DAVIE COUNTY SCHOOLS
2014-15
SUPERINTENDENT'S BUDGET MESSAGE AMENDMENT

On May 8, 2014, the Superintendent's Budget Message and Draft Budget Resolution for 2014-15 were submitted to the Davie County Board of Education. The Board of Education scheduled a special called meeting on May 15, 2014 to further discuss the budget draft and their request to the local Board of Commissioners.

With further information related to the budget and discussion of the Governor's proposed budget that has been released since May 8, the Board of Education voted to increase their request to the Board of Commissioners by $100,000, and amend the draft budget resolution. The total amended local current expense request for 2014-15 is $9,707,445. The additional $100,000 added to the original request from staff will provide necessary flexibility during the 2014-15 budget cycle if the legislature further decreases state allotments as signaled by the Governor's budget proposal.

Respectfully submitted,

Darrin L. Hartness, Ed.D.
Superintendent
May 15, 2014

DAVIE COUNTY SCHOOLS
2014-15
SUPERINTENDENT'S BUDGET MESSAGE

The 2013-14 school year has been another year of successes and challenges. Our students continue to perform academically among the top districts in North Carolina. With the implementation of new state curriculum standards, our teachers are adjusting to the new standards using limited resources allocated by the state. In spite of these challenges, our students will continue to be successful because we employ a team of hard working and dedicated people who serve the Davie County Schools. We are also fortunate to have parents, business partners and volunteers who support our schools. While we continue to be successful, we will continue to keep our focus on academic excellence and ensuring *all* students are graduating with the skills they need to be competitive and successful citizens. All of our efforts continue to be driven by our strategic plan and the vision and mission that was established with input from citizens, parents, teachers, and students.

The state's mandated budget calendar requires that I submit a budget to the Board of Education by May 1st each year, long before the state budget is determined. Creating a local budget without a clearer picture of state and federal revenues is a challenging task, even in the second year of the state biennium budget cycle. Davie County Schools has continued to be fiscally responsible by preserving as many services for students as possible, even with the reduction of state resources over the past several years. This draft budget, submitted to the Board of Education on May 1, 2014, will need to be further discussed and adjusted by the Board of Education as final local, state, and federal allotments are determined.

Since 80% of the budget is allocated to salaries and benefits of employees, each year our budget committee analyzes staff positions across the district. Allocations of positions to schools is examined based on enrollment and projected enrollment, as well as the necessary instructional staffing to serve the needs of the various students on each campus and across the district. The committee also discusses staff support positions on each campus and across the district. We continue the process of examining operating expenses and are striving to become more efficient and effective in all of our business practices.

A summary of budgeted expenses by purpose code is provided in this budget draft. Principals and Directors are assigned the responsibility to oversee the functions of their areas of responsibility and are guided by oversight from our professional financial staff as they systematically analyze expenditures. Our most recent financial audit revealed no findings, but rather commendations. Our finance department is to be commended for effective fiscal management of public resources.

This budget reflects a continued priority on our classrooms, but a projected reduction of nine positions through attrition if that becomes necessary. The decline in state resources for education has resulted in fewer adults working with our

children, and fewer support staff. In Davie County, we have been able to adjust the number of people working with our children through retirements and resignations, not through reductions in force or required layoffs. We are again being forced to consider adjustments to staff based on lack of state resources. Due to the diligent budgeting of federal resources, that were available for a few years and used to offset the reduction of state funding, we have been able to maintain as many staff as possible. These federal resources have allowed the district to utilize fund balance to offset the reduction in state revenue. This budget recommends utilizing $100,000 in fund balance in 2014-15, and adhering to the fund balance policy adopted by the Board of Education. Our staff has made the best of a bad situation, because the reality is that when fewer employees are working to support children, the load gets heavier for every other employee. Since 2008-09, 74 positions have been eliminated through retirements and resignations, and now that total may exceed 80. Since 2005-06, central office administrative staff has been reduced by 29%, and this budget reduces another administrative support position.

In the second year of the state's biennium budget, there are still unknowns. The Governor and legislature have proposed increasing the base pay of beginning teachers, but the details of how this plan will be funded has not yet been revealed. This plan will have an effect on all counties, since counties who have locally funded teacher positions typically pay many beginning teachers out of local funds. This budget includes approximately 39 locally paid teachers. To match whatever compensation plan is approved in Raleigh, we have budgeted for a 3% increase, and are asking, at minimum, an additional $100,000 in local funding over the 2013-14 allocation to cover that increase. We do not know if there will be any additional state cuts or adjustments to the state budget to offset the cost of any salary increases approved by the General Assembly. We hope the legislature will increase the salary of all state employees, will not ignore the service of veteran teachers, and will implement a comprehensive pay plan rather than stopping with a partial plan that has been announced thus far. A much deserved salary increase for our staff would be extremely welcomed, and we will adjust this budget should an increase be adopted by the legislature.

Due to actions already established by the legislature in 2013-14, matching benefits will increase in 2014-15; the employer contribution for health care for each full-time employee is estimated to increase from $5,285 to $5,500, and the employer retirement contribution is expected to increase from 14.69% to 15% for each full-time employee.

Davie County Schools' administrators have been fiscally responsible in 2013-14, and we project to be within our budget projections for the school year. But, our budget process has again revealed disturbing trends. For the past several years, under the leadership of both Democrats and Republicans, state budget writers have eliminated several important budget items. For example, staff development, instructional technology, mentors for new teachers, incentive awards for teachers, textbooks, and instructional supplies and materials were all cut. In 2013-14, the legislature cut

$120 million for state funded teacher assistants. Drivers Education has also been reduced resulting in a $55 charge per student for this course. At the local level, there have been attempts to cut resources for our schools, but the majority of elected officials listened to concerns of students, parents, and citizens and did not cut local funding until 2013-14. In 2013-14 local current expense funding was reduced by $188,148. We are asking that, at minimum, $188,148 be restored in the 2014-15 local current expense budget.

As we have presented in the past, there are holes in our support system for children. The low ratio of staff to students, as well documented in the Evergreen Review, has become even more evident. If adopted this budget would further erode our support system and prohibit restoring personnel positions lost in previous budget years. When additional resources become available we must be prepared to hire additional staff across several areas within our organization. We need additional teachers in our AIG (academically intellectually gifted) delivery model. We need additional teacher assistant hours to support instruction at our early grades. We need additional student services support. For example, just at Davie County High School, we need an additional counselor, a curriculum coordinator, a drop-out prevention coordinator, and an additional assistant principal. These additional staff could be utilized to specifically focus on increasing student success and the graduation rate. Our parents have told us and we support the need for a school nurse in every school. Our principals have expressed the need for additional teachers, and curriculum and instructional technology support. These are just a few examples of staffing inadequacies that have been a result of the reduction of state funding. To keep our buildings properly maintained, we need additional maintenance and custodial support. We cannot continue to cut additional positions and expect the same or better performance as a district.

This budget suggests, at minimum, an additional $288,148 in local current expense funding; at least restoring what was cut in 2013-14 ($188,148) and additional resources to cover salaries and benefit adjustments for locally paid staff as a result of state changes to the state salary schedule ($100,000).

On April 1, 2013, the Board of Education presented a plan and requested funding for a new high school. The BOE asked the Board of Commissioners to place a bond referendum on the November 2013 ballot for a new high school. Voters will be allowed to voice their opinion on this plan on May 6, 2014. Regardless of the outcome of the bond referendum, the need to replace Davie County High School has been clearly identified, and a plan developed by the Board of Education has been presented to the BOC along with a request for funding. The responsibility for funding the need rests with the Board of Commissioners.

The Board of Education has also documented capital needs on other school campuses through the facilities assessment conducted in 2012. The facilities assessment was conducted by professional architects and engineers, with input from educators, citizens, parents, staff, and students. We will be able to address the

priority one needs identified at our elementary and middle schools over the next ten years using capital improvement funds that flow through the county each year. Other capital projects would be presented as special capital requests annually during the budget process. We have included ongoing capital improvement projects, as well as technology projects, in our capital outlay budget for 2014-15.

The poverty ranking for Davie County Schools that will be used for 2014-15 federal funding is 9th lowest among the 115 school districts in North Carolina. Federal funding allocations are based on these poverty rankings, resulting in less federal funding per student in Davie County Schools than 106 other school districts in our state.

New business in Davie County will increase the tax base over time and jobs lost in the past are being restored. Davie County continues to be a leader in economic development across the Piedmont Triad and our great state. We are fortunate to live in a community with a more positive economic outlook than some others, but schools must continue to be a priority if we are serious about moving our county forward and attracting and retaining new businesses.

Davie County Schools is a shining light in this community. Citizens are receiving an incredible return on investment. Continuing to invest in our schools is a wise choice for a prosperous future for all citizens of our great county. We look forward to partnering with the Board of Commissioners to provide quality learning environments and resources beyond what is provided by the state and federal government, especially in times when there is a lack of commitment to public education by the legislature. There are great days ahead as we provide a world-class education for our children, continuing a long-standing tradition of excellence that has served our community well.

Respectfully submitted,

Darrin L. Hartness, Ed.D.
Superintendent
May 1, 2014