

Morgan, Neil

Subject: FW: Question regarding Resolution R17-22

From: Shandor, Victor [mailto:vshandor@ycsd.york.va.us]
Sent: Thursday, February 23, 2017 4:07 PM
To: 'Dave Obin'; Haywood, Barbara S.; Morgan, Neil; Zaremba, Walter C.
Subject: RE: Question regarding Resolution R17-22

Mr. Obin,

Thank you for reaching out with your questions and for including me in this conversation. As Mr. Morgan has shared, the information shared on Facebook is not accurate. We encourage our community to stay actively involved, and accurately informed, in our government and budgeting processes. As such, I'd like to take the opportunity to provide additional insight on this topic.

The YCSD is self-insured for worker's compensation under a high deductible (\$500,000 for each workers compensation claim occurrence). We contract with a third party administrator to administer the claims and the claim payment process. Because we are, for the most part, self-insured the school division must provide a reserve fund for outstanding liabilities and for catastrophic events. As an example of a catastrophic claim is if we had a bus accident and bus driver and a bus driver assistant were seriously injured, potentially we would be liable for the first \$500k in claims for each staff member.

The worker's compensation reserve fund was previous at approximately \$3.8 million. The school division monitors the balance in this fund on at least a monthly basis. We recently consulted with our third party administrator to evaluate using a risk-based analysis on whether they would be in agreement with us recommending reducing the reserves as we needed to purchase buses and textbooks. Based on their risk-based analysis, the school division would be taking on a higher risk by reducing the reserves - on a one-time basis - by \$800k but that the additional risk is manageable over time as long as the division did not have an unusual high number of catastrophic claims. The school division felt this was an acceptable risk-based decision.

Based on that analysis, the School Board voted during the regular, public monthly meeting on January 23 to request approval from the Board of Supervisors to transfer \$800,000 from this account. The money will be used for to purchase school buses (\$600,000) and textbooks and other instructional materials (\$200,000). This proposal was also the subject of a Daily Press article on January 24.

I'd like to also address another claim made on Facebook, that the division and School Board do not "prioritize teachers and classrooms." We believe this statement is based on a lack of understanding of the public budgeting process regarding end-of-year funds.

At the end of each fiscal year, the school division is required by law to return any unspent monies to the local funding agency, the county. For years, our Board of Supervisors has supported the division by reverting these end-of-year funds and we appreciate their continued efforts in this area. By mutual agreement between the

School Board and the Board of Supervisors, these funds can only be used for one-time expenses not recurring annual costs such as employee compensation. This too is discussed in public at our School Board meetings. The School Board will hold a public hearing on the Superintendent's FY18 Proposed Operating Budget at York Hall during the regular monthly meeting which begins at 7 p.m., Monday, February 27. Again, we encourage the community to be involved throughout this process. Thanks again for your continued support.

Sincerely,
Vic Shandor

From: Dave Obin [<mailto:daveobin@gmail.com>]
Sent: Thursday, February 23, 2017 2:56 PM
To: Haywood, Barbara <bhaywood@ycsd.york.va.us>; Morgan, Neil <Neil.Morgan@yorkcounty.gov>; Zaremba, Walter <Zaremba@yorkcounty.gov>
Cc: Shandor, Victor <vshandor@ycsd.york.va.us>
Subject: Re: Question regarding Resolution R17-22

Thank you for the response, this was what I suspected the response to be.

And when it comes to YC school budget season it seems like there can be incomplete information that gets passed around. At least that's been my experience in the 10 years I've had kids in YC schools

Thank you for all you do for the County.

Dave

On Thu, Feb 23, 2017 at 14:43 Morgan, Neil <Neil.Morgan@yorkcounty.gov> wrote:

Mr. Obin,

Although I do not participate in Facebook, I have been made aware of the referenced post. No one in county government has suggested there is a "hidden fund". The Workers Compensation Fund is publicly reported each year in an audited financial statement. I infer that this comment was in the context of what I believe was a favorable action by both the YCSD Board and the York County Board to reallocate a portion of these funds that were perceived to be in excess of prudent reserves for the purpose of purchasing needed school buses and text books.

Unfortunately, social media posts occur frequently but not always accurately.

Neil Morgan

From: Dave Obin [<mailto:daveobin@gmail.com>]
Sent: Thursday, February 23, 2017 9:00 AM
To: Zaremba, Walter C.; Haywood, Barbara S.
Cc: Morgan, Neil

Subject: Question regarding Resolution R17-22

Mr Zaremba/Mrs Haywood

As a resident of District 1 in York County I have a few questions regarding the transfer of reserve funds from the YCSD Workman's Compensation fund to the general funds to cover costs of buses and instructional material.

On Facebook, there is a York County information group where a member (and YC resident) is claiming that the \$3.8m in the YCSD Workman's Compensation reserve fund is money that has been "hidden" by the School Board. Just so your aware, I do not share in that belief in the slightest. The gentleman making the claim also states industry standard is to only have reserves of 5x the amount funded. Is there concern by the Board of Supervisors that there is 10x the annual funded amount in this reserve fund? Again, I don't believe this is something that the BoS was unaware of as I assume the reserve fund amounts are part of the YCSD financial documents which the Board of Supervisors have access to and would know the amount of fund contained in that fund.

My final question is did, or will, the Board of Supervisors approve R17-22 as Mr Morgan recommended?

Thank you for your time

Sincerely

Dave Obin

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Williamsburg VA