



DAVIE COUNTY SCHOOLS  
2021-22  
SUPERINTENDENT'S BUDGET MESSAGE

In Davie County Schools, we are committed to providing a safe, innovative learning environment where each individual is valued, respected, and challenged. This commitment provides a platform in which decisions are made to support staff and ensure learning for all students. At this time last year, everyone in our nation was facing a pandemic, unlike anything we have seen in 100 years. These challenges forced DCS to close and move to remote instruction for the final three months of the school year. The 2020-21 year started with many obstacles and unknowns that affected everyone. However, the staff forged ahead, making adjustments throughout the year, and working diligently to meet students' safety and learning needs. This type of attitude portrays the staff's commitment and care for each child and colleague. We will continue to adjust, while remaining committed to the strategic plan, stakeholders, and the needs of our community.

The state's mandated budget calendar requires that I submit a draft budget to the Davie County Board of Education by May 1 each year, long before the state budget is completed. Since state and federal funds make up around 74.48% of our budget, creating a draft budget without a clearer picture of state and federal revenues is challenging. DCS has continued to be fiscally responsible by preserving as many services for students as possible, even with the increased cost of doing business. This draft budget, submitted to the Board of Education on May 1, 2021, will need to be further discussed and adjusted as final state and federal allotments are determined.

A summary of budgeted expenses by purpose code is provided in this budget draft. Principals and directors are responsible for overseeing their areas of responsibility and are guided by oversight from our professional financial staff to analyze revenues and expenditures systematically. The financial audit conducted this year was positive and confirmed efficient and frugal management of all funds. Our Finance Department is to be commended for the outstanding fiscal management of public resources. We continue to strive to be good stewards of the resources we have been provided to serve the children in our community.

### **Budget Development for 2021-22**

Administrators work together throughout the year, assessing staffing needs across the district. Since 2008-09, over 100 total positions have been eliminated across every area of our school district, including teachers, teacher assistants, administrative staff, support staff, custodial and

maintenance staff. Last year, the district was fortunate to be held harmless in staffing due to COVID-19. None of these reductions came as a recommendation but rather necessary to balance the budget within existing resources. Increased support and commitment by our local Board of Commissioners has helped stabilize the district's financial outlook. However, cost continues to grow, and the disruptions due to COVID-19 create more unknowns moving into the following year. State and federal stimulus funding will help sustain the district in the short term to address student and staff needs due to the pandemic. One known factor moving forward is the need to attract and retain quality teachers and staff.

We look forward to continuing the discussion with the Board of Commissioners about increasing the local teacher and classified staff supplements. As the state continues to put more responsibility for education on local communities, a strong partnership and relationship with the county government is essential and is the reason for continued success in our community.

## **A Look at Revenues**

### ***State Funds***

The state provides almost 68.41% of our operating budget each year. Salary increases from the state are anticipated for 2021-22. There will be an increase in the required contribution to retirement and an increase in the employer portion of health care from the state. The state allotment will be based on 6,041 students in 2021-22, a 1.02% decrease in enrollment from 2020-21. Over the past two years, the average daily membership has begun to plateau with smaller declines.

2018-19	6,169
2019-20	6,133
2020-21	6,103

### ***Local Funds***

Without the support of the Davie County Board of Commissioners and the Interlocal Agreement for 2018-2022, adopted by the Commissioners and Board of Education, we would be facing a significant reduction in staff. Stimulus funding will support additional staff to address the impact of COVID-19, but these funds are restricted, and sunset over the next two to three years. These funds are not included in the proposed budget for the following reasons:

- Over the past four years, the increases in local current expense funding have helped offset a decrease of \$504,217 in state Low Wealth funding over the past nine years and the flat local funding from 2009-2015.
- Due to the economic success in Davie County, property values and tax collections continue to increase, resulting in a projected increase of \$469,499 in local current expense funding for 2021-22.

Again, we are grateful our current commissioners have increased local support for public education.

### ***Federal Funds***

Federal funding is calculated based on student needs and average daily membership. Primary program funding includes Title One, Exceptional Children, and early childhood education. These funds have not been finalized for next year. However, funding is expected to be in line with previous years.

### ***Low Wealth Formula***

The state provides funds to school districts with a wealth ranking below the state average through a complex formula. As Davie County's tax base has improved and poverty has changed, our county's ability to contribute to public education has increased according to this state formula. These positive changes in our community have reduced Low Wealth state funds coming to Davie County Schools. Our Low Wealth Allotment in 2010-11 was \$552,000 and is projected to be \$142,326 in 2021-22. The 74% reduction in this single state fund has been attributed further to the need for staff reductions. The total state allotment for low wealth has not changed significantly. Still, Davie County's wealth compared to other districts has resulted in fewer dollars allocated to our schools under this formula. Fortunately, our Board of Commissioners has supported the Interlocal Agreement that helps offset the state funding reductions tied to the wealth of our community.

### ***Public-Private Partnerships***

Davie County is fortunate to have a caring community filled with parents and citizens who generously give back and invest in our future. Each year there are thousands of dollars in donations to our individual schools. In the past year, multiple individuals, organizations, and churches have provided funds to support student needs related to the impact of COVID-19. We are very thankful for the caring community in which we live.

DCS is extremely blessed with two incredible foundations, the Davie Community Foundation and the Mebane Charitable Foundation. These foundations have partnered with our schools in numerous ways, providing grants for projects from preschool to high school. As a result of these partnerships, we have provided educational experiences far beyond a basic education for many of our students. In 2017-18, DCS and the Mebane Charitable Foundation entered a new partnership focusing on early literacy. This five-year, \$2.5 million commitment to early literacy has re-normed how we approach early learning and prepare students for kindergarten. The strategies and focus have extended into all grade levels in elementary school. These public-private partnerships help to set our district apart and give our students and staff a competitive advantage.

### ***Changing Cost of Employment***

The cost to employ teachers and staff has increased over the years due to much-deserved increases in salary, but mainly due to the rapid increase in the cost of

matching retirement and health care benefits. In 2005-06, a first-year teacher salary was \$25,510 and a total cost of employment with benefits of \$32,949. In 2020-21, a first-year teacher earned a \$35,000 base salary, and the total cost of employment with benefits was \$51,591.50, an increase of 57% over this period of years. To continue this example, the district could employ 30 first-year teachers for \$1,000,000 in 2005-06. However, in 2020-21, \$1,000,000 would only cover the cost of 19.38 teachers. Between 2013-2020, the cost of benefits has increased by nearly \$2.2 million, even with fewer employees. Changes in allotments have not kept pace with the increase in employment costs, have resulted in staff reductions, and have led to fewer adults working with children. Again, we plan to use temporary stimulus funds and hire additional support staff to address students' learning and social and emotional needs for next year. We are planning for a 4% increase in certified salaries and a 4% increase in classified salaries for 2021-22.

### **K-3 Class Size Mandates**

In 2021-22, new class size regulations will mandate the number of students in grades K-3.

Kindergarten	18 students
First Grade	16 students
Second Grade	17 students
Third Grade	17 students

There are currently no class size restrictions in grades 4-12. Davie County Schools has operated in compliance with class size restrictions, but the limits on K-3 classes directly impact staffing and class size for upper-grade classrooms.

### **Looking Ahead**

Last fall, the school safety grant was extended for another year. The grant supports two School Resource Officers and additional safety equipment. Last spring, DCS transitioned to emergency remote learning to respond to schools being closed the last quarter. The summer was fast-paced and filled with many unknowns. However, DCS offered a virtual option for students due to COVID-19. Over 900 students enrolled and learned in the virtual setting this year. We did implement a 1:1 laptop device plan for students in grades 6-12. Students in lower grades were provided a device for this year as the district had to be prepared to operate on one of three different schedules (Plan A, B, or C) directed by Governor Cooper. The staff made decisions based on current needs while thinking about the future classroom. DCS will continue to roll out the 1:1 device plan for secondary students and enhance technology in lower grades. Additional professional development is necessary and will be provided. DCS will continue to offer a virtual option for students (more details later in this document).

As presented in the past, there are holes in our support system for children. When additional funds become available, we must restore staff across several areas within our organization that have been reduced over several years.

Needs:

- additional student services support
- more academically/intellectually gifted teachers

- additional nursing staff
- restore teacher assistants
- instructional coaches to target student needs
- staff supplements

Principals have expressed the need for additional professional development for teachers and staff to support the curriculum and instructional technology. Both are vital as we move further along with being a 1:1 district to prepare students for the future.

There is a great need for quality classified staff, particularly in transportation and maintenance. With the current economy and elevated wages, it is difficult for DCS to compete and attract people licensed/certified in the trade industry. We must continue to evaluate and make budget adjustments to maintain quality services.

## **2021-22 Local Budget Request**

### ***Local Current Expense***

As calculated by the County Finance Officer, our local budget expense allocation of \$11,852,105 for 2021-22 will be based on the 2018-2022 Interlocal Agreement. This funding will be used to address the increased cost of utilities, insurance, salaries, and benefits for staff and the general operations of the district.

### **Summary**

Davie County Schools is proud of our students, staff, and families for their courage to support each other, while navigating through COVID-19. Decisions had to be made based on the available information. Although teaching and learning looked much different this year, we stayed focused on safety, learning, and serving each other.

Due to the pandemic, state testing was waived last year; therefore, we do not have student performance data. We are confident our students made progress, but we clearly understand the need to address learning needs that have been disrupted by the pandemic. Our leadership team will work with stakeholders to modify the strategic plan to better reflect student and staff needs. There are many questions about enrollment for next year following the pandemic, but early indicators show most students plan to return. Based on enrollment projections, DCS staffing will be similar to the past couple of years. Temporary stimulus funding will be used to hire additional staff to support students according to the regulations. These monies will sunset over the next couple of years.

DCS will offer families a virtual option for next year, similar to the current year. However, students had to go through an application process, much like the Early College and STEM Center, and be accepted for enrollment. The virtual option is another exciting opportunity for families and demonstrates DCS's ongoing effort to be flexible and responsive to students while preparing them for an ever-changing world.

The school funding formula defined in the Interlocal Agreement has helped the school district and county better plan during the budget cycle. The agreement provides

certainty in difficult times like we are currently experiencing. Davie County's low poverty and high wealth ranking have affected state and federal funding, and the lingering impact of the pandemic is still to come. Thus, the local commitment to funding our public schools is even more critical.

The partnership between the Board of Education and the Board of Commissioners signifies to our community that education continues to be a priority for community leaders. It is also an excellent economic development tool that exemplifies the investment in education and Davie County's future workforce. In a recent *State of Davie County* presentation by the Chamber of Commerce, it was stated that Davie County is moving in the right direction with employment opportunities and growth, while maintaining community values and a quality of life that is attractive--this does not just happen.

We value the partnership linking the Board of Education and the Board of Commissioners. We look forward to working together, united as we serve the children, families, and stakeholders in this incredible community.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jeff Wallace". The signature is written in black ink and is positioned above the typed name.

Jeff Wallace  
Superintendent  
May 1, 2021