

**DAVIE COUNTY SCHOOLS
2013-2014
SUPERINTENDENT'S BUDGET MESSAGE**

Davie County Schools continues to experience success. I attribute this success to the hard work of our students, the dedication of the team of employees who serve them, as well as to the parents, business partners and volunteers who support our schools. Preparing our students for the changing and challenging world they will face after graduation is dependent upon recruiting and retaining qualified staff, and providing our teachers the resources they need in their classrooms. Through the implementation of our strategic plan, 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.

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. 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 budget, presented to the Board of Education on April 29, 2013, is a draft budget that will need to be further adjusted based on final local, state, and federal allotments.

At the request of the Board of Commissioners last year, we were asked to adopt a zero-based budget. As the largest employer in Davie County and a \$55 million budget from local, state, federal and other grant resources, this is a tall order. We began last year with a staff analysis, since over 80% of the budget is allocated to salaries and benefits, and began looking at every position, on every campus, and in every department. Allocations of positions to schools was examined based on enrollment and projected enrollment from an empty building to what is necessary to meet the staffing needs to serve the needs of the various students on each campus and across the district. We continued the process of examining operating expenses and are striving to become more efficient and effective in all of our business practices. We implemented a new district web site this year to better organize and communicate district data. We continue to digitize records and are examining several automated business functions to streamline data and better serve our customers.

A summary of budgeted expenses by purpose code is provided in this budget draft. Principals and Directors are assigned to oversee the functions of their areas of responsibility and are guided by oversight from our professional financial staff as they continue to systematically analyze expenditures. Our staff is to be commended for their diligence, as evidenced in our most recent financial audits, which included a number of commendations.

This budget reflects a continued priority on our classrooms, and no further reduction of staff. The decline in state resources for education has already resulted in fewer adults working with our children. 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. This has been possible due to the diligent budgeting of federal resources that were available for a few years, but have now been eliminated. These federal resources have allowed the district to utilize fund balance to offset the reduction in state revenue. This budget utilizes \$800,000 in fund balance in 2013-14, while the state economy continues to recover. 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 the 2008-09 school year, 74 positions have been eliminated through retirements and resignations. Since 2005-06, central administrative staff has been reduced by 29%.

In the first year of the state's biennium budget, there are many unknowns. Davie County Schools is projected to have a state allocation of \$35,692,061, of which we must identify \$1,616,354 (discretionary reduction) to immediately return to the state, as well as fees for students to participate in the NC Virtual Public School. We know that matching employee healthcare and retirement benefits will increase. At the time of this resolution we have only seen the Governor's proposed budget. We do not know if there will be additional state cuts or adjustments to the state budget by the legislature. We are uncertain and hope that the legislature will have a different philosophy than the Governor related to the reduction in teacher assistants. We have budgeted for a 1% salary increase for our employees. A much deserved salary increase for our staff would be extremely welcomed, and we will adjust this budget should a higher increase be adopted by the legislature. State funding for school bus fuel was inadequate for 2012-13, and anticipated to be inadequate for 2013-14.

On a more positive note, our state economy is slowly recovering and our legislators could decide to use the increase in revenues to reduce some of the discretionary reduction for 2013-14. In addition, Davie County Schools administrators have been fiscally responsible in 2012-13, and we project to be within our budget projections for the school year.

The majority of funding for public education in North Carolina comes from the state, and we need for the state to adjust priorities and restore education funding to previous levels. Since over 80% of our budget is for salaries and benefits, with less than 11% in operating expenses, any further reductions will affect people who are employed by the district. Our staff is weary and longs for more public support from elected officials at the local, state, and federal levels.

Our budget process has revealed some disturbing trends. For the past several years, state budget writers have eliminated several important budget items. For example, staff development, instructional technology, mentors for new teachers, and

incentive awards for teachers were all cut even before the mandated discretionary reductions. Drivers Education has also been reduced resulting in a \$45 charge per student for this course. To support quality instruction and innovative technologies in the classroom, we have become even more dependent upon local resources. Even at the local level there have been attempts to cut resources for our schools, but the majority of elected leaders have listened to the concerns of students, parents, and citizens and have maintained funding at the same level for four years.

While academic performance is excellent and our graduation rate increased to the highest since being recorded, there are holes in our support system. The low ratio of staff to students, as well documented in the Evergreen Review, has become even more evident. While the current budget prohibits expansion of personnel, 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. Our Early College and Central Davie Academy models to support students are working effectively. These models are working due to the student to support staff ratios. To obtain the similar ratios of student support at our high school and further reduce the drop out rate, we need additional support staff such as an additional assistant principal, an additional counselor, a curriculum coordinator, and a drop-out prevention coordinator. These additional staff could be utilized to specifically focus on increasing student success and the graduation rate. Our parents have told us that they would like to see a school nurse in every school. Our principals have expressed the need for additional teachers, teacher assistants, and curriculum and instructional technology support. To keep our buildings properly maintained, we need additional custodial support. These are just a few examples of staffing inadequacies.

Several neighboring districts are requesting additional funding from their local board of commissioners. I understand the economic realities and am requesting that the local current expense allocation of \$9,540,445 be maintained again in 2013-14, the same level as in 2012-13. 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. There have been a number of positive economic development announcements in our county over the past year. The jobs that have been lost in the past are being restored, and our county continues to have one of the lowest unemployment rates in the Piedmont Triad. A strong education system is essential to supporting much needed economic development.

The poverty ranking for Davie County Schools is now 9th lowest out of the 115 school districts in North Carolina. Since federal funding allocations are calculated based on poverty rankings, Davie County Schools receives much less federal funding for education than most other school districts. At the time of this resolution we have not yet received federal allotments for 2013-14.

Davie County Schools has a solid facilities plan that was developed with the expertise of professional architects, engineers, and educators, with input from citizens, parents, staff, and students. We have included many ongoing capital improvement and technology projects in our capital outlay budget for 2013-14. The highest priority capital projects in our elementary and middle schools will be addressed over the next ten years through annual capital allocations. The highest priority capital project, replacing Davie County High School, has been addressed in a plan presented to the Board of Commissioners on April 1, 2013. The Board of Education has requested that funding for this project be addressed through a bond referendum in November 2013.

Davie County Schools is a shining light in this community and is the best investment for a prosperous future for all citizens of our great county. Even as one of the lowest funded districts in North Carolina, Davie County Schools continues to be one of the highest performing districts in our region and state. I look forward to great days ahead as we strive to be the national model for educational excellence for our children, continuing a long-standing tradition that has served Davie County well.

Respectfully submitted,

A handwritten signature in cursive script, reading "Darrin L. Hartness".

Darrin L. Hartness, Ed.D.
May 1, 2013