

Draft

**A Study Regarding the Feasibility for Consolidation of
Covington City and Alleghany County School Divisions**

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Executive Summary

Both Alleghany and Covington have small school divisions with actual March 31, 2019 membership of 1,875 and 981 pupils, respectively.¹ The Alleghany School Division (Alleghany) has three elementary schools serving grades PK-5, one middle school serving grades 6-8, and one high school serving grades 9-12. The Covington School Division (Covington) has one primary school serving grades PK-3, one intermediate school serving grades 4-7, and one high school serving grades 8-12. This study is intended to examine the environment, and potential costs and benefits from creating a consolidated school district.

Alleghany has lost 681 pupils, or almost 27 percent of its student membership (about four percent per year on average) since SY 2013. Some of the Alleghany membership loss has been pupils transferring to the Covington School District. Covington increased its student membership by 124 pupils, or 14 percent since SY 2013-20. Both Alleghany and Covington localities have together lost about 7 percent in overall population since the 2010 census according to Weldon Cooper estimates. Racial characteristics are similar in both school divisions with a slightly greater diversity in the Covington School District.

Primarily due to its loss of pupils, Alleghany has been losing state aid. Alleghany County *lost* \$1.379 million (8.7%) in total state aid from FYs 2013 to 2020. A total loss of \$769,228 was due to the FY 2020 expiration of the 15-year state incentive for consolidation that reduced its LCI for its merger with Clifton Forge. Concurrently, Covington received an increase of \$1.951 million, or 35 percent increase in state aid payments from FY 2013-20, partially due to showing modest increases in ADM, despite registering small increases in its LCI. Both Alleghany and Covington school divisions have also seen substantial reductions in local appropriations from SY 2013-20, a 16 percent reduction in Alleghany and 8.5 percent reduction in Covington.

Alleghany pupil-teacher ratios are over 2 pupils lower than Covington. Covington pupil-teacher ratios are slightly higher for K-7, but over one pupil lower for 8-12 grades than statewide averages. The Alleghany pupil-teacher ratios reflect their loss of pupils without a similar reduction in teachers since SY 2013.

Covington generally pays higher instructional salaries than Alleghany. Covington also generally pays higher teacher salaries than surrounding localities and is closer to statewide average wages than Alleghany. However, total per pupil funding levels are higher in Alleghany than Covington, reflecting Alleghany's lower pupil-teacher ratios and higher administrative, O&M, and transportation costs. Both Alleghany and Covington have lower total per pupil costs than statewide averages.

Both Alleghany and particularly Covington rank high on fiscal stress scores.² Covington in particular has a high fiscal effort ranking reflecting its high actual tax collections compared to its relative revenue capacity. Fiscal stress is also usually fairly accurately reflected in the LCI

¹ http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2018-19/index.shtml

² Commission on Local Government, *Fiscal Stress Update, FY 2017*. (Richmond, Virginia: DHCD, 2018).

computation. The 2020-22 biennium LCI calculations are a relatively low 0.2819 for Alleghany and 0.2913 for Covington.

Outside of the 15-year expiration of Alleghany using the lower former Clifton Forge school division LCI, the factors influencing both the Alleghany and Covington LCIs have generally been trending toward relatively lower revenue capacity, with declining pupil membership (ADM) in Alleghany and less population in both. These factors tend to offset each other if declining in tandem. Both the Alleghany and Covington LCIs should stay relatively low due to weak revenue capacity. If the state allowed the slightly lower (by 0.0094) Alleghany LCI to be used for the combined school system, less than \$100,000 annually would be saved.

Both school divisions have relatively similar student characteristics – making it easier to consolidate. Standard of Learning (SOL) scores are similar in both school divisions, but lower than statewide average SOL scores.³ Dropout rates are relatively low in both school divisions, although they vary by year to year. A significantly higher percentage of advanced diplomas were earned in Alleghany schools (47%) compared to Covington (30%) in SY 2018. A majority of graduates from both school divisions planned on going to college, although a larger share planned to attend two-year community colleges.

Summary of Potential Consolidation Costs and Savings

Clearly, some significant savings are possible with a consolidated school district. Savings could include an eventual reduction in total teachers employed, assuming an increase in pupil-teacher ratios in the consolidated division over time. For example, if the Alleghany pupil-teacher ratio was increased by 1 pupil per teacher (still lower than current Covington), this implies that 16 fewer teachers need be employed, potentially saving over \$1 million per year. In addition, a number of teachers and administrators in both school divisions reside in higher pay scales due to lengthy tenures. This implies that higher pupil-teacher ratios with lower average teacher salaries could be achieved with the retirement of longer-tenured teachers.

A one-time early retirement incentive program (ERIP) for those who are VRS retirement eligible could be implemented (possibly with state funding help) to achieve the long-term consolidation savings envisioned, while easing the consolidation transition for individual employees of the school divisions. One example of an ERIP program (Rockbridge County) provided an annual supplement not to exceed 15% of salary, paid on a daily basis. The ERIP required an employee to work at least 20 days during the contract year in order to receive the full 15% supplement and a minimum of 10 days per school year to remain eligible. Early retirees may also participate in the group health insurance if they were participating one year prior to retirement and coverage may only be continued at the level elected by the employee during the year prior. While an ERIP program clearly has costs, the amount depending on how it is structured and who can qualify, it would also accelerate long-term cost savings for the school division by lowering average wages and helping right-size school division pupil-teacher ratios with the least amount of disruption.

³ <http://www.doe.virginia.gov/testing/>

A consolidated school division would also no longer need to have duplicative central office administration. For example, Covington central office personnel duties are all covered by Alleghany personnel. Eventually eliminating duplicative positions could save over \$900,000 per year. Health benefits are better in Covington, but also relatively rich in both school divisions compared to nearby school divisions and the statewide average. It is possible that health benefits could be equalized or increased more slowly over time – saving money. Transportation savings may also be realized from a consolidated division due to shorter distances travelled.

With temporary state support and these long-term savings, the consolidated school division could afford to increase instructional position salaries for the consolidated division staff up to the generally higher instructional pay levels of the current Covington school division. It would take about \$500,000 per year to equalize salary levels across a consolidated school division. Temporary state aid could be sought to help fund the higher salaries and help pay for the early retirement program.

A Study Regarding the Feasibility for Consolidation of Covington and Alleghany School Divisions

Organization

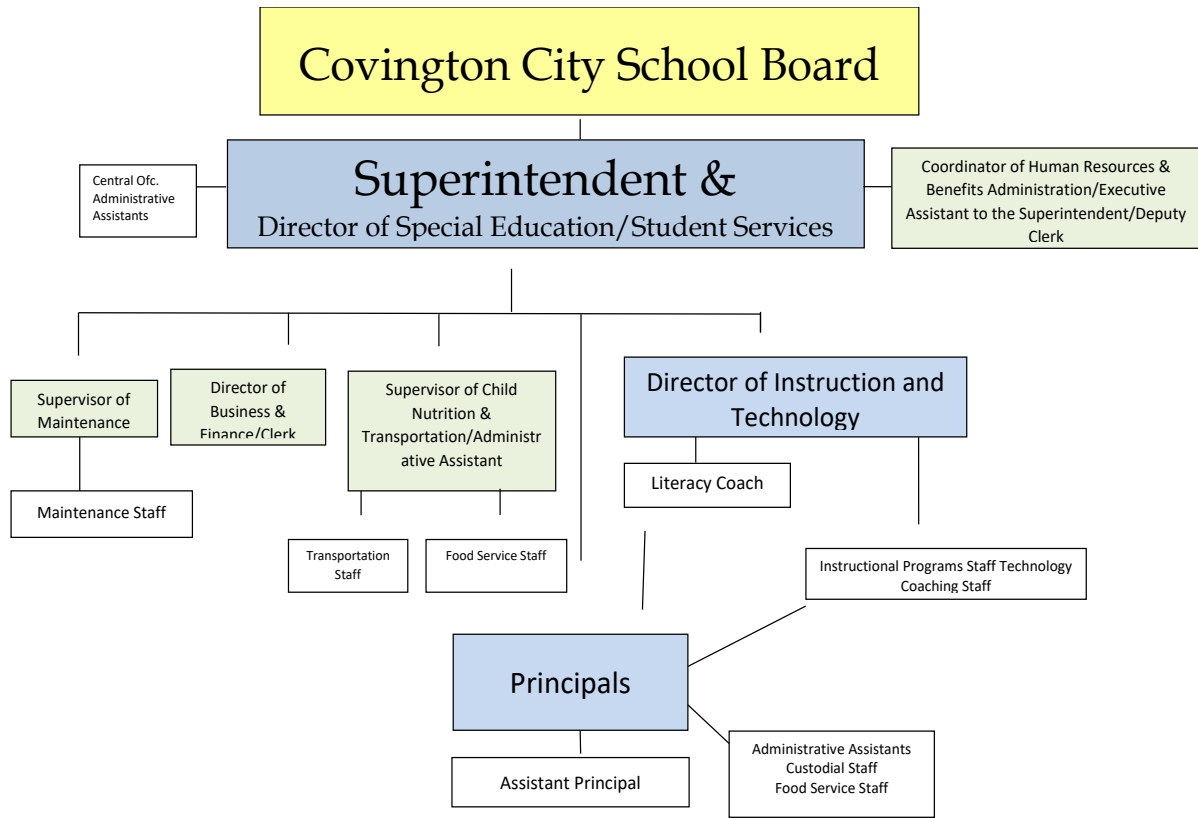
In order to administer their instructional programs and accomplish the objectives and goals prescribed by the three levels of government, state/local/federal, Covington and Alleghany School Divisions have established separate organizations. Described below and graphically-arrayed are their organizational charts for SY 2019-2020.

Covington School Division Organization

The organizational design for Covington School Division has been consistent for several years and is typical for small school divisions in the Commonwealth of Virginia, and is displayed below. Under the current organization, the following central office administrators and building principals report directly to the Superintendent:

- Director of Instruction and Technology;
- Director of Business and Finance/Clerk;
- Supervisor of Pupil Transportation and Child Nutrition/Administrative Assistant;
- Supervisor of Maintenance;
- Coordinator of Human Resources and Benefits Administration/Executive Assistant to the Superintendent; and
- K-12 Principals.

Mission Statement: CCPS is committed to *shaping the future* by recognizing that each student is a valued individual with unique characteristics and needs, who can learn when actively engaged in a positive environment of mutual respect, where student learning is the priority.



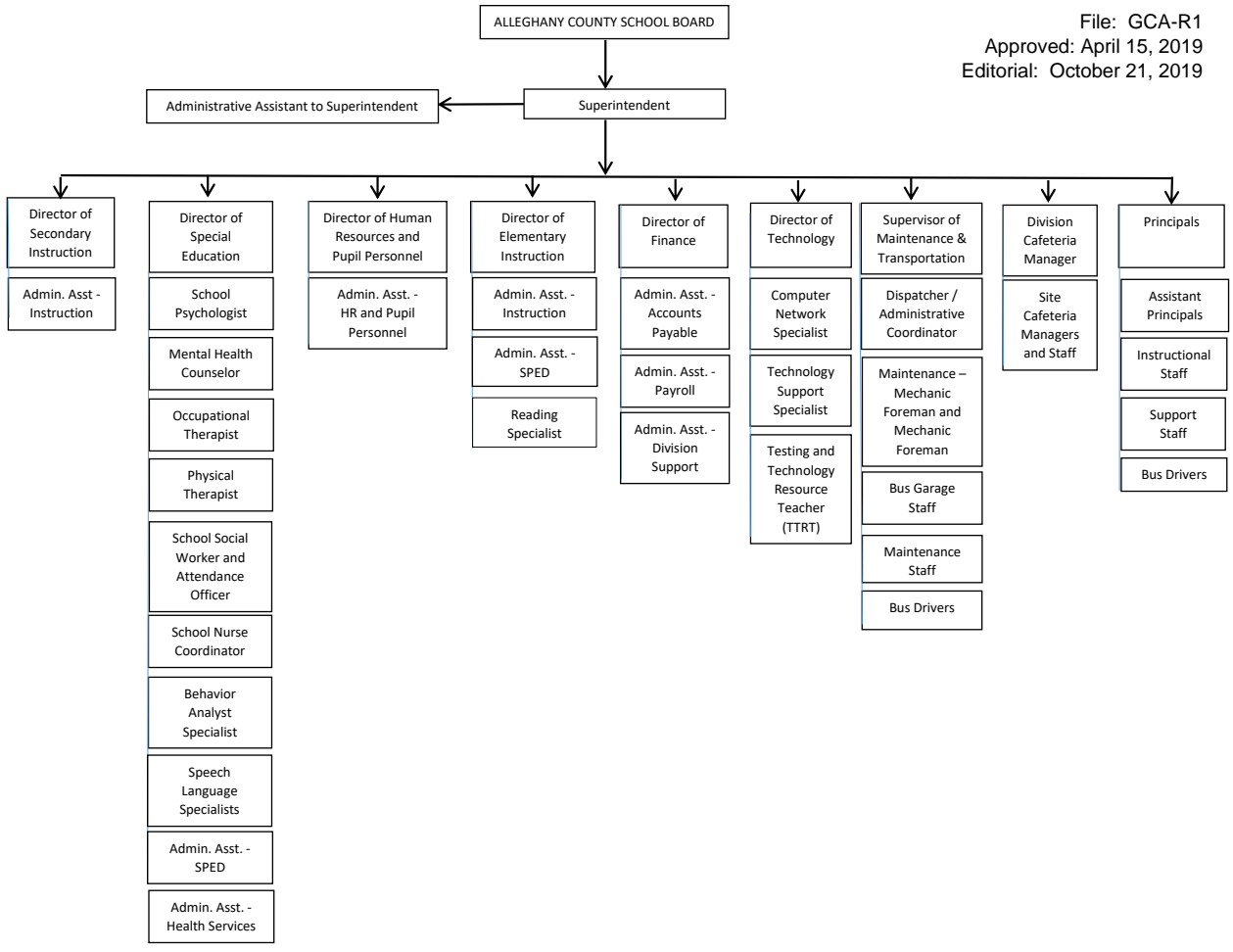
Alleghany School Division Organization

Although Alleghany School Division is approximately twice as large (FY 2018-2019 Fall Membership: 2,084) as Covington School Division (FY 2018-2019 Fall Membership: 1,070), Alleghany School Division is considered a small school division. In 2003-2004, Alleghany reported its Fall Membership was 2,881; a loss of nearly 800 pupils, or a percent decline of over 27%. Arrayed below is the current central office organization chart for Alleghany School Division. The Alleghany School Division is organized so that the following central office administrators and school principals report directly to the superintendent:

- Director of Secondary Instruction;
- Director of Special Education;
- Director of Human Resources and Pupil Personnel;
- Director of Elementary Education;
- Director of Finance;
- Director of Technology;
- Supervisor of Maintenance & Transportation;
- Division Cafeteria Manager; and
- K-12 Principals

Mission Statement: Alleghany Public Schools is committed to preparing all pupils to graduate and pupils will:

- Be well rounded and productive citizens;
- Master 21st Century skills;
- Exhibit a strong work ethic;
- Work collaboratively to accomplish team goals;
- Utilize effective communication skills;
- Demonstrate self-confidence in creative and constructive decision making; and
- Be dedicated to lifelong learning.
- Increase graduation completion index
- Decrease dropout rates
- Improve absenteeism
- Focus on college, career, and civic readiness at all levels (elementary, intermediate, secondary) including “Profile of a VA Graduate”
- Focus on Student Success Policies - ESSA (Every Student Succeeds Act, 2017)



Budget Revenue Comparisons

When the direct state aid appropriated through the Standards of Quality (SOQ), Incentive-Based Programs, Categorical Grants, and Lottery Programs for Alleghany and Covington School Divisions were reviewed for FYs 2013, 2016, 2019 and 2020, both increases and decreases were noted for both school divisions.⁴ As shown in **Table 1**, Alleghany *lost* (\$1,379,464) in total state aid from FYs 2013 to 2020. Much of the loss occurred between FY 2019 and FY 2020 (\$769,228) due to the expiration of the 15-year state incentive reduced LCI from the consolidation with Clifton Forge. The expiration increased the LCI from 0.2423 in FY 2019 to 0.2899 in FY 2020. The other major reason for reduced funding was the loss of 681 ADM from March 31, 2013 to projected March 31, 2020 ADM. SOQ losses from FYs 2013 to 2020 included State Basic Aid (\$2,185,434) Smaller SOQ losses occurred in Textbooks, Gifted Education, Special Education, Prevention, Intervention and Remediation, Social Security, Group Life, ESL, and Remedial Summer School. Increases in SOQ funding occurred mainly in State Sales Tax Receipts (\$181,113) since the LCI is not applied to this funding category, and to a lesser degree in Vocational Education and VRS Retirement. Small losses also occurred in Categorical accounts. Alleghany generally received increases (although not all) in direct state aid through the accounts housed under Incentive and Lottery programs (mainly through the Supplemental Lottery funding account - \$489,276).

As seen in **Chart 1**, Alleghany School Division also experienced a substantial reduction in local appropriations from FYs 2013 to 2018 - from \$10,532,867 to \$8,876,464, or a loss of \$1,656,403.

Concurrently, as displayed in **Table 2**, Covington School Division has generally experienced increases in accounts housed under all direct state aid programs, i.e., SOQ, Incentive, Categorical, and Lottery programs totaling nearly \$2 million from FYs 2013 to 2020⁵ One reason is Covington has experienced modest increases in ADM since FY 2013. Just in State Basic Aid, Covington saw its state aid increase from FY 2013 to FY 2020 by \$716,352. Significant increases in SOQ direct state aid occurred for VRS Retirement (\$179,913), Special Education (\$136,963), Sales Tax (\$118,692). Significant increases in Lottery funded accounts also occurred for Supplemental Lottery funding (\$256,501), and the Virginia Preschool Initiative (\$104,229).

As seen in **Chart 1**, Covington also decreased its local funds to the school district from \$4,388,272 in FY 2013 to \$4,014,158 in FY 2018, a *decrease* of \$374,115.

⁴ Source: VDOE. Retrieved from: http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml

⁵ *Ibid.*

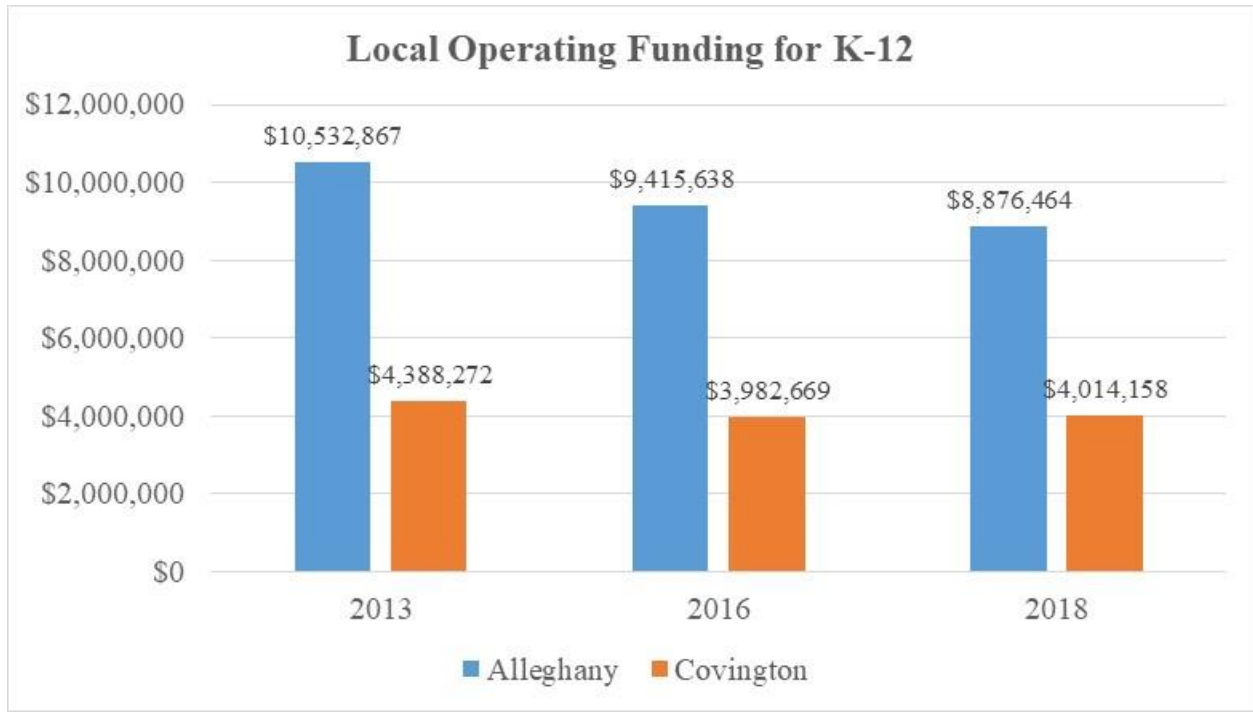
Table 1
Direct State Aid for Allegheny County Schools

SOQ Programs	2013	2016	2019	2020	Diff 2020 - 2013	Diff 2020 - 2016
Basic Aid	8,624,108	7,763,917	7,282,228	6,438,674	(2,185,434)	(1,325,243)
Sales Tax	2,366,598	2,375,501	2,451,219	2,547,711	181,113	172,210
Textbooks	176,679	158,607	149,030	134,077	(42,602)	(24,530)
Vocational Ed	208,714	189,563	287,136	258,326	49,612	68,763
Gifted Ed	90,574	77,474	74,004	66,579	(23,995)	(10,895)
Special Ed	1,100,672	1,046,719	888,050	798,948	(301,724)	(247,771)
Prev, Inter & Rem	273,691	268,685	298,977	268,979	(4,712)	294
VRS Retirement	895,896	936,278	994,616	897,485	1,589	(38,793)
Social Security	537,538	474,732	451,425	406,132	(131,406)	(68,600)
Group Life	33,473	29,671	31,082	27,963	(5,510)	(1,708)
ESL	\$22,046	42,818	6,117	5,733	(16,313)	(37,085)
Remedial Summer	51,374		46,644	44,442	(6,932)	44,442
Total SOQ	14,381,363	13,363,965	12,960,528	11,895,049	(2,486,314)	(1,468,916)
Incentive Programs						
Compensation Suppl		132,561	-	409,091	409,091	276,530
Acad Yr Gov Sch	65,601	64,162	74,943	87,909	22,308	23,747
At-Risk			29,977	93,618	93,618	93,618
Spec Ed Regional			72,258	255,636	255,636	255,636
Enrollment Loss/other	80,506	-	277,068	-	(80,506)	-
Math/Read Spec		-	-	-	-	-
Early reading		-	-	-	-	-
VPI Plus			-	-	-	-
Technology VPSA	334,000	282,000	282,000	232,000	(102,000)	(50,000)
Total Incentive	480,107	478,723	736,246	1,078,254	598,147	599,531
Categorical Programs						
Adult Ed	-	-	-	-	-	-
Virtual VA	-	-	-	-	-	-
Amer. Indian treaty	-	-	-	-	-	-
School Lunch	14,952	12,370	9,370	9,370	(5,582)	(3,000)
Spec. Ed - Homebound	23,958	12,173	11,315	10,658	(13,300)	(1,515)
Spec. Ed - State		-	-	-	-	-
Spec. Ed - Jails		-	-	-	-	-
Total Categorical	38,910	24,543	20,685	20,028	(18,882)	(4,515)
Lottery-Funded						
Foster care	85,132	82,274	89,476	146,216	61,084	63,942
At-Risk	247,858	215,475	301,818	234,890	(12,968)	19,415
VPI	203,359	204,579	182,142	229,097	25,738	24,518
Early Reading	36,074	50,451	60,785	54,592	18,518	4,141
Mentor Teacher	1,962	1,050	4,540	4,540	2,578	3,490
K-3 Class Size	294,381	269,017	263,467	239,416	(54,965)	(29,601)
School Breakfast	10,461	2,504	4,968	7,151	(3,310)	4,647
SOL Algebra Readiness	36,875	29,553	35,998	33,704	(3,171)	4,151
Project Grad		-	6,142	4,326	4,326	4,326
Alternative Ed	-	-	-	-	-	-
ISAEF	7,859	7,859	8,355	8,355	496	496
Career & Tech Ed	39,984	40,034	39,967	39,967	(17)	(67)
Supplemental Basic Aid	-	-	-	-	-	-
Supplemental Lottery		-	538,972	489,276	489,276	489,276
Total Lottery	963,945	902,796	1,536,630	1,491,530	527,585	588,734
Grand Total	15,864,325	14,770,027	15,254,089	14,484,861	(1,379,464)	(285,166)

Table 2**Direct State Aid for Covington City Schools**

SOQ Programs	2013	2016	2019	2020	Diff 2020 - 2013	Diff 2020 - 2016
Basic Aid	\$2,687,153	3,027,101	3,351,426	3,403,505	716,352	376,404
Sales Tax	\$859,388	972,515	957,297	978,080	118,692	5,565
Textbooks	\$56,434	64,976	69,321	70,289	13,855	5,313
Vocational Ed	\$96,227	65,503	79,173	80,279	(15,948)	14,776
Gifted Ed	\$28,931	31,739	33,734	34,904	5,973	3,165
Special Ed	\$458,495	496,336	587,255	595,458	136,963	99,122
Prev, Inter & Rem	\$123,900	166,121	154,903	157,067	33,167	(9,054)
VRS Retirement	\$309,437	394,368	481,233	489,350	179,913	94,982
Social Security	\$185,536	199,210	218,241	221,988	36,452	22,778
Group Life	\$11,321	12,830	15,146	15,358	4,037	2,528
ESL	\$862	35,383	2,361	2,361	1,499	(33,022)
Remedial Summer	\$24,264		41,409	45,369	21,105	45,369
Total SOQ	4,841,948	5,466,082	5,991,499	6,094,008	1,252,060	627,926
Incentive Programs						
Compensation Suppl		54,718	-	216,607	216,607	161,889
Acad Yr Gov Sch		-	-	-	-	-
At-Risk		-	14,423	50,748	50,748	50,748
Spec Ed Regional		-	77,357	126,342	126,342	126,342
Enrollment Loss/Other	44,555	-	-	-	(44,555)	-
Math/Read Spec		-	-	-	-	-
Early reading		-	-	-	-	-
VPI Plus		-	-	-	-	-
Technology VPSA	180,000	165,200	128,000	128,000	(52,000)	(37,200)
Total Incentive	224,555	219,918	219,780	521,697	297,142	301,779
Categorical Programs						
Adult Ed		-	-	-	-	-
Virtual VA		-	-	-	-	-
Amer. Indian treaty		-	-	-	-	-
School Lunch	5,034	5,050	5,167	5,167	133	117
Spec. Ed - Homebound	1,233	1,609	1,850	1,859	626	250
Spec. Ed - State		-	-	-	-	-
Spec. Ed - Jails		-	-	-	-	-
Total Categorical	6,267	6,659	7,017	7,026	759	367
Lottery-Funded						
Foster care	15,265	16,892	17,421	10,069	(5,196)	(6,823)
At-Risk	121,350	148,380	145,221	127,328	5,978	(21,052)
VPI	86,700	146,513	150,967	190,929	104,229	44,416
Early Reading	22,557	34,158	39,885	39,885	17,328	5,727
Mentor Teacher	-	1,050	825	825	825	(225)
K-3 Class Size	175,940	209,793	193,387	195,942	20,002	(13,851)
School Breakfast	\$7,278	4,824	4,272	4,519	(2,759)	(305)
SOL Algebra Readiness	13,856	18,675	14,233	14,233	377	(4,442)
Project Grad		-	3,744	3,826	3,826	3,826
Alternative Ed		-	-	-	-	-
ISAEP	7,859	7,859	8,355	8,355	496	496
Career & Tech Ed	2,475	2,623	2,596	2,596	121	(27)
Supplemental Basic Aid	-	-	-	-	-	-
Supplemental Lottery		-	250,702	256,501	256,501	256,501
Total Lottery	453,280	590,767	831,608	855,008	401,728	264,241
Grand Total	5,526,050	6,283,426	7,049,904	7,477,739	1,951,689	1,194,316

Chart 1
Covington and Alleghany Support for K-12



Source: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2017-18/index.shtml

Despite the recent reductions in local support for the Alleghany and Covington school divisions, both localities still provide significant sums above the state’s required local match for the Standards of Quality (SOQ). In the most recent Virginia Department of Education report to the General Assembly detailed in Chart 2, Alleghany provided \$5.1 million more, or 151 percent above its required local effort to match state K12 funding, while Covington provided \$1.9 million more, or a 98 percent overmatch.

Chart 2

FY 2018 Required Local Effort for State K12 Aid		
	<u>Alleghany</u>	<u>Covington</u>
State K-12 Aid	\$14,771,824	\$6,752,857
Required Local Effort	\$3,383,015	\$1,930,419
Actual Local Expenditures for Operations	\$8,481,901	\$3,820,965
Actual Local Expenditures for Operations Above RLE	\$5,098,886	\$1,890,546
Percent Local Expenditures Above RLE	151%	98%
<i>Source: https://rga.lis.virginia.gov/Published/2019/RD42</i>		

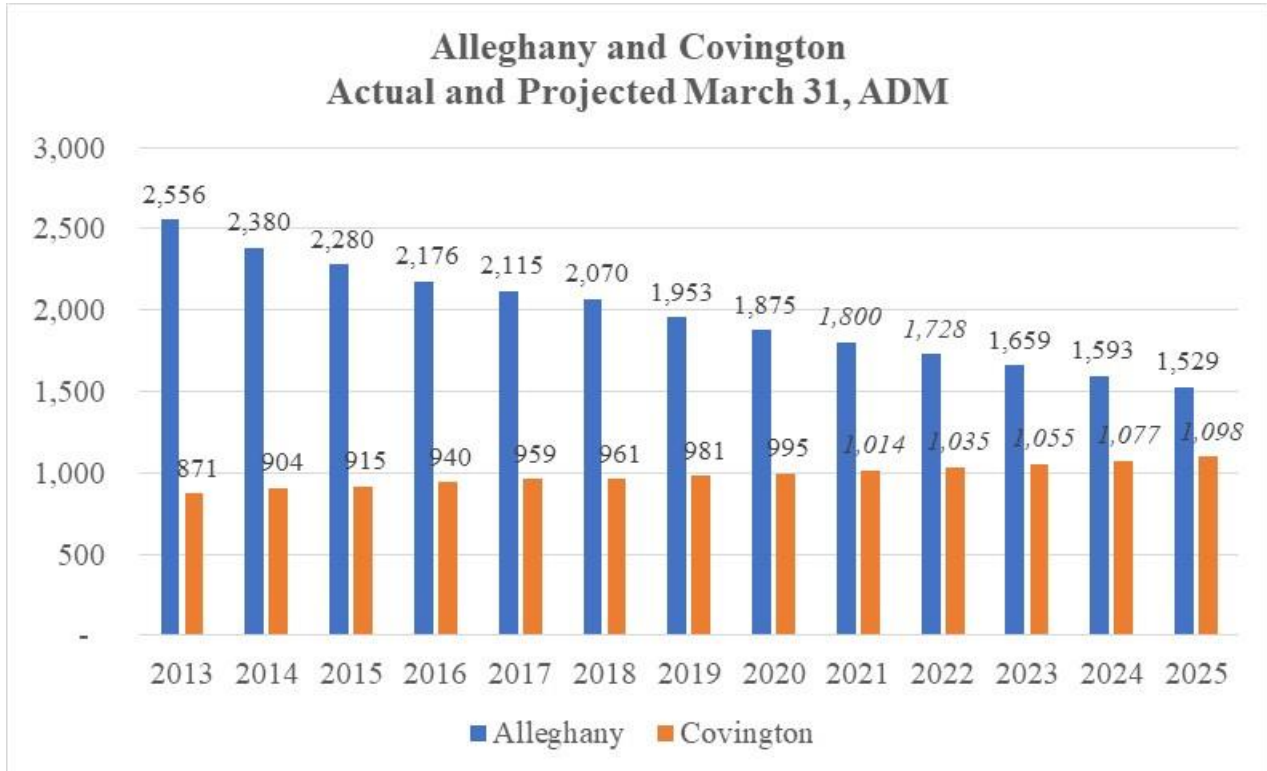
Membership Trends and Projections

As graphically displayed in **Chart 3**, March 31 ADM for state funding purposes has declined precipitously for Alleghany, while modestly increasing for Covington since FY 2013. Alleghany ADM has declined by 681 pupils through FY 2020, while Covington has increased by 124. Alleghany School Division has experienced about a 4% decline per year in ADM. Weldon Cooper population estimates in **Chart 4** reinforces the projections for ADM declines in both school divisions over time due to continuing estimated declines in population through year 2040.

Given current trends of ADM declining by about 4 percent per year, Alleghany could expect 1,529 pupils by FY 2025. Covington School Division ADM has been increasing by about 2 percent per year and therefore could expect 1,098 pupils by FY 2025. Most of the gain in the number of pupils projected for Covington is the result of transfers from Alleghany.

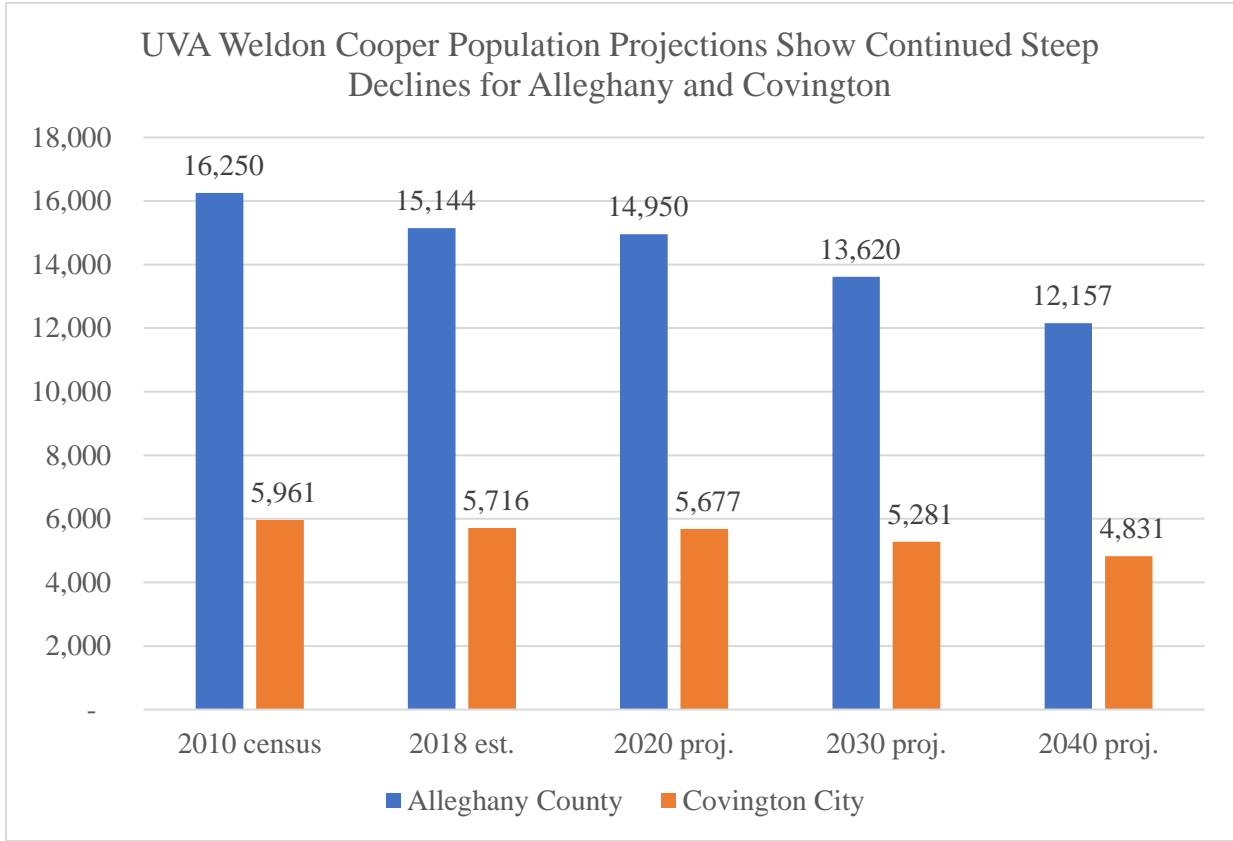
These estimates for future 4 percent ADM declines for the Alleghany School Division are reinforced by the ADM data arrayed by grade-level as presented in **Chart 5**. Alleghany School Division has been averaging about a four percent ADM loss for *each* of the elementary grades K-5, middle school grades 6-8, and high school grades 8-12.

CHART 3



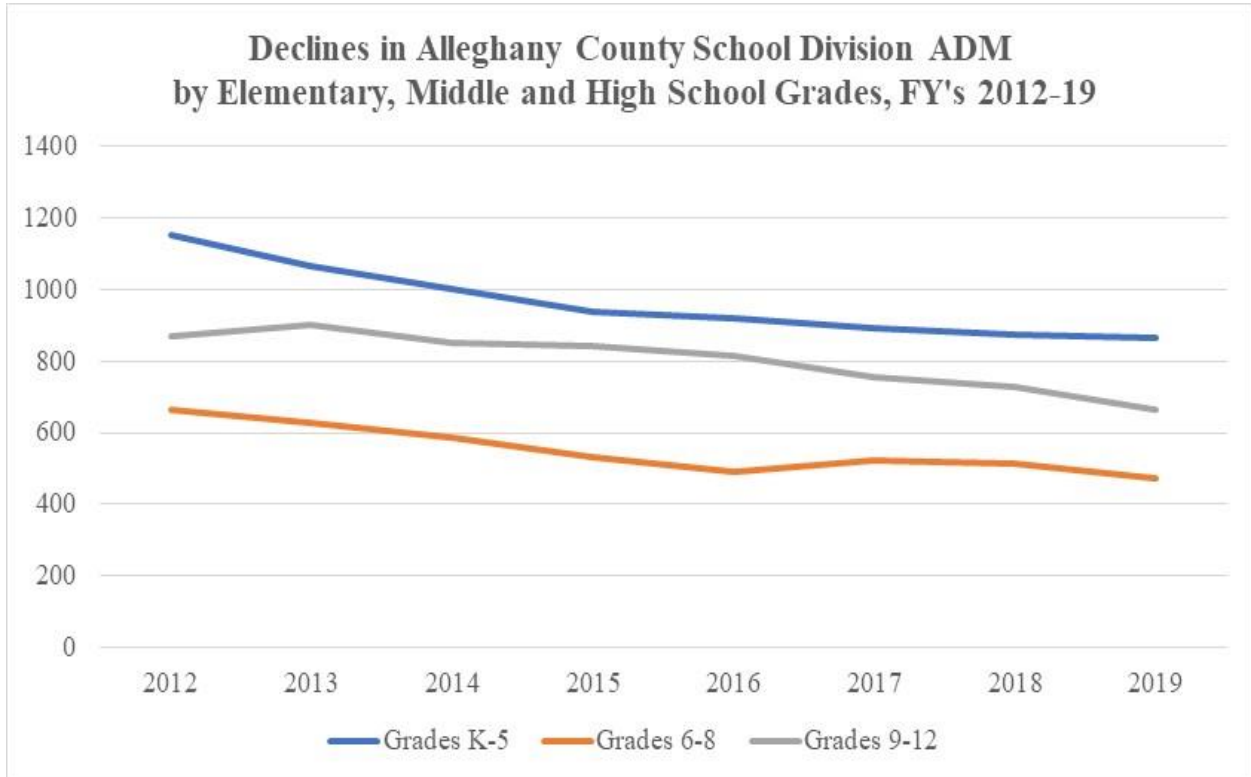
Source Thru FY 2020: Virginia Dept. of Education, Superintendents Annual Reports and Direct Aid Entitlement Information and Calculation Templates.

CHART 4



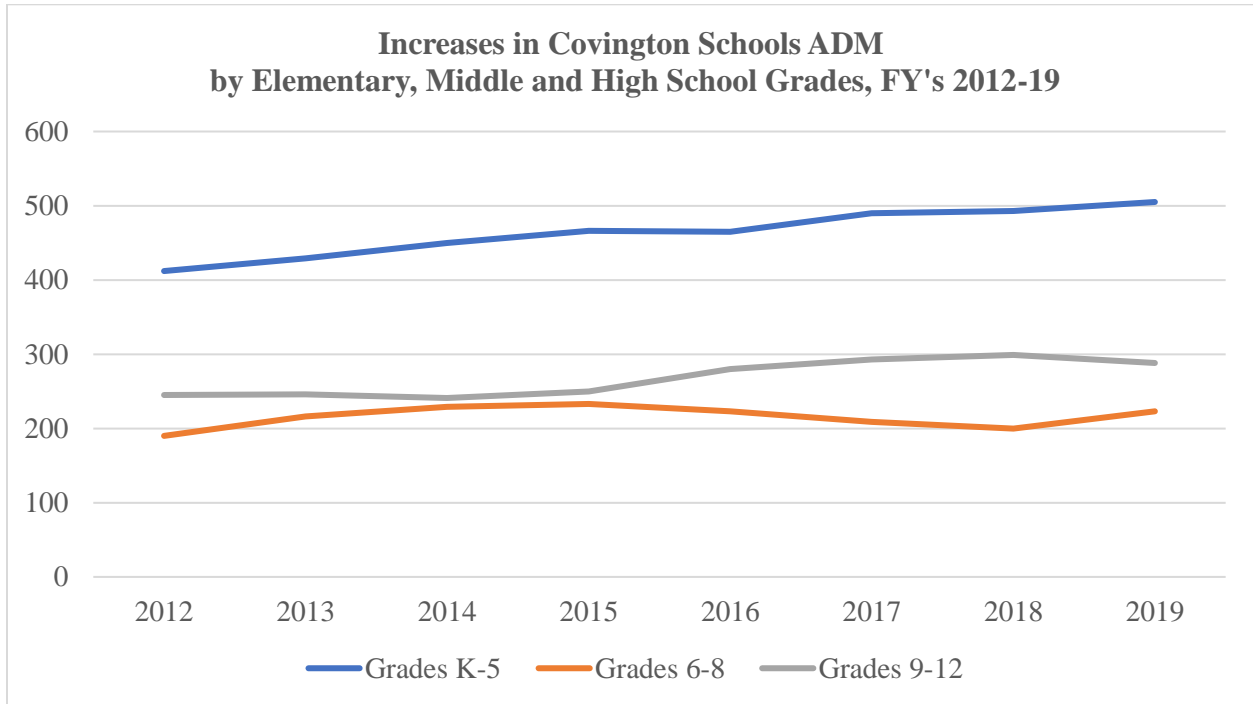
Source: <https://demographics.coopercenter.org/virginia-population-projections>

CHART 5



In contrast, Covington Schools ADM has steadily increased by an average of over two percent per year for each school-type cohort as seen in **Chart 6**.

CHART 6



Displayed in **Table 3** is FY 2018-2019 Fall Membership for a consolidated school division, i.e., Alleghany and Covington School Divisions combined, shown by grade-level. The consolidated school division would serve a projected 3,154 pupils (PK-12), with a projected high school membership of 950 pupils. Middle school (grades 6-8) fall membership is projected for a consolidated system to enroll 697 pupils. Elementary fall membership is projected at 1,507 pupils, including PK pupils, and could utilize three to four schools with 375-500 pupils per school.

Table 3
Fall Membership, by Grade, for Alleghany, Covington, and
Consolidated School Divisions, FY 2018-2019

Grade	Alleghany County	Covington City	Consolidated
PK - Pre-kindergarten	84	54	138
KG – Kindergarten	178	86	264
01 - Grade 1	135	94	229
02 - Grade 2	128	80	208
03 - Grade 3	130	81	211
04 - Grade 4	159	77	236
05 - Grade 5	134	87	221
06 - Grade 6	146	76	222
07 - Grade 7	156	74	230
08 - Grade 8	172	73	245
09 - Grade 9	164	70	234
10 - Grade 10	165	72	237
11 - Grade 11	143	66	209
12 - Grade 12	190	80	270
Total	2,084	1,070	3,154

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/statistics_reports/membership/index.shtml

Shown in **Table 4** are the Fall High School Memberships, by racial composition, for Alleghany, Covington, and the projected Consolidated School Division for FY 2018-2019. Alleghany and Covington each currently serves its communities with one high school: Alleghany High School and Covington High School. The racial composition of Alleghany High School is as follows: Hispanic-1.5%; Black-6.2%; White-89.4%; and Asian/two or more races-2.9%. Covington High School serves higher percentages of minorities with a racial profile as follows: Hispanic 4.2%; Black-16.1%; White-70.4%; and Asian/two or more races-9.7%. *The high schools of a consolidated school division likely would serve a racial composition as follows: White-82.7%; Black-9.7%; Hispanic- 2.4%; and Asian/two or more races-5.3%.*

Table 4
High School Fall Membership by Racial Percentage For
Alleghany and Covington High Schools FY 2018-2019

Race	Alleghany High		Covington High (incl. Gr. 8)		Consolidated	
	Fall Membership	%	Fall Membership	%	Fall Membership	%
Asian	4	0.60%	1	0.28%	5	0.49%
Hispanic	10	1.51%	14	3.88%	24	2.35%
Black	41	6.19%	58	16.07%	99	9.68%
White	592	89.43%	254	70.36%	846	82.70%
2 or More	15	2.27%	34	9.42%	49	4.79%
Total	662	100.00%	361	100.00%	1023	100.00%

Source: <https://plpe.doe.virginia.gov/apex/f/p>

Pupil/Teaching Staffing Ratios

Displayed in **Table 5** are the Elementary Teaching Positions, Secondary Teaching Positions, and corresponding Pupil/Teacher ratios for Alleghany and Covington School Divisions, Selected Fiscal Years 2011-2012 to 2017-2018.

The Elementary Teaching Positions for Alleghany School Division declined from 135 for 2011-2012 to 106 for 2017-2018 as a result of the 356 decrease in end-of-year elementary ADM. The Pupil:Teacher ratio decreased slightly from 11.6:1.0 to 11.4/1.0. The Secondary Teaching Positions for Alleghany decreased from 75 for FY 2011-2012 to 65 for FY 2017-2018, which was accompanied with a decrease of 212 pupils in ADM. The Secondary Education Pupil:Teacher ratio decreased from 9.8.0:1.0 for FY 2011-2012 to 8.1:1.0 for FY 2017-2018.

The Elementary Teaching Positions for Covington School Division declined from 48.1 for 2011-2012 to 45.5 for 2017-2018, despite an increase of 77 pupils in ADM. The result was that the Covington Elementary Pupil:Teacher ratio increased from 11.3.0:1.0 for FY 2011-2012 to 13.6:1.0 for FY 2017-2018. The Secondary Teaching Positions for Covington stayed constant at 29 positions from FY 2011-2012 to FY 2017-2018, although there was an increase of 82 pupils in ADM. Therefore, the Covington Secondary Education Pupil:Teacher ratio increased significantly from 8.2.4:1.0 for FY 2011-2012 to 10.9:1.0 for FY 2017-2018.

For the FY 2017-18 school year, the Alleghany Secondary pupil-teacher ratio of 11.4/1.0 was significantly below the statewide pupil-teacher ratio of 13.1/1.0, while the Covington Secondary ratio was slightly above at 13.6/1.0. In the FY 2017-18 school year, the Alleghany Secondary

pupil-teacher ratio of 8.1/1.0 was significantly below the Statewide Secondary pupil-teacher ratio of 12.4/1.0, while the Covington Secondary ratio of 10.9/1.0 was also below the Statewide ratio.

Table 5
Elementary and Secondary Teaching Positions, End-of-year ADM, and Pupil/Teacher Ratios' for Alleghany and Covington School Divisions
FY's 2012 to 2017-19

	School Division	Elementary Teaching Positions ²	End-of-Year ADM K-7 ³	Pupil / Teacher Ratio K-7	Secondary Teaching Positions ⁴	End-of-Year ADM 8-12 ⁵	Pupil / Teacher Ratio 8-12
FY 2019							
	Alleghany	102.95			63.54		
	Covington	46.25			29.00		
	State						
FY 2018							
	Alleghany	105.97	1,206.98	11.39	64.70	524.71	8.11
	Covington	45.50	618.92	13.60	29.25	319.61	10.93
	State	58,623.95	765,831.94	13.06	38,073.01	472,255.28	12.40
FY 2017							
	Alleghany	109.94	1,207.81	10.99	65.16	600.56	9.22
	Covington	46.40	604.93	13.04	27.10	304.69	11.24
	State	58,616.98	766,629.83	13.08	38,096.39	469,100.20	12.31
FY 2012							
	Alleghany	135.26	1,562.60	11.55	74.90	737.02	9.84
	Covington	48.10	541.72	11.26	29.00	237.70	8.20
	State	56,965.94	752,443.76	13.21	37,185.21	454,590.70	12.23
1. Elementary teaching positions include classroom, homebound, media, technology teachers for grades K-7							
2. Average Daily Membership (ADM) reflects all pupils K-7							
3. Secondary teaching positions include classroom, homebound, media, technology teachers for grades 8-12							
2. ADM reflects all pupils 8-12							
5. FY 2019 pupil-teacher ratios reflect unpublished DOE ASR data							
Source: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2017-18/index.shtml							

Tables 6A presents average annual salaries in 2017-2018, for Allegheny and Covington School Divisions. Covington School Division generally pays significantly higher salaries for both elementary and secondary teaching positions than Allegheny School Division. Therefore, Covington School Division also ranks higher than Allegheny in statewide rankings for instructional salaries. In fact, in FY 2018 Covington ranked 13th in statewide secondary school position teaching salaries. Allegheny School Division did pay higher salaries for its five principals and five assistant principals than Covington did for their 3 principals and one assistant principal.

In **Table 6B**, Covington teacher and all instructional wages also compare favorably to surrounding school divisions and the state’s prevailing wage payments in the state Standards of Quality. Allegheny instructional wages are slightly below a number of surrounding school divisions and the wage payments in the state Standards of Quality.

Table 6A
Average Annual Salaries of Elementary School Teachers, Secondary School Teachers and all Instructional Personnel for Allegheny County and Covington School Divisions, FY 2018

FY 2018 Average Annual Salaries						
	Elementary Teachers	Rank	Secondary Teachers	Rank	All Instructional	Rank
Allegheny	\$46,719	85	\$49,544	77	\$49,395	79
Covington	\$49,549	53	\$58,956	13	\$54,168	34
Statewide	\$56,395		\$58,573		\$58,677	
FY 2018 Average Annual Salaries						
	Assistant Principals	Rank	Elementary Principals	Rank	Secondary Principals	Rank
Allegheny	\$72,266	49	\$83,022	74	\$88,523	82
Covington	\$70,446	62	\$72,946	113	\$69,750	122
Statewide	\$81,874		\$99,024		\$106,134	

Table 6B

Comparison of Alleghany-Covington Average Instructional Salaries to Surrounding Localities and Statewide Averages (SY 2018)			
	Elementary Teachers	Secondary Teachers	All Instructional Positions *
Salem	\$58,690	\$58,037	\$59,752
Botetourt	\$53,147	\$55,173	\$55,675
Rockbridge	\$52,639	\$54,145	\$54,304
Covington	\$49,549	\$58,956	\$54,168
Roanoke	\$50,336	\$52,781	\$52,699
Augusta	\$48,333	\$51,826	\$51,132
Bath	\$48,455	\$48,732	\$50,011
Alleghany	\$46,719	\$49,544	\$49,395
Bedford	\$45,847	\$45,760	\$47,140
Appomattox	\$44,194	\$45,773	\$46,300
Amherst	\$46,039	\$43,382	\$46,156
Craig	\$41,349	\$44,714	\$43,114
Statewide Average	\$56,395	\$58,573	\$58,677
SY 2018 SOQ Prevailing Wage Payments	\$47,185	\$49,744	

^{3*} All Instructional Positions include classroom teachers, guidance counselors, librarians, technology instructors, principals, and assistant principals.

Source: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2017-18/index.shtml, Table 19

Current Operating Costs by Source and Function

Displayed in **Table 7** is Current Operating Costs Per Pupil by Source for Alleghany and Covington School Divisions. In FY 2013 both school divisions were only \$30 different in overall per pupil costs. By FY 2018, Alleghany school division was \$534 higher than Covington school division in per pupil costs. The higher school division per pupil costs for Alleghany is partly the result of membership losses reducing the pupil-teacher ratio, despite having lower teacher salaries than Covington. **Table 8** lists Current Operating Costs Per Pupil, by Function, for Alleghany and Covington School Divisions. In FY 2018, Alleghany had significantly higher Administrative, and particularly Operation/Maintenance and Transportation per pupil costs than Covington.

Still, Alleghany had \$596 lower and Covington had \$1,130 lower per pupil school division costs in FY 2018 than the statewide average.

Table 7
Current Operating Costs Per Pupil, by Source, for
Alleghany and Covington School Divisions,
FYs 2013 to 2018

Alleghany County School Division Per Pupil Funding by Source								
FY	ADM	Local	% Local	State	% State	Federal	% Fed	Total
2018	2,146	\$4,136	34.6%	\$6,882	57.6%	\$935	7.8%	\$11,952
2017	2,187	\$4,340	36.2%	\$6,795	56.6%	\$865	7.2%	\$11,999
2016	2,204	\$4,272	36.4%	\$6,544	55.8%	\$918	7.8%	\$11,735
2013	2,592	\$4,064	37.0%	\$6,066	55.3%	\$847	7.7%	\$10,977
Covington City School Division per Pupil Funding by Source								
FY	ADM	Local	% Local	State	% State	Federal	% Fed	Total
2018	1,023	\$3,923	34.4%	\$6,600	57.8%	\$896	7.8%	\$11,418
2017	1,034	\$4,147	36.2%	\$6,352	55.5%	\$947	8.3%	\$11,446
2016	997	\$3,993	35.9%	\$6,329	56.9%	\$799	7.2%	\$11,122
2013	965	\$4,548	41.5%	\$5,602	51.1%	\$818	7.5%	\$10,967
Statewide School Division per Pupil Funding by Source								
FY	ADM	Local	% Local	State	% State	Federal	% Fed	Total
2018	1,286,001	\$6,462	51.5%	\$5,218	41.6%	\$867	6.9%	\$12,548
2017	1,284,205	\$6,249	51.3%	\$5,052	41.5%	\$871	7.2%	\$12,171
2016	1,279,145	\$6,084	51.8%	\$4,849	41.3%	\$812	6.9%	\$11,745
2013	1,259,980	\$5,777	51.3%	\$4,606	40.9%	\$875	7.8%	\$11,257

Source: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml

Table 8
Current Operating Costs Per Pupil, by Function*

Alleghany County School Division Per Pupil Funding by Function											
FY	Admin	%	Instr	%	Att.-Health	%	Transp.	%	O&M	%	Total
2018	\$677	5.8%	\$8,392	72.1%	\$261	2.2%	\$975	8.4%	\$1,336	11.5%	\$11,641
2017	\$635	5.4%	\$8,391	71.8%	\$283	2.4%	\$939	8.0%	\$1,434	12.3%	\$11,682
2016	\$592	5.3%	\$8,291	74.4%	\$265	2.4%	\$890	8.0%	\$1,111	10.0%	\$11,149
2013	\$453	4.4%	\$7,672	73.8%	\$284	2.7%	\$766	7.4%	\$1,216	11.7%	\$10,390
Covington City School Division per Pupil Funding by Function											
FY	Admin	%	Instr	%	Att.-Health	%	Transp.	%	O&M	%	Total
2018	\$429	4.0%	\$8,858	82.0%	\$312	2.9%	\$313	2.9%	\$886	8.2%	\$10,798
2017	\$430	3.9%	\$8,810	80.7%	\$369	3.4%	\$311	2.8%	\$993	9.1%	\$10,912
2016	\$341	3.2%	\$8,358	78.7%	\$449	4.2%	\$299	2.8%	\$1,167	11.0%	\$10,614
2013	\$339	3.1%	\$8,435	77.5%	\$428	3.9%	\$325	3.0%	\$1,353	12.4%	\$10,879
Statewide School Division per Pupil Funding by Function											
FY	Admin	%	Instr	%	Att.-Health	%	Transp.	%	O&M	%	Total
2018	\$424	3.5%	\$9,473	78.7%	\$245	2.0%	\$729	6.1%	\$1,161	9.7%	\$12,032
2017	\$448	3.8%	\$9,177	78.6%	\$234	2.0%	\$694	5.9%	\$1,125	9.6%	\$11,677
2016	\$388	3.4%	\$8,858	78.7%	\$226	2.0%	\$677	6.0%	\$1,113	9.9%	\$11,263
2013	\$359	3.3%	\$8,469	78.6%	\$209	1.9%	\$653	6.1%	\$1,079	10.0%	\$10,769

*Includes only regular school day operations, excluding food services, summer school, adult education, pre-kindergarten, and other programs.

Source: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml

The Appendix to this report also contains a comparison Alleghany and Covington to similar localities of the number of administrative, attendance, and health positions for FY 2018. Covington generally has similar numbers of these positions to other like-size school divisions. Alleghany has a significantly higher number of these positions than other like size school divisions.

Summary: Input Indicators

A review of changes in Input Indicators for Allegheny and Covington School Divisions revealed a mixed narrative.

The Allegheny School Division has experienced about a four percent decline in average annual membership since FY 2013. Likewise, for Allegheny total nominal state and local government support has declined. Since FY 2013, the Allegheny pupil-teacher ratio has declined further below the state average. In FY 2012, Allegheny pupil-teacher ratios were above that of Covington. By FY 2018, the Allegheny ratios were well below Covington. With this decrease in Allegheny pupil-teacher ratios, per pupil state-local support has increased at least on a nominal basis for the Allegheny School Division since FY 2013.

The Covington School Division has experienced about a two percent increase in average annual membership since FY 2013. State support has increased substantially since then, while local support has marginally declined. The pupil-teacher ratio has increased as well. In total, per pupil support has slightly increased since FY 2013.

Even with reduced local support since FY 2013, both Allegheny and Covington continue to provide significant local expenditures in excess of the state's required local effort.

Except for the five years of employment, Covington pay scales are higher for teachers than in the Allegheny school system. While Covington pays elementary teachers higher than Allegheny, their salaries are lower than state averages. Covington also pays secondary teachers higher than Allegheny and also pays at the statewide average. Covington average teacher salaries also compare well with surrounding localities. Allegheny pays its principals and assistant principals higher than the three principals and one assistant principal in Covington. Allegheny also generally pays its central administrative staff higher than Covington.

Both school divisions have lower total per pupil funding costs than statewide averages. While teacher salaries are generally lower in Allegheny than in Covington, total per pupil costs are higher in Allegheny. This is due to the lower pupil-teacher ratios and higher administrative, operation and maintenance and transportation costs in Allegheny than Covington.

Output Indicators

Output indicators generally relate to the effects that schooling have on the pupils served. Included as output indicators are achievement test scores, diplomas and degrees earned, attendance and graduation performance, and others.

Standards of Learning (SOL) Test Results

Displayed in **Table 9** are the **SOL test results** for Allegheny and Covington School Divisions over a three-year time span, SYs 2016-2017, 2017-2018, and 2018-2019. Neither school division, Allegheny nor Covington, met or exceeded the mean (\bar{x}) scores reported for the State as a whole. The SOL test scores for both school divisions were similar, with a general marked decline for both over the three-year period.

Displayed in **Table 10** are the **Dropout rates** for Allegheny and Covington School Divisions from SY 2011-12 through SY 2017-2018.

Displayed in **Table 11** are the **Diploma Type Awards** for Allegheny and Covington School Divisions in SY 2017-2018.

Displayed in **Table 12** are the **Continuing Education/Employment Plans for High School Graduates** for Allegheny and Covington School Divisions in SY 2017-2018.

Table 9

SOL Test Results for Allegheny County and Covington City School Divisions					
School Division	Test	Student Group	School Year		
			2016-2017	2017-2018	2018-2019
Allegheny County	English: Reading	All Students	74	74	70
Allegheny County	English: Writing	All Students	69	72	63
Allegheny County	History and Social Sciences	All Students	81	79	71
Allegheny County	Mathematics	All Students	70	72	69
Allegheny County	Science	All Students	73	79	75
Covington City	English: Reading	All Students	69	73	70
Covington City	English: Writing	All Students	75	74	68
Covington City	History and Social Sciences	All Students	82	78	77
Covington City	Mathematics	All Students	66	66	68
Covington City	Science	All Students	74	78	73
State	English: Reading	All Students	80	79	78
State	English: Writing	All Students	79	78	76
State	History and Social Sciences	All Students	86	84	80
State	Mathematics	All Students	79	77	82
State	Science	All Students	82	81	81

Table 10**Dropout Rates**

School Year	Dropouts	
	Alleghany	Covington
2018	5	7
2017	11	1
2016	16	10
2015	19	9
2014	19	8
2013	1	12
2012	<u>17</u>	<u>6</u>
Total	88	53

Source: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml

Table 11**SY 2017-18 Diploma Type Awards**

	Alleghany	Percent	Covington	Percent
Standard Diploma	91	47.6%	35	55.6%
Advanced Studies Diploma	89	46.6%	19	30.2%
Other Diploma	10	5.2%	7	11.1%
GED Certificate	0	0.0%	2	3.2%
ISAEP⁹	1	0.5%	0	0.0%
Total	191		63	

Source: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml

Table 12**Continuing Education/Employment Plans for SY 2017-18 High School Graduates**

	Alleghany	Percent	Covington	Percent
Attending Two-year Colleges Count	111	58.1%	26	41.3%
Attending Four-year Colleges Count	46	24.1%	17	27.0%
Other Continuing Education Plans Count	3	1.6%	0	0.0%
Employment Count	22	11.5%	18	28.6%
Military Count	9	4.7%	2	3.2%
Total	191		63	

Source: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml

Summary of Output Indicators

Covington and Alleghany pupils have relatively similar SOL scores, but both underperformed statewide average scores. Dropout rates are relatively low although vary by year to year. A significantly higher percentage of advanced diplomas were earned in Alleghany schools (47%) compared to Covington (30%) in SY 2018. A majority of graduates from both school divisions planned on going to college, although the larger share planned to attend two-year community colleges.

Fiscal Capacity, Fiscal Effort, and Distribution of Direct State Aid for the Allegheny and Covington School Divisions, Biennia 2011, 2012 to 2019, 2020

Nearly all states distribute, at least a portion of its state aid to their local school divisions through an equalization formula that requires the measurement of local ability to pay. The measurement of local fiscal ability by the Commonwealth of Virginia is accomplished through an algorithm entitled, the *Local Composite Index*.

Local Composite Index

As evident by an examination of **Figure 1**, the LCI is determined for each school division by mathematically merging three separate measures of fiscal capacity: True Valuation of Real and Public Service Corporations, Adjusted Gross Income⁶ (AGI) and Taxable Retail Sales Receipts (TRS). Biennially, the 134 school divisions are each assigned a unique index that generally spans a continuum from 0.1700 to 0.8000. The largest of the several state grants is entitled, *State Basic Aid*, and is distributed pursuant to the following formula:

$$\text{State Aid} = [((\text{ADM} \times \text{State Calculated Cost Per ADM}) - \text{Dedicated State Sales Tax Receipts}) \times (1-\text{LCI})]$$

This funding mechanism is known as a Minimum Foundation Program and approximately 80% of the states currently employ variations of this program to fund their public schools. Nearly all of the remaining grants, excluding *State Basic Aid*, also are distributed through application of the LCI, as presented in the following formula:

$$\text{State Aid} = [(\text{ADM} \times \text{State Calculated Cost Per ADM}) \times (1-\text{LCI})]$$

It is important to note that these percentages apply only to the calculated costs and do not represent the actual cost percentages provided by the state and local agencies. History has shown that among the 134 school divisions,⁷ the LCIs typically range from 1.0000 and greater to approximately 0.1700, thereby those school divisions with the 1.0000 and greater would qualify for no direct state aid while those school divisions at the lower end of the continuum would qualify for 83% of their state-calculated costs. However, the Commonwealth has provided historically some direct state aid to those school divisions considered to possess high fiscal capacity and has truncated the LCIs at 0.8000. Implementation of this policy guarantees the high fiscal capacity

⁶ For Biennia, 1973-74 to 1987-88, Virginia employed *Personal Income*, a statistic prepared by the Bureau of Economic Analysis, United States Department of Commerce, to serve as a proxy for *Other Local Revenue*. From Biennium, 1989-90 to the present, *Adjusted Gross Income*, a statistic prepared by the Virginia Department of Taxation has replaced the *Personal Income* statistic.

⁷ There are 132 operating and two non-operating school divisions. For the purpose of calculating direct state aid, all school divisions, operating and non-operating school divisions, have their state aid determined through application of the several state aid formulae.

school divisions will receive no less than 20% of their state-calculated costs for State Basic Aid and other state grants that are determined by application of the LCI. For FYs 2019-2020, the range of LCIs spanned from 0.1754 for Lee County to 0.8000 for several school divisions, including Arlington County, Falls Church, Alexandria, etc.

As mentioned above, the LCI has several significant limitations: 1. The LCI relies on rather old data, e.g., For FYs 2020-2022, the fiscal indicators are based on FY 2017 data while the divisor, ADM is obtained from School Year 2018, although population are 2017 estimates based on using the 2010 census. As a result, the current economic conditions of localities are unlikely to be accurately reflected by their current LCIs; 2. The LCI is a relative measure that contrasts the fiscal condition of each locality against the Commonwealth as a whole. Instead of solely contrasting over time the changing fiscal conditions of localities, the LCI contrasts each locality against all other localities. Thus, a locality that experiences deteriorating economic conditions may see its LCI rise if a preponderance of other localities experience even worse economic conditions; and 3. massive concentrations of wealth, income, and sales in several localities significantly affect the LCIs for all localities and make the LCI volatile. That is, whenever the large localities, as measured by population and pupils, experience rapid economic growth, their LCIs tend to rapidly increase while the preponderance of other localities will see their LCIs decrease. The reverse is also true; when the economic conditions in the several large localities rapidly deteriorate, their LCIs fall and most other localities will see their LCIs increase rapidly.⁸ Displayed in **Table 13** are the LCIs for Alleghany and Covington School Divisions for FY 2012-2014, FY 2018-20, and FY 2020-22.

⁸ See: Driscoll, Lisa, *The Local Composite Index: A Critical Analysis*, Unpublished doctoral dissertation. (Blacksburg, Virginia: Virginia Polytechnic Institute and State University, 1998).

Figure 1

COMPOSITE INDEX FUNDING FORMULA

Average Daily Membership (ADM) Component =

$$.5 \left[\frac{\frac{\text{Local True Values}}{\text{Local ADM}}}{\frac{\text{State True Values}}{\text{State ADM}}} \right] + .4 \left[\frac{\frac{\text{Local Adjusted Gross Income}}{\text{Local ADM}}}{\frac{\text{State Adjusted Gross Income}}{\text{State ADM}}} \right] + .1 \left[\frac{\frac{\text{Local Taxable Retail Sales}}{\text{Local ADM}}}{\frac{\text{State Taxable Retail Sales}}{\text{State ADM}}} \right]$$

Population Component =

$$.5 \left[\frac{\frac{\text{Local True Values}}{\text{Local Population}}}{\frac{\text{State True Values}}{\text{State Population}}} \right] + .4 \left[\frac{\frac{\text{Local Adjusted Gross Income}}{\text{Local Population}}}{\frac{\text{State Adjusted Gross Income}}{\text{State Population}}} \right] + .1 \left[\frac{\frac{\text{Local Taxable Retail Sales}}{\text{Local Population}}}{\frac{\text{State Taxable Retail Sales}}{\text{State Population}}} \right]$$

Local Composite Index =

$$((.6667 \times \text{ADM Component}) + (.3333 \times \text{Population Component})) \times 0.45$$

Note: The specifications for the LCI are contained in the budget bills enacted by the Virginia General Assemblies, e.g., Virginia Acts of Assembly, Appropriation Act, HB 1700, Item 136 (A)(4.a) (2019).

Table 13

	LCI Factors		
	FY 2012-14	FY 2018-20	FY 2020-22
Allegheny County			
TVRE (50%)	\$1,193,877,227	\$1,390,193,199	\$1,375,295,244
VAGI (40%)	\$269,993,000	\$325,700,569	\$314,799,601
Taxable Sales (10%)	\$63,621,550	\$76,488,689	\$70,845,093
ADM (67%)	2,769	2,176	2,070
Population (33%)	16,505	15,515	15,405
LCI	0.2297	0.2899	0.2819
Covington City			
TVRE (50%)	\$324,378,882	\$557,512,650	\$580,167,623
VAGI (40%)	\$87,607,228	\$99,965,762	\$98,817,773
Taxable Sales (10%)	\$107,984,326	\$112,746,568	\$110,735,626
ADM (67%)	839	940	961
Population (33%)	5,984	6,198	5,850
LCI	0.2775	0.2981	0.2913
State			
TVRE (50%)	\$1,078,950,112,391	\$1,170,092,111,099	\$1,255,682,912,829
VAGI (40%)	\$213,068,248,249	\$271,432,497,953	\$276,897,521,669
Taxable Sales (10%)	\$85,771,912,427	\$100,207,273,998	\$103,736,609,468
ADM (67%)	1,204,422	1,239,781	1,246,931
Population (33%)	7,928,779	8,382,993	8,470,020

As displayed in **Table 14**, Alleghany has declining revenue capacity factors tending to reduce their LCI. However, this is more than offset by even greater declines in ADM and population which increases the school division LCI. Covington has relatively stable revenue capacity factors. Rising ADM is offsetting declining population which overall leaves a relatively stable LCI calculation.

Table 14

	LCI Factors Percent of State		
	FY 2012-14	FY 2018-20	FY 2020-22
Alleghany County			
TVRE (50%)	0.111%	0.119%	0.110%
VAGI (40%)	0.127%	0.120%	0.114%
Taxable Sales (10%)	0.074%	0.076%	0.068%
Numerator Ratio	0.113%	0.115%	0.107%
ADM (67%)	0.230%	0.175%	0.165%
Population (33%)	0.208%	0.185%	0.182%
Denominator Ratio	0.223%	0.179%	0.171%
Num./Denom. Ratio	0.509	0.644	0.626
Covington City			
TVRE (50%)	0.030%	0.048%	0.046%
VAGI (40%)	0.041%	0.037%	0.036%
Taxable Sales (10%)	0.126%	0.113%	0.107%
Numerator Ratio	0.044%	0.050%	0.048%
ADM (67%)	0.070%	0.076%	0.077%
Population (33%)	0.075%	0.074%	0.069%
Denominator Ratio	0.072%	0.075%	0.074%
Num./Denom. Ratio	0.616	0.662	0.647

Arrayed in **Table 15** are the Local Composite Indices (LCIs), Fiscal Capacities, and Fiscal Effort for Covington and Alleghany School Divisions from FY 2015-2016 to FY 2021-2022. An examination of their LCIs show that both school divisions are among the least fiscal capable school divisions in the Commonwealth, ranking on average 107th among the 135 school divisions. The Fiscal Capacity measure follows the same trend as their LCIs, since the LCIs simply have been converted into to a dollar measure in order to calculate the local fiscal efforts their local citizens have exerted to fund local expenditures for their public schools. In essence, local fiscal efforts have been determined by calculating the dollars per unit as a function of their fiscal capacities. In contrast to their low rankings pursuant to the LCIs and Fiscal Capacity measures, both school divisions have exerted considerable fiscal efforts to fund local expenditures, ranking on average 20th among all school divisions.

Table 15

**The Trend in Local Composite Indices, Fiscal Capacities, and Fiscal Efforts
for Covington and Alleghany School Divisions,
FYs 2015-2016 to 2021-2022**

School Division	Local Composite Index	Rank	Fiscal Capacity^a	Rank	Fiscal Effort^a	Rank
FY 2021-2022						
Covington	0.2913	101				
Alleghany	0.2819	105				
FY 2019-2020						
Covington	0.2981	96				
Alleghany	0.2819	103				
FY 2017-2018						
Covington	0.2803	103	\$49,254	101	\$3.0325	18
Alleghany	0.2568	115	\$45,128	113	\$2.8495	28
FY 2015-2016						
Covington	0.2818	105	\$46,864	103	\$3.2937	15
Alleghany	0.2426	127	\$40,376	124	\$3.2561	17

^a Not available for FYs 2019-2020 and 2021-2022.

The Virginia Commission on Local Government also has a fiscal stress calculation for all local governments in Virginia. The Commission’s report uses a statistical averaging of relative stress scores that are based upon the revenue capacity per capita, revenue effort, and median household income of Virginia’s 95 counties and 38 cities. This fiscal stress index illustrates a locality’s ability to generate additional local revenues from its current tax base relative to the rest of the Commonwealth. Revenue capacity is a computation of how much revenue a jurisdiction could generate if it taxed its population at statewide average rates. Revenue effort is a ratio of actual tax collections by a locality to its computed revenue capacity. Median household income represents the level at which exactly half of the households in a jurisdiction earn more and the other half earns less. The latest calculation is for 2017.

Table 16 contains Alleghany and Covington rankings for the Commission’s overall fiscal stress ranking and the ranking for the three components used for the overall calculation. As seen below, Covington is ranked in this calculation as one of the highest fiscally stressed localities in the Commonwealth, with a particularly high ranking in revenue effort. Covington revenue effort most likely indicates the emphasis placed on teacher and school employee salaries. Alleghany is ranked “above average” in Commission’s report on fiscal stress.⁹

Table 16
2017 Commission on Local Government
Fiscal Stress and Component Rankings

	Overall Stress Rank	Fiscal Capacity Rank	Median Household Income	Fiscal Effort Rank
Alleghany	39	45	60	45
Covington	9	47	14	5

⁹ <https://www.dhcd.virginia.gov/sites/default/files/Docx/clg/fiscal-stress/2017-fiscal-stress-updated.pdf>

Cost of Equalizing Employee Compensation and Fringe Benefits For Allegheny and Covington School Divisions

Employee Compensation

The employee compensation systems administered by Allegheny and Covington School Divisions exhibit significant differences. Generally, Covington pays its school employees a higher salary than Allegheny with two notable exceptions. First, Covington pays its three principals and one High School assistant principal less than Allegheny pays its principals. It would cost about \$13-14,000 to equalize the four Covington principals to the salary levels of the Allegheny principals. Covington also uses a flat teacher wage scale from Step 0 through Step 5. Therefore, the Allegheny teacher wage from Step 1 through Step 6 is higher than Covington. Allegheny has 56 teachers currently in Steps 1 through 6 that would not need to have their salaries adjusted upward to the Covington scale. Covington has 16 teachers in its wage scales 1-6 that would theoretically have to be brought up to the Allegheny wage scale. **It would cost approximately \$13,350 to raise these 16 Covington teachers to the Allegheny wage scale, including FICA and retirement benefits.**

As displayed in Table 17, increasing the rest of Allegheny teachers, teacher assistants, custodians, and school secretaries to the level of pay of the Covington school system would cost about \$465,000. This cost estimate entailed using a detailed spreadsheet of each Allegheny school system employee cost, including benefits, and replacing their salary scale wage with the equivalent Covington salary scale wage, if higher. Similar stipend levels are used in both school systems and existing stipend amounts could be generally maintained without requiring significant changes or new expenditures.

Table 18 displays the salary scale differences for these four employee categories between Allegheny and Covington. Even with the additional salary scale steps in the Allegheny school system, using the fewer Covington wage scale steps would still provide higher pay for Allegheny employees. It is recommended that teachers, teacher assistants, custodians and school secretaries of the Consolidated School Division be placed on the higher Covington salary scales. A merger of school divisions is very stressful and the relief from the stress imposed due to personal compensation would be helpful. A hold harmless should also be provided for any Allegheny positions currently paying above the Covington salary scales.

Some of the school support staff such as central office administrative staff, school nurses, bus drivers, cafeteria workers and facility maintenance workers were not included in the analysis due to uncertainty as to how consolidation would treat these positions. For example, Covington bus drivers often work as custodians as well, whereas Allegheny bus drivers do not. In addition, most of the maintenance workers and school nurses in Allegheny appeared to be near retirement age. School nurses in Covington are paid on a per hour basis.

Table 17
Compensation Increases Needed to Equalize Alleghany School Employees to the Covington Wage Scale

	Employees Impacted	Total Compensation Increase
Custodians	11	\$36,368
Secretaries	5	\$19,601
Teachers/Counselors	107	\$350,163
Teacher Assistants	28	<u>\$59,411</u>
Total Need to Equalize Alleghany Salaries		\$465,543

<u>Alleghany Stipends</u>
1) Bachelor's degree for classified positions: \$500
2) Facilities & transportation licenses: \$500*
3) Bookkeeper small school: \$800
4) Head custodian small school: \$800
5) Bookkeeper medium school: \$1,000
6) Head custodian medium school: \$1,000
7) Bookkeeper large school: \$1,200
8) Foreman - transportation & maintenance: \$1,200
9) Head custodian large school: \$1,200
10) Master's degree: \$3,000
11) Master's degree plus 30 hours: \$3,500
12) Behavior analyst: \$4,000
13) PhD degree: \$4,000
14) Registered nurse: \$4,000
15) Lead nurse: \$7,000
16) Speech language pathologist: \$10,000
* Includes journeyman, asbestos compliance, pesticide application, and refrigerant recovery.

Table 18

Comparison of Salary Scale Differentials by Employee Category								
	200 Day Teachers		Teacher Assistants		Secretaries		Custodians	
Step	<u>Alleghany</u>	<u>Covington</u>	<u>Alleghany</u>	<u>Covington</u>	<u>Alleghany</u>	<u>Covington</u>	<u>Alleghany</u>	<u>Covington</u>
0	\$39,150	\$39,251	\$13,703	\$14,875	\$18,022	\$26,000	\$13,898	\$21,500
1	\$39,558	\$39,251	\$13,865	\$15,098	\$18,314	\$26,390	\$14,107	\$21,823
2	\$39,971	\$39,251	\$14,029	\$15,321	\$18,610	\$26,780	\$14,318	\$22,145
3	\$40,388	\$39,251	\$14,195	\$15,544	\$18,912	\$27,170	\$14,533	\$22,468
4	\$40,809	\$39,251	\$14,363	\$15,768	\$19,219	\$27,560	\$14,751	\$22,790
5	\$41,235	\$39,251	\$14,532	\$15,991	\$19,530	\$27,950	\$14,972	\$23,113
6	\$41,665	\$42,151	\$14,704	\$16,214	\$19,849	\$28,340	\$15,196	\$23,435
7	\$42,101	\$42,731	\$14,878	\$16,437	\$20,170	\$28,730	\$15,425	\$23,758
8	\$42,539	\$43,311	\$15,054	\$16,660	\$20,496	\$29,120	\$15,655	\$24,080
9	\$42,984	\$43,892	\$15,232	\$16,883	\$20,828	\$29,510	\$15,891	\$24,403
10	\$43,432	\$44,472	\$15,412	\$17,106	\$21,166	\$29,900	\$16,129	\$24,725
11	\$43,886	\$45,052	\$15,594	\$17,329	\$21,510	\$30,290	\$16,370	\$25,048
12	\$44,344	\$45,632	\$15,779	\$17,553	\$21,857	\$30,680	\$16,617	\$25,370
13	\$44,807	\$46,212	\$15,965	\$17,776	\$22,213	\$31,070	\$16,865	\$25,693
14	\$45,274	\$46,792	\$16,153	\$17,999	\$22,572	\$31,460	\$17,118	\$26,015
15	\$45,746	\$47,372	\$16,345	\$18,222	\$22,939	\$31,850	\$17,375	\$26,338
16	\$46,224	\$47,952	\$16,538	\$18,445	\$23,311		\$17,636	\$26,660
17	\$46,706	\$48,532	\$16,734	\$18,668	\$23,689		\$17,900	\$26,983
18	\$47,194	\$49,112	\$16,932	\$18,891	\$24,072		\$18,169	\$27,305
19	\$47,686	\$49,692	\$17,132	\$19,114	\$24,463		\$18,442	\$27,628
20	\$48,184	\$50,272	\$17,334	\$19,338	\$24,859		\$18,717	\$27,950
21	\$48,687	\$52,220	\$17,539	\$19,561	\$25,262		\$18,998	\$28,273
22	\$49,195	\$54,168	\$17,747	\$19,784	\$25,672		\$19,283	\$28,595
23	\$49,708	\$56,116	\$17,956	\$20,007	\$26,088		\$19,573	\$28,918
24	\$50,227	\$58,064	\$18,168	\$20,230	\$26,510		\$19,867	\$29,240
25	\$50,753	\$60,012	\$18,383	\$20,453	\$26,941		\$20,165	\$29,563
26	\$51,282		\$18,600	\$20,676	\$27,377		\$20,467	\$29,885
27	\$51,817		\$18,819	\$20,899	\$27,821		\$20,774	\$30,208
28	\$52,357		\$19,044	\$21,123	\$28,272		\$21,086	\$30,530
29	\$52,905		\$19,268	\$21,346	\$28,730		\$21,402	\$30,853
30	\$53,456		\$19,496	\$21,569	\$29,196		\$21,722	\$31,175
31	\$54,015		\$19,726		\$29,670		\$22,047	
32	\$54,577		\$19,960		\$30,152		\$22,379	
33	\$55,233		\$20,433		\$31,135		\$23,055	
34	\$56,892		\$20,920		\$32,153		\$23,752	
35	\$58,085		\$21,417		\$33,205		\$24,469	
36	\$59,304		\$21,927		\$34,290		\$25,209	

Analysis of Health Benefits

A review of health benefits as displayed in **Table 19** reveals that Covington generally pays a greater employer share of the total cost of insurance than Alleghany. For example, a single individual Key Advantage 250 policy in FY 2020 costs Covington an average of \$7,836 (depending on preventative or comprehensive dental benefits), while Alleghany pays \$7,380 in annual employer costs. Similarly, higher employer costs for Covington are experienced in dual and family insurance plans. Therefore, if Covington were to pay employer costs similar to Alleghany, \$268,000 in health insurance cost savings would occur. Alternatively, if Alleghany were to pay employer health insurance costs similar to Covington, an additional \$293,000 in expenditures would be required. Alleghany has a higher percentage of single health benefits coverage than Covington where the difference in employer health benefits is smallest.

Table 19
Review of Employer Health Insurance Benefits Costs

Alleghany County			
	Annual Employer Amount	# of Employees	Total Employer Cost
Key Advantage 250 - Single	\$7,380	105	\$774,900
Key Advantage 250 - Dual	\$10,524	24	\$252,576
Key Advantage 250 - Family	\$13,656	5	\$68,280
Key Advantage 1000 - Single	\$7,380	49	\$361,620
Key Advantage 1000 - Dual	\$10,524	33	\$347,292
Key Advantage 1000 - Family	\$13,656	21	\$286,776
Total		237	\$2,091,444

Covington City			
	Annual Employer Amount	# of Employees	Total Employer Cost
Key Advantage 250 - Single	\$7,836	30	\$235,080
Key Advantage 250 - Dual	\$13,164	26	\$342,264
Key Advantage 250 - Family	\$18,144	28	\$508,032
Key Advantage 1000 - Single	\$7,464	11	\$82,104
Key Advantage 1000 - Dual	\$12,396	10	\$123,960
Key Advantage 1000 - Family	\$18,144	9	\$163,296
		114	\$1,454,736

	Cov At Alleghany Rate		Alleghany at Cov Rate	
	Amount	Savings	Amount	Cost
Key Advantage 250 - Single	\$221,400	(\$13,680)	\$822,780	\$47,880
Key Advantage 250 - Dual	\$273,624	(\$68,640)	\$315,936	\$63,360
Key Advantage 250 - Family	\$382,368	(\$125,664)	\$90,720	\$22,440
Key Advantage 1000 - Single	\$81,180	(\$924)	\$365,736	\$4,116
Key Advantage 1000 - Dual	\$105,240	(\$18,720)	\$409,068	\$61,776
Key Advantage 1000 - Family	\$122,904	(\$40,392)	\$381,024	\$94,248
	\$1,186,716	(\$268,020)	\$2,385,264	\$293,820

Comparison of Alleghany and Covington Health Benefits to Other Virginia Localities

Alleghany and Covington provide better employer health insurance contributions than all surrounding localities and the statewide average, according to the latest Virginia Education Association survey¹⁰. As displayed in **Table 20**, Covington has higher health care contributions than Alleghany - which has higher contributions in all but a couple of category comparisons with other surrounding and nearby localities. Alleghany also has significantly higher employer health insurance contributions than statewide averages.

Table 20

VEA 2018-19 Comparison of Employer Health Insurance Contributions					
Division	Employee Only	Employee + One	Employee + Spouse	Employee + Children	Family
Alleghany	\$7,380	\$10,524	\$10,524	\$13,656	\$16,656
Amherst	\$5,112	n/a	\$7,057	\$5,962	\$7,386
Appomattox	\$6,648	\$6,648	\$6,648	\$6,648	\$6,648
Augusta	\$7,776	\$9,744	\$12,096	\$11,622	\$14,796
Bath	\$6,433	\$7,108	\$8,799	\$7,108	\$12,545
Bedford	\$5,400	\$6,600	\$8,160	\$8,760	\$10,320
Botetourt	\$7,308	\$7,407	\$7,534	n/a	\$7,650
Covington City	\$7,224	\$12,036	\$12,036	\$17,580	\$17,580
Craig	\$6,490	\$7,870	\$7,870	\$9,247	\$9,247
Montgomery	\$8,496	\$8,496	\$8,496	\$8,496	\$8,496
Roanoke City	\$7,100	\$10,180	\$13,950	n/a	\$17,280
Roanoke County	\$6,418	\$6,147	\$7,480	\$8,800	\$8,800
Rockbridge	\$5,906	n/a	\$5,906	\$5,906	\$5,906
Salem	\$6,180	\$7,452	\$6,864	\$7,548	\$8,568
Statewide Avg	\$6,888	\$8,716	\$9,532	\$10,379	\$11,868

¹⁰ 2018-19 Survey of Health Insurance and Other Benefits, Virginia Education Association, June 2019.

Cost Savings from Increasing the Allegheny Pupil-Teacher Ratio

As displayed in **Table 21**, Allegheny currently employs 182 teachers for 1,875 pupils – for an overall 10.3 pupils per teacher ratio. Covington Schools employs 80 teachers for 995 pupils – for an overall 12.4 pupils per teacher ratio. If Allegheny teacher salaries were to be raised to the same level of Covington, it is not unreasonable to assume that the current Allegheny pupil-teacher ratio could be increased closer to the Covington pupil-teacher ratio over time. Assuming the Allegheny ratio was increased by only 1 student per teacher to an 11.3 pupil-teacher ratio, the number of teachers would decline by 16 teachers. Given that the average teacher compensation cost for Allegheny is \$66,000, over \$1 million dollars in annual teacher compensation savings could be achieved by reducing the teacher count by 16.

Table 21

Potential Savings From Increasing Allegheny Schools Pupil-Teacher Ratio	
Current Number of Allegheny Teachers	182
Number of Allegheny Students	1,875
Overall Allegheny Pupil-Teacher Ratio	10.3
<i>Current Number of Covington Teachers</i>	<i>80</i>
<i>Number of Covington Students</i>	<i>995</i>
<i>Overall Covington Pupil-Teacher Ratio</i>	<i>12.4</i>
Average Allegheny Teacher Total Compensation Cost *	\$66,005
Total Allegheny Compensation Cost *	\$12,012,893
Increase Allegheny Pupil Teacher Ratio to:	11.3
New Allegheny Teacher Total	166
Hypothetical Allegheny New Total Teacher Compensation	\$10,952,142
Potential Savings from Current Allegheny Teacher Cost	\$1,060,751
* <i>Includes all salaries and benefits</i>	

Potential Savings from Consolidation of Central Office Staff

As displayed in **Table 22**, there is a number of positions with duplicative functions within the two school divisions. Potential savings exist with the consolidation of the two divisions. It appears that all of the Covington central office positions are covered by Allegheny central office positions. If the combined school board eliminated all of the Covington positions, or similar Allegheny position, over \$900,000 per year could be saved.

Table 22
Comparison of Central Office Positions and Compensation

Central Office Administrative Staff			
Allegheny	Total Compensation	Covington	Est. Total Compensation
Superintendent	\$156,993	Superintendent	\$135,852
Assistant to Superintendent	\$54,707		
Director of Elementary Instruction	\$122,132	Director of Instruction and Technology	\$131,177
Director of Secondary Instruction	\$116,882		
Director of Technology	\$116,882		
Director of Finance	\$125,276	Dir. Business and Finance	\$92,947
Director of Human Resources/Pupil Pers.	\$114,752	Human Resource Coordinator	\$84,981
Supv of Maintenance/Transportation	\$80,925	Supv Child Nutrition & Transportation	\$66,654
Division Cafeteria Manager	\$64,371	2 Cafeteria Managers	\$56,115
Director of Special Education	\$119,882	Maintenance Supervisor	\$73,399
Computer Network Specialist	\$76,519	Network Technician	\$56,840
Technology Support Specialist	\$43,692	Technology Specialist	\$50,526
Head Custodian	\$46,301	Head Custodian	\$50,243
6 Admin Assistants	\$363,509	2 Admin Assistants	\$105,801

Implementing an Early Retirement Program to Achieve the Cost Savings

The cost savings discussed earlier by increasing the combined school system pupil-teacher ratio, and consolidating central office positions could be achieved with less disruption to individual employees by implementing an early retirement program. Increasing the pupil-teacher ratio could be implemented by incentivizing higher cost teachers nearing the end of their career to retire. Currently 29 school division have early retirement incentive programs (ERIP), according to the Virginia Education Association “2018-19 Survey of Health Insurance and Other Benefits”, including Bland, Botetourt, Montgomery, Roanoke County, Rockbridge, and Salem.

For example, Rockbridge County enacted a 2016-17 ERIP (See Appendix for full description). The main elements of the plan were as follows:

- 1) Any school employee eligible to retire after age 50, provided (1) he/she has completed twenty (20) years of service in VRS and in the Rockbridge County Public School System, and (2) he/she files for VRS retirement.
- 2) Each employee electing retirement will be eligible to earn an annual supplement not to exceed 15% of his/her last year’s contracted salary, paid on a daily basis. An employee must work at least 20 days during the contract year in order to receive the full 15% supplement and a minimum of 10 days per school year to remain eligible.
- 3) Persons electing early retirement may continue in the program until the earlier of (1) the death of the retired employee, (2) receipt by the retired employee of payment of seven (7) years of service in the ERIP, or (3) the initiation of the end of the contract by the employee.
- 4) Early retirees may participate in the group health insurance if they were participating one year prior to retirement and coverage may only be continued at the level (i.e. employee, employee + spouse) elected by the employee during the year prior.

As displayed in **Table 23**, average compensation costs for teachers with over 30 years of experience is significantly higher than the remaining teachers. Alleghany has 20 teachers with 30 or more years of experience, while Covington has 12 teachers who are beyond their salary scale. It would cost approximately \$250,000 per year for Alleghany and \$168,000 for Covington for up to seven years if all teachers with over 30 years experience took advantage of an ERIP similar to Rockbridge County’s plan. Compare these costs to the annual net savings from potentially lower compensation costs for replacing the retiring teachers with teachers of average division cost. This analysis does not include the potential savings from ERIP teachers offsetting part-time and substitute teacher costs.

In addition to teachers, an ERIP plan could also provide eligibility to other school board employees. For example, in the Alleghany School Division the following employees have more than 30 years services: 16 custodians, 12 teacher assistants, 5 administrative assistants, 5 maintenance personnel, 4 school secretaries, 3 school nurses, and 2 cafeteria workers. Covington also has number of non-teacher personnel with over 30 years of experience. There are also a number of employees who have between 25 and 30 years of experience.

Table 23**Comparison of Annual ERIP Costs Vs. Potential Lower Salary Costs**

	<u>Alleghany</u>	<u>Covington</u>
Number of Teachers with Over 30 Years Service or Off Scale	20	12
Average Compensation/Benefits Cost for Teachers over 30 Years	\$79,056	\$93,890
Total Compensation/Benefits Cost	\$1,581,111	\$1,126,000
<i>Remaining Teacher Average Compensation/Benefits Cost</i>	<i>\$64,394</i>	<i>\$66,343</i>
Long-Term Annual Savings If All Teachers Replaced with Average Salary	\$293,236	\$330,564
Temporary Annual ERIP Costs at 15%	\$237,167	\$168,900
Est. Temporary Annual Health Benefit Costs	\$150,600	\$150,000

Other Employees With Over 30 Years Experience**Total Current Wages Versus ERIP Cost**

<u>Alleghany</u>	<u>Wages</u>	<u>15% ERIP Cost</u>	<u>Health Benefits</u>
5 ADMINISTRATIVE ASSISTANTS	\$214,355	\$32,153	\$40,044
3 CAFETERIA SITE MANAGERS	\$101,572	\$15,236	\$25,284
15 CUSTODIAN	\$471,886	\$70,783	\$108,504
5 MAINTENANCE	\$263,890	\$39,584	\$57,948
3 SCHOOL NURSE	\$124,527	\$18,679	\$14,760
2 SCHOOL SECRETARY	\$83,254	\$12,488	\$14,760
Covington			
1 NURSE	\$74,054	\$11,108	\$7,836
3 SCHOOL CUSTODIANS	\$102,719	\$15,408	\$23,508
Total	\$1,436,257	\$215,439	\$292,644

Appendices

**Number of Administrative, Attendance, and Health Positions for
Covington City and Selected School Divisions, FY 2018**

School Division	ADM	Admin	Tech & Clerical	Other Prof	Total
Buena Vista	923	9.00	3.19	1.67	13.86
COVINGTON	999	7.00	0.00	6.25	13.25
Galax	1,243	6.00	4.88	3.87	14.75
Norton	769	6.00	3.00	1.83	10.83
Franklin	1,008	10.00	5.00	4.50	19.50
Lexington	517	6.00	1.00	2.00	9.00
Colonial Beach	611	7.00	3.10	3.55	13.65
West Point	798	7.22	5.00	1.50	13.72
Total	6,868	58.22	21.17	25.17	108.56
Mean	858	7.28	3.15	3.15	13.58

Source: VDOE, *Superintendents Annual Report*, Table 18, FY 2018(1) – Excel.
www.doe.virginia.gov/statistics_reports/supts_annual_report/2017-18/index.shtml

**Number of Administrative, Attendance, and Health Positions for
Alleghany County and Selected School Divisions, FY 2018**

School Division	ADM	Admin	Tech & Clerical	Other Prof	Total
Poquoson	2,105	9.00	3.00	9.50	21.50
ALLEGHANY	2,113	13.00	7.81	10.69	31.50
Bristol	2,163	9.00	6.00	12.00	27.00
King William	2,182	6.55	5.15	7.10	18.80
Appomattox	2,208	7.25	6.00	4.14	17.39
Greenville	2,267	8.50	6.00	6.10	20.60
Giles	2,400	6.05	3.60	11.50	21.15
Goochland	2,553	9.00	2.44	9.83	21.27
Total	17,991	68.35	40.00	70.86	179.21
Mean	2,249	8.54	5.00	8.86	22.40

Source: VDOE, *Superintendents Annual Report*, Table 18, FY 2018(1) – Excel.
www.doe.virginia.gov/statistics_reports/supts_annual_report/2017-18/index.shtml

Number of 200 Day Teachers on School Division Wage Scales

Alleghany Teachers	Salary Scale	Wage	Covington Teachers	Salary Scale	Wage
12	0	\$39,150	4	0	\$39,251
16	2	\$39,971	4	1	\$39,251
4	3	\$40,388	4	2	\$39,251
30	4	\$40,809	2	3	\$39,251
5	5	\$41,235	3	4	\$39,251
2	6	\$41,665	3	5	\$39,251
6	7	\$42,101	2	7	\$42,731
6	8	\$42,539	2	8	\$43,311
4	9	\$42,984	1	9	\$43,892
6	11	\$43,886	2	10	\$44,472
4	12	\$44,344	6	11	\$45,052
3	13	\$44,807	3	12	\$45,632
2	14	\$45,274	1	13	\$46,212
4	16	\$46,224	1	14	\$46,792
4	17	\$46,706	2	15	\$47,372
5	19	\$47,686	5	16	\$47,952
8	20	\$48,184	3	17	\$48,532
5	22	\$49,195	1	18	\$49,112
3	23	\$49,708	2	19	\$49,692
3	24	\$50,227	6	20	\$50,272
4	26	\$51,282	2	21	\$52,220
3	28	\$52,357	1	22	\$54,168
4	29	\$52,905	2	24	\$58,064
3	31	\$54,015	6	25	\$60,012
4	32	\$54,577	3	OFF STEP	\$60,297
3	36	\$59,304	9	OFF STEP	\$63,361
1	37	\$59,304			
3	38	\$59,304			
4	40	\$59,601			

Alleghany Teachers #	Salary Scale	Wage
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210 Day Teachers

3	4	\$42,850
1	6	\$43,749
2	8	\$44,667
1	17	\$49,043
1	35	\$60,992

220 Day Teachers

2	2	\$43,968
1	4	\$44,890
1	12	\$48,778
1	15	\$50,321
1	17	\$51,378
1	22	\$54,115
1	24	\$55,251
1	29	\$58,194

260 Day Teachers

1	4	\$48,972
1	23	\$59,652
1	24	\$60,274
1	40	\$71,522

Fringe Benefit	Alleghany	Covington
1. Health Insurance	Anthem Key Advantage	Anthem Key Advantage
2. Dental Insurance	Delta Dental preventative (comprehensive at own cost)	Delta Dental preventative (comprehensive at own cost)
3. Vision	Included	Included
4. Social Security (FICA)	Covered – employer contribution	Covered – employer contribution
5. Unemployment Insurance	Covered	Covered
6. Group Life Insurance (Term)	Optional life insurance thru VRS paid by employee	Employer paid (twice annual salary plus accidental death). Optional for family paid by employee
7. Retirement	Virginia Retirement System	Virginia Retirement System
8. Flexible Benefit Accounts	Provided	Provided
9. Leave (Types)	a) Sick Leave	a) Annual Leave
	b) Sick Leave/Personal Leave	b) Sick Leave/Personal Leave
	c) Leave Without Pay/Leave of Absence	c) Leave Without Pay/Leave of Absence

Rockbridge County
2016 – 2017 EARLY RETIREMENT INCENTIVE PROGRAM
For employees with a retirement date prior to July 1, 2017

A. Any person employed by the Rockbridge County School Board as of the effective date of this policy and who is a member of the Virginia Retirement System (VRS) is eligible to retire under the EARLY RETIREMENT INCENTIVE PROGRAM (ERIP) at any time after age 50, provided (1) he/she has completed twenty (20) years of service in VRS and in the Rockbridge County Public School System, and (2) he/she files for VRS retirement.

Early retirement will be initiated only by the employee. (GBO-R Form Application/ Approval for Early Retirement Incentive Program) A certificated employee must complete the contractual obligations, as outlined in their last contracted year of full-time employment, to be eligible to participate in the ERIP. The Rockbridge County School Board reserves the option to grant certificated employees entrance into the ERIP during the contractual year in the event of extenuating circumstances.

B. Each employee electing retirement will be eligible to earn an annual supplement not to exceed 15% of his/her contracted salary earned during their last year of full-time employment with the school division. Payment of the supplement will be made for services rendered on a daily basis. An employee must work at least

20 days during the contract year in order to receive the 15% supplement. In order for employees to remain eligible for continued participation in the ERIP they must work a minimum of 10 days per school year. Failure of employees to meet this criteria will be cause for review by the Assistant Superintendent and possible loss of eligibility to participate in the ERIP for subsequent years.

Persons electing early retirement may continue in the program until the earlier of (1) the death of the retired employee, (2) receipt by the retired employee of payment of seven (7) years of service in the ERIP, or (3) the initiation of the end of the contract by the employee.

An employee who elects early retirement must report the number of days worked in each report period on the form, Retiree's Time Sheet. The completed form must be signed by the immediate supervisor and submitted to the school board business office for payment. Payments are processed at the end of each calendar month for actual days worked.

C. In return for the supplement, each employee retiring under the program will undertake a contractual obligation to perform services mutually agreed upon by the employee and the Assistant Superintendent. Persons retiring from a classroom teaching position are expected to work their days as a substitute teacher in a school in our system.

Exceptions to this guideline must be approved in advance by the Assistant Superintendent. Professional employees electing early retirement may perform services of an advisory or consultative nature as well as classroom services.

GBO-R(attachment)continued

D. The School Board agrees to pay the employee for services rendered on a daily basis. Deductions will be made for taxes. Due to the possible adverse effects on social security benefits, it is imperative that persons considering early retirement consult with the Social Security Administration.

E. Participants in the ERIP will not be eligible for all fringe benefits offered to contracted employees. Early retirees may participate in the group health insurance if they were participating one year prior to retirement and coverage may only be continued at the level (i.e. employee, employee + spouse) elected by the employee during the year prior to retirement (with the exception of COBRA qualifying events.) For those retirees who participate in the health insurance program: You must exit the health insurance program upon the earlier of (i) the end of the month in which you cease to participate in the ERIP or (ii) obtain other health coverage. If the health coverage included the spouse of the retiree, the retiree must change to an individual coverage plan when the spouse obtains other health coverage. The employer's contribution to an early retiree's hospitalization plan shall be the same as that amount paid by the School Board for fulltime employees. The amount may change on an annual basis. The participant will be responsible for paying the employee's share of the insurance premium applicable to his/her insurance coverage. This payment shall be made by arrangement with the School Board Office.

F. Should the ERIP be changed or abolished, persons who elected early retirement will be given the option of full-time employment within their field of expertise in accordance with the existing RIF Policy. It is important to note, however, that if a person returns to full-time employment in a covered position he/she becomes subject to the VRS regulations in effect at that time. Should an employee leave the ERIP program and return to full-time employment with Rockbridge County Schools, they must remain in full-time employment for a period of five (5) years before they are eligible to re-enter the ERIP Program. The length of time eligible to participate in the ERIP Program once an employee re-enters will be reduced by the number of previous years of participation in ERIP. The employee's seniority status with the division will remain as when he/she entered the ERIP. By May 1st of each year, early retirees must indicate their intention to participate in the program during the new school year. Without modification to or abolishment of the ERIP, participants do not have the option of returning to full-time employment unless granted by the School Board due to extenuating circumstances.

G. The program will be effective July 1, 2016.

H. Initial entry into the ERIP will be available to eligible employees until June 1, 2016.

I. The Rockbridge County School Board must take action to implement the ERIP on an annual basis. All participants in the ERIP are subject to the terms and conditions of the program as approved annually. There will be only one ERIP in effect annually.

J. For clarification purposes: When any retiree becomes eligible to receive Medicare benefits, he/she will no longer be eligible to receive the health care benefit that full-time RCPS employees receive from the RCPS School Board.

For employees with a retirement date after June 30, 2017

A. Any person employed by the Rockbridge County School Board as of the effective date of this policy and who is a member of the Virginia Retirement System (VRS) is eligible to retire under the EARLY RETIREMENT INCENTIVE PROGRAM (ERIP) at any time after age 50, provided (1) he/she has completed twenty (20) years of service in VRS and in the Rockbridge County Public School System, and (2) he/she files for VRS retirement. Early retirement will be initiated only by the employee. (GBO-R Form Application/ Approval for Early Retirement Incentive Program) A certificated employee must complete the contractual obligations, as outlined in their last contracted year of full-time

employment, to be eligible to participate in the ERIP. The Rockbridge County School Board reserves the option to grant certificated employees entrance into the ERIP during the contractual year in the event of extenuating circumstances.

B. Each employee electing retirement will be eligible to earn an annual supplement not to exceed 15% of his/her contracted salary earned during their last year of full-time employment with the school division. Payment of the supplement will be made for services rendered on a daily basis. An employee must work at least 200 hours during the contract year in order to receive the 15% supplement. In order for employees to remain eligible for continued participation in the ERIP they must work a minimum of 100 hours per school year. Failure of employees to meet this criteria will be cause for review by the Assistant Superintendent and possible loss of eligibility to participate in the ERIP for subsequent years.

Persons electing early retirement may continue in the program until the earlier of (1) the death of the retired employee, (2) receipt by the retired employee of payment of seven (7) years of service in the ERIP, or (3) the initiation of the end of the contract by the employee.

An employee who elects early retirement must report the number of hours worked in each report period on the form, Retiree's Time Sheet. The completed form must be signed by the immediate supervisor and submitted to the school board business office for payment. Payments are processed at the end of each calendar month for actual days worked.

C. In return for the supplement, each employee retiring under the program will undertake a contractual obligation to perform services mutually agreed upon by the employee and the Assistant Superintendent. Persons retiring from a classroom teaching position are expected to work their days as a substitute teacher in a school in our system.

Exceptions to this guideline must be approved in advance by the Assistant Superintendent. Professional employees electing early retirement may perform services of an advisory or consultative nature as well as classroom services.

GBO-R(attachment)continued

D. The School Board agrees to pay the employee for services rendered on an hourly basis. Deductions will be made for taxes. Due to the possible adverse effects on social security benefits, it is imperative that persons considering early retirement consult with the Social Security Administration.

E. Participants in the ERIP will not be eligible for all fringe benefits offered to contracted employees. Early retirees may participate in the group health insurance if they were participating one year prior to retirement and coverage may only be continued at the level (i.e. employee, employee + spouse) elected by the employee during the year prior to retirement (with the exception of COBRA qualifying events.) For those retirees who participate in the health insurance program: You must exit the health insurance program upon the earlier of (i) the end of the month in which you cease to participate in the ERIP or (ii) obtain other health coverage. If the health coverage included the spouse of the retiree, the retiree must change to an individual coverage plan when the spouse obtains other health coverage. The employer's contribution to an early retiree's hospitalization plan shall be the same as that amount paid by the School Board for fulltime employees. The amount may change on an annual basis. The participant will be responsible for paying the employee's share of the insurance premium applicable to

his/her insurance coverage. This payment shall be made by arrangement with the School Board Office.

F. Should the ERIP be changed or abolished, persons who elected early retirement will be given the option of full-time employment within their field of expertise in accordance with the existing RIF Policy. It is important to note, however, that if a person returns to full-time employment in a covered position he/she becomes subject to the VRS regulations in effect at that time. Should an employee leave the ERIP program and return to full-time employment with Rockbridge County Schools, they must remain in full-time employment for a period of five (5) years before they are eligible to re-enter the ERIP Program. The length of time eligible to participate in the ERIP Program once an employee re-enters will be reduced by the number of previous years of participation in ERIP. The employee's seniority status with the division will remain as when he/she entered the ERIP. By May 1st of each year, early retirees must indicate their intention to participate in the program during the new school year. Without modification to or abolishment of the ERIP, participants do not have the option of returning to full-time employment unless granted by the School Board due to extenuating circumstances.

G. The program will be effective July 1, 2017.

H. Initial entry into the ERIP will be available to eligible employees until June 1, 2017.

I. The Rockbridge County School Board must take action to implement the ERIP on an annual basis. All participants in the ERIP are subject to the terms and conditions of the program as approved annually. There will be only one ERIP in effect annually.

J. For clarification purposes: When any retiree becomes eligible to receive Medicare benefits, he/she will no longer be eligible to receive the health care benefit that full-time RCPS employees receive from the RCPS School Board

Calculation of State Basic Aid for Covington City School Division, FY 2020			
Step	Item	Data	Action
1	Projected ADM	994.55	Enter Projected ADM
2	Per Pupil Basic Aid	\$5,859.00	Enter Per Pupil State Basic Aid
3	Total Foundation Program	\$5,827,068.45	Projected ADM Times Per Pupil Basic Aid
4	State Sales Tax	\$978,080.00	Enter State Sales Tax
5	Total Foundation Program Excluding State Sales Tax	\$4,848,988.45	Total Foundation Program Minus State Sales Tax
6	Local Composite Index (LCI)	0.2981	Enter LCI
7	Local Required Expenditures (LRE) for State Basic Aid	\$1,445,483.46	(Total Foundation Program Minus State Sales Tax) x LCI
8	State Basic Aid	\$3,403,504.99	(Total Foundation Program - State Sales Tax) Minus LRE

Calculation of State Basic Aid for Alleghany County School Division, FY 2020			
Step	Item	Data	Action
1	Projected ADM	1,875.20	Enter Projected ADM
2	Per Pupil Basic Aid	\$6,194.00	Enter Per Pupil State Basic Aid
3	Total Foundation Program	\$11,614,988.80	Projected ADM Times Per Pupil Basic Aid
4	State Sales Tax	\$2,547,711.00	Enter State Sales Tax
5	Total Foundation Program Excluding State Sales Tax	\$9,067,277.80	Total Foundation Program Minus State Sales Tax
6	Local Composite Index (LCI)	0.2423	Enter LCI
7	Local Required Expenditures (LRE) for State Basic Aid	\$2,197,001.41	(Total Foundation Program Minus State Sales Tax) x LCI
8	State Basic Aid	\$6,870,276.39	(Total Foundation Program - State Sales Tax) Minus LRE