order to be debt funded it has to have a 20-year

[00:42:59] useful life. So it's important that we have this relationship where the funds that are returned at year-end are restricted and reserved for future school capital expenditures. You will not see that in every division across the state. We have a wonderful relationship with our county partners and that works well for all of us. The next line is the debt funded projects and they total 130 million over the five years. So when we drill down and look at those cash-funded projects,

[00:43:34] again, these are things that we cannot fund with debt. And it includes school buses, technology, painting, repair, greenhouse, and furniture replacement, and roof repair. All of those things are not going to last 20 years. But over the five years, that totals \$27.9 million.

[00:43:55] Next are your debt-funded projects. You'll see their roof replacements, HVAC replacements, bathroom renovations, school ground upgrades, that's where you'll find a lot of those athletic field projects

we talked about, school building upgrades, that's some of your paving projects, and then the school renovation of \$1.5 million in the first year, fiscal year 2027, for the trade school, and then \$50 million in fiscal year 2028 for the replacement.

[00:44:25] of Mechanicsville Elementary and in 2030 an additional 50 million for the replacement of the second campus style elementary school. So overall the debt funded projects in five years total 130 million dollars. This is a recap of all of the CIP projects by year and you can see with the cash funded and the debt funded it is totals 157.9 million it's a summary of all funds when we look at all of the funds

[00:45:03] together you see the operating fund as we discussed is going up by the 6.3 million or 2.4 percent school nutrition is another other operating fund is proposed to go up by 2.9 percent capital improvement that is just comparing one year to the next it's not the entire uh five years, but that is proposed to go up by the 1.6 million or 11%. And then total funds in total is 2.8%. And I will note the, well, we did talk about it, but the operating fund going up 2.4%,

[00:45:40] but managing to have that 3% merit increase that required the really tightening our belt and some of those cuts that Dr. Penninghoff shared. So next steps. Next week, we have the budget public hearing and work session proposed. And so I'm sure you've heard there's snow in the forecast.

[00:46:03] So if that occurs, we're working to advertise that February 3rd, which was our meeting if needed, would be the makeup date for the public hearing. So we just want to make sure everyone pencils that on their calendar if we're unavailable to be here next week. February 10th is when the school board is slated to approve the budget and then that is immediately transferred over to the county.

[00:46:31] February 18th is the board of supervisors meeting where the county administrator will present his budget and also Dr. Pennykopf will be there to present our budget to the board of supervisors. the county has scheduled their budget public hearing for April 1st and adoption of their budget for April 8th. Once we have their budget, and hopefully we have a state budget, then we come back to the school board in May and present any necessary changes and look to the school board

[00:47:04] to then adopt a budget for fiscal year 2027. So that is a recap of the next steps, and I think Dr. Pennykopf is going to share a couple remarks. Thank you. Thank you, Mrs. Stone. Members of the school board, thank you for your ongoing support of our schools and for reviewing the proposed budget this evening.

[00:47:25] We look forward to working with you in the weeks and months ahead to finalize a budget that balances both fiscal responsibility and the resources necessary to continue to provide exceptional opportunities for our students, staff, and community.

[00:47:41] We thank you, and at this time, we'd be happy to take any questions you may have. Thank you. Do we have any questions on what's been presented? No? Good. Okay. Well, we're very excited to hear this information.

[00:47:57] Oh, you have a comment? Yep, sure. I just would like to say thank you, Dr. Penny Cuff, to you and your staff, including everyone, as well as Madam Chair Welsh. The efforts that y'all have gone to in partnering with the county, our county folks as well, I think with a lot of unexpected challenges that we've seen come our way in the last six to eight months, I just want to say thank you for your diligent efforts and your team and Ms. Welsh for taking the lead with the board as well.

[00:48:26] So thank you all. Thank you. We are very blessed with the team that we have, and that includes all of you. Thank you. And I can't say the same. I mean, the words just, you know, exactly. I echo what Mr. Coleman has to say because it has been a true team effort, and it's been really great working with everybody.

[00:48:47] and having the full board support on all the different mini-meetings we've had, which y'all have had way more. But thank y'all very much. We're excited to come back and approve it next month. Thank you.

[00:49:04] So as Terry said, we're planning to be back on Tuesday for a budget public hearing, and if that doesn't work out for us because of the weather, February 3rd. And then February 10th is our regular school board meeting where we'll ask for you to approve this budget and then it will become your budget as we take it over to the county and then on february 18th we'll present it to the county so thank you again for all the time and support that you all provide for us we appreciate you thank you um so now i

[00:49:42] believe we're ready to adjourn yes so i need a motion madam chair i move that we adjourn this evening's work session and presentation of the budget second thank you for the motion and the second and all those in or is there any discussion seeing none all those in favor say aye all those opposed we are now closed thank you or adjourned



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