DAVIE COUNTY SCHOOLS
2022-23
SUPERINTENDENT'S BUDGET MESSAGE
April 29, 2022

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. The past two years have been extremely difficult battling COVID-19. This virus has disrupted all aspects of our lives, including the classrooms. In March of 2020, NC schools were closed and transitioned to remote instruction for the final three months of the school year. At the beginning of this school year, COVID-19 spiked, causing another significant upheaval. Like the previous year, students, staff, and parents forged ahead, making adjustments to keep students and staff safe and in the classroom. Our staff has taken on more work than ever before while staying the course of serving the students and parents in Davie County. We are hopeful that the virus is behind us and that there are better days ahead. Our team will respond adequately and remain 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 73.90% 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 April 29, 2022, 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 liable 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 2022-23

Administrators work together throughout the year to assess staffing needs across the district. Since 2008-09, over 100 total positions have been eliminated across every district area, including teachers, teacher assistants, administrative staff, support staff, custodial, and maintenance staff. None of these reductions came as a recommendation but rather necessary to balance the budget within existing resources.

COVID-19 has caused many NC school districts to have significant enrollment fluctuation. Any significant change in enrollment causes difficulties when constructing a budget. Therefore, the General Assembly allowed districts to be held harmless with staff funding for the second consecutive year. Districts were funded based on the 2019-2020 enrollment data. Fortunately, DCS did not see any significant changes in student enrollment.

Increased support and commitment by our local Board of Commissioners has helped stabilize the district's financial outlook. However, cost continues to rise, and the disruptions due to COVID-19 have created more unknowns moving into the next few years. State and federal stimulus funding, ESSER, 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 ongoing discussions with the Board of Commissioners about local support for certified and classified staff salaries. 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 69.12% of our operating budget each year. Salary increases from the state are anticipated for 2022-23. 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 6,064 students in 2022-23, a 0.38% increase in enrollment from 2021-22. Over the past three years, the average daily membership has begun to plateau, with a slight increase forecasted for next year.

2019-20	6133
2020-21	6103
2021-22	6041

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. ESSER funding will support additional staff to address the impact of COVID-19 and student learning loss, but these funds are restricted and sunset annually over the next three years.

- Over the past five years, the increases in local current expense funding have helped offset a decrease of nearly $500,000 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 $150,294 in local current expense funding for 2022-23. Also, there will be a one-time infusion of $515,000 to support the local teacher supplement increase from 5.5% to 8%. The current budget will cover the cost of the supplement increase that took effect in January 2022.

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
Through a complex formula, the state provides funds to school districts with a wealth ranking below the state average. 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 again in 2022-23. 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 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 the total cost of employment with benefits of $32,949. In 2022-23, a first-year teacher will earn a $35,455 base salary, and the total cost of employment with benefits will be $53,730.96, an increase of 63% 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 2022-23, $1,000,000 would only cover the cost of 18.61 teachers. Between 2013-2021, the cost of benefits has increased by over $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. ESSER funds will permit us to temporarily hire additional support staff to address students' learning and social and emotional needs for the next few years. Based on the biennium budget, we are planning for a 2.5% increase in certified and classified salaries for 2022-23.

K-3 Class Size Mandates

Class size regulations will mandate the number of students in grades K-3 accordingly:

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 year, the school safety grant was extended for another year. The grant supports two School Resource Officers and additional safety equipment.

In March 2020, DCS transitioned to emergency remote learning to respond to schools being closed for the remainder of the quarter due to COVID-19. The summer was fast-paced and filled with many unknowns, but the staff adjusted and provided summer learning opportunities for students in K-12. In the 2020-21 school year, nearly 800 students enrolled and learned in the virtual setting. Plans to implement a 1:1 laptop device for students in grades 6-12 were expedited beginning in the spring of 2020. In the 2021-22 school year, the 1:1 plan was fully implemented along with ongoing professional development. Students in grades K-5 will continue to use devices provided in the classroom.

DCS opened Davie County Virtual School last year and will continue to offer a virtual option for students.

As presented in the past, there are gaps in our support system for children, especially in the aftermath of a pandemic. ESSER funds are specifically designated to support children and DCS will expand support accordingly. When additional funds become available, we must restore staff across several areas within our organization that has been reduced over several years.
Needs:

- additional student services support
- more academically and intellectually gifted teachers
- additional nursing staff
- restore instructional assistants
- instructional coaches to target student needs

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 work to implement an effective 1:1 device plan across the 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. DCS is finalizing a classified employee salary study and will adjust salaries based on available funds. We must continue to evaluate and make changes 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 $12,460,194 for 2022-23 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 district's general operations. In January 2022, the Board of Education and Board of Commissioners renewed the interlocal agreement for 2022-2027. We continue to be extremely grateful to the commissioners for their support and commitment to public education.

Summary
Davie County Schools is proud of our students, staff, and families for their courage to support each other while navigating through the pandemic. Over the past 2.5 years, decisions had to be made based on the available information. Although teaching and learning looked much different during this time, we stayed focused on safety, learning, and serving each other. We will take a similar approach to address student learning loss.

Due to the pandemic, state testing was waived in 2020-21 and there was not any student performance data. However, our leadership team worked with principals and teachers and developed plans to manage learning gaps. In 2021-22, state testing was required, and DCS' performance was outstanding. ALL schools met growth and ten exceeded growth on end-of-grade/course exams. A true testament to our staff, students, and parents.

There have been many questions about student enrollment following the pandemic. Last year, DCS enrollment was aligned with state allotments and is projected to have a slight increase in 2022-23. DCS staffing will be similar to the past couple of years based on enrollment projections. According to the regulations, temporary stimulus funding will be used to hire additional staff to support students. These monies will sunset annually for the next three years.

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 concerning. Thus, the local partnerships and commitment to funding public schools are 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 our community and partnerships in Davie County. We look forward to working together, united as we serve the children, families, and stakeholders in this incredible community.

Respectfully submitted,

Jeff Wallace

Jeff Wallace
Superintendent
April 29, 2022