

DAVIE COUNTY SCHOOLS
2023-24
SUPERINTENDENT'S BUDGET MESSAGE
April 28, 2023

Davie County Schools (DCS) is 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 three years have been challenging in dealing with COVID-19 and its residual effects. This virus has disrupted all aspects of our lives, including the classrooms. However, students, staff, and parents forged ahead, making adjustments to keep students and staff safe while focusing on recovering learning loss. We are thankful COVID-19 cases have significantly decreased this year compared to the past two years. Schools have returned to normal operations and resumed all student activities. Our team will stay the course as we continue to rebound from the virus focusing on what we have learned and how the experiences can help us improve. We remain committed to the strategic plan, stakeholders, and the needs of our community.

The state's mandated budget calendar requires that the superintendent submit a proposed budget and message to the Davie County Board of Education by May 1 each year, long before the state budget is completed. This proposed budget, submitted to the Board of Education on April 28, 2023, will need to be further discussed and amended as final state and federal allotments are determined. Since state and federal funds comprise around 67.02% 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.

A summary of budgeted expenses by purpose codes is provided in this budget message. Principals and directors are accountable for managing respective resources supported by our professional finance team to analyze revenues and expenditures systematically. The most recent financial audit was exemplary and verified efficient and frugal management. 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 provided to serve the children in our community.

Budget Development for 2023-24

Administrators work together throughout the year to assess staffing needs across the district. Principals start budget planning with their staff and leadership teams in December before meeting with the Maintenance and Human Resources staff in February. Principals present budget requests to the superintendent in early spring. During district staff meetings, ample time is dedicated to discussing student performance, professional development, and steps to continue learning recovery. These discussions provide information and guidance for budget and staffing decisions. In March and April, district staff members meet with all teachers of the year to explain the budgeting process and gather input.

The chair and vice chair for the Board of Education and Board of Commissioners, the county manager, and the superintendent meet quarterly, and the budget is a primary point of discussion. Continued support and commitment by our local Board of Commissioners has helped stabilize the district's financial outlook, particularly with the renewal of the Interlocal Funding Agreement for five more years. Additionally, Davie County leaders must continue working together to

attract and retain quality teachers and staff. State and federal stimulus funding, ESSER, will help sustain the district in the short term to address student and staff needs relating to the pandemic. 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 62.85% of our operating budget each year. Salary increases are anticipated for 2023-24, and there will be an increase in the required contribution to retirement and employer portion of health care from the state. The state allotment will be based on 6,086 students in 2023-24, a 0.3% increase in enrollment from 2022-23. Over the past three years, the average daily membership has increased slightly.

2021-22	6041
2022-23	6064
2023-24	6086

Local Funds

Without the support of the Davie County Board of Commissioners and the renewed Interlocal Funding Agreement for 2022-2027, we would be facing a significant reduction in staff. ESSER funding will support additional staff to address the residual effect of COVID-19 and student learning loss, but these funds are restricted and sunset annually over the next two years.

- A \$570,000 increase in local funding will assist with the rising costs enumerated in this budget.
- Due to the economic success in Davie County, property values and tax collections continue to increase, resulting in a projected increase of \$566,569 in local current expense funding for 2023-24.

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. For next year, funding is expected to align with previous years.

Low Wealth Formula

Low wealth funding for DCS has fluctuated significantly over the past five years, ranging from \$500,000 to zero dollars. Since the onset of COVID-19, low wealth funding for DCS has increased. Next year, DCS is projected to receive approximately \$290,000. This allocation supports some of our most needy students and fills gaps in other funding sources.

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. Over the past few years, 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 Mcbane 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 offered educational experiences beyond a basic education for many of our students. 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 significantly over the years due to much-deserved increases in salary, but mainly due to the rapid rise in the cost of matching retirement and health care benefits. In 2005-06, a first-year teacher's salary was \$25,510, and the total cost of employment with benefits of \$32,949. In 2023-2024, beginning teachers will earn \$37,000 with a complete package of \$56,292.50, a 71% increase. In 2005-06, the district could employ 30 first-year teachers for \$1,000,000. However, in 2023-24, this same amount would only cover the cost of 17.76 teachers. Between 2013-2023, the cost of benefits 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 6% increase in certified and classified salaries for 2023-24.

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; however, the NC House 2023-25 budget proposal calls for class size caps for grades 4 and 5. Davie County Schools has complied with class size restrictions, but the limits on K-3 classes directly affect staffing and class size for upper-grade classrooms.

Achievements and Looking Ahead

In 2022-23, the school safety grant was extended for another year, and DCS was able to add two more school resource officers. The grant supports four school resource officers and additional safety equipment.

In March 2020, DCS transitioned to emergency remote learning as schools were closed for the remainder of the quarter due to COVID-19. In the 2020-21 school year, nearly 800 students enrolled and learned in the virtual setting. Over the next two years, DCS fully implemented a 1:1 student device plan for secondary students, adopted Canvas—an online student management platform, and provided professional development to support these significant changes. Staff and students continue to adapt to the 1:1 device plan and refine learning practices to support differentiated learning. Students in grades K-5 will continue to use devices provided in the classroom.

DCS opened Davie County Virtual School in 2021-22 and will continue to offer a virtual option for students. We are modifying virtual offerings to support various student needs and situations. These efforts will support the 90% graduation goal articulated in the Strategic Plan. Our support system for children has gaps, especially in the aftermath of the pandemic. ESSER funds are specifically designated to support children, and DCS will expand support accordingly; however, these funds have begun to sunset and will not be available after September 2024. 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 and intellectually gifted teachers
- additional nursing staff
- provide a School Resource Officer at each school
- 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 enhance the 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 among competitors, it is difficult for DCS to compete and attract people licensed/certified in the trade industry. DCS finalized a classified employee salary study and adjusted salaries for a limited number of employees based on available funds. We must continue to evaluate and make changes to maintain quality services.

2023-24 Local Budget Request

Local Current Expense

As calculated by the County Finance Officer, our local budget expense allocation of \$13,541,762 for 2023-24 will be based on the 2022-2027 Interlocal Funding Agreement. This funding will 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 Commissioners renewed the Interlocal Funding 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 in working through the difficulties of the past three years. Although teaching and learning looked much different during this time, we remained focused on safety, education, and helping each other. Decisions had to be made based on the available information to support the safety of students and staff. Now that COVID-19 has a much more diminutive impact on daily operations, we are focused on learning loss and recovery. A recent DPI report: *A Recovery Analysis of Student Learning During the COVID-19 Pandemic*, shows DCS's students are on the right path.

Before the pandemic, DCS had invested extensive time in training elementary school staff to build effective professional learning communities. The goal was to develop a team approach to analyzing student performance data and develop plans to respond to the learning needs. DCS has

extended PLC training to all grade levels. Our methods have been adjusted by implementing *High Reliability Schools(HRS)* practices that focus on continuous improvement utilizing professional learning teams. HRS uses knowledgeable teams to examine leading and lagging indicators(data) to support planning and decisions to reinforce learning for students and staff.

There have been many questions about student enrollment following the pandemic. Most rural districts continue to have a decline in student enrollment—that isn't the case for DCS. Last fall, Dr. Jerome McKibben, with McKibben Demographics, performed a population/enrollment forecast study for DCS. The ten-year outlook showed less than 3% growth in enrollment. We will continue working with county leadership to monitor growth and plan for future school effects.

The school funding formula defined in the Interlocal Funding Agreement has helped the school district and county better plan during the budget cycle. The Agreement provides certainty under challenging times and renders better planning. 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, local partnerships and the 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 an attractive quality of life--this does not just happen.

We value our community and partnerships in Davie County. We look forward to working together as we serve all children, their families, and stakeholders in this incredible community.

Respectfully submitted,

A handwritten signature in blue ink that reads "Jeff Wallace". The signature is written in a cursive style with a large initial "J".

Jeff Wallace
Superintendent

**DAVIE COUNTY SCHOOLS
DRAFT BUDGET RESOLUTION
FOR THE FISCAL YEAR 2023-2024**

BE IT RESOLVED by the Board of Education of the Davie County Administrative Unit:

The following *estimated* amounts are hereby appropriated for the operation of the school administrative unit in the **State Public School Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Instructional Programs	
5000 Instructional Programs	\$ 40,399,714
6000 Support Services	4,625,670
7000 Nutritional Services	3,975
	\$ 45,029,359

The following revenues are estimated to be available from the **State Public School Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Revenues from State Sources	
3100 State Public School Fund Revenue	\$ 44,833,024
Other State Allocations for Current Operations	
3200 Textbooks	196,335
	\$ 45,029,359

The following *estimated* amounts are hereby appropriated for the operation of the school administrative unit in the **Local Current Expense Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Instructional Programs	
5000 Instructional Services	\$ 7,559,825
6000 Support Services	6,336,061
7000 Ancillary Services	1,376
8000 Non Program Charges	32,120
	\$ 13,929,382

The following revenues are estimated to be available from the **Local Current Expense Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Other State Allocations for Current Operations	
3200 Sales and Use Tax Revenue	\$ 35,000
Revenues from Local and Other Sources	
4100 County Appropriation	13,541,762
4400 Local Sources -- Unrestricted	352,620
	\$ 13,929,382

The following *estimated* amounts are hereby appropriated for the operation of the school administrative unit in the **Federal Grants Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Instructional Services	
5000 Instructional Services	\$ 2,642,770
6000 Support Services	223,682
8000 Non Program Charges	112,920
	\$ 2,979,372

The following revenues are estimated to be available from the **Federal Grants Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Revenues from Federal Sources - Restricted Grants	
3600 Federal Fund Revenue	\$ 2,979,372

The following *estimated* amounts are hereby appropriated for the operation of the school administrative unit in the **Capital Outlay Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Instructional Services	
5000 Instructional Services	\$ 249,155
6000 Support Services	1,577,407
8000 Non Program Charges	200,000
	\$ 2,026,562

The following revenues are estimated to be available from the **Capital Outlay Fund** for the fiscal year July 1, 2023 and ending June 30, 2024:

Other State Allocations for Current Operations	
3200 State Revenue - Other Funds	\$ 125,000
State Allocations Restricted for Capital Outlays	
3400 Public School Capital Fund -- Lottery	200,000
Local Government Sales Tax	
4100 Sales Tax Revenue	1,675,000
4400 Interest Earned	25,329
4800 Surplus Assets	1,233
	\$ 2,026,562

The following *estimated* amounts are hereby appropriated for the operation of the school administrative unit in the **Child Nutrition Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Ancillary Services	
7000 Nutritional Services	\$ 3,470,209
8000 Non Program Charges	
	\$ 3,470,209

The following revenues are estimated to be available from the **Child Nutrition Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Other State Allocations for Current Operations	
3200 Sales and Use Tax Revenue	\$ 3,000
Other Revenues from Federal Sources - Restricted Grants	
3800 Other Restricted Grants	3,177,777
Revenues from Local and Other Sources	
4300 Local Sources Revenues	279,094
4400 Local Sources -- Unrestricted	10,338
Special Revenue Services	
4910 Fund Balance Appropriated	
	\$ 3,470,209

The following *estimated* amounts are hereby appropriated for the operation of the school administrative unit in the **Other Special Revenue Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Instructional Programs	
5000 Instructional Services	\$ 2,030,630
6000 Support Services	380,884
7000 Nutritional Services	9,929
	\$ 2,421,443

The following revenues are estimated to be available from the **Other Special Revenue Fund** for the fiscal year beginning July 1, 2023 and ending June 30, 2024:

Other State Allocations for Current Operations	
3200 Other State Allocations for Current Operations	\$ 1,097,527
Revenues from Federal Sources	
3700 Revenues from Federal Sources	355,000
Other Revenues from Federal Sources - Restricted Grants	
3800 Other Restricted Grants	105,000
Revenues from Local and Other Sources	
4200 Local Sources - Tuition and Fees	592,112
4400 Local Sources - Unrestricted	128,328
4800 Local Sources - Restricted	143,476
Special Revenue Services	
4910 Fund Balance Appropriated	
	\$ 2,421,443


All appropriations shall be paid first from revenue restricted as to use, and second from unrestricted revenue.

The superintendent is hereby authorized to transfer appropriations within a fund under the following conditions:

- a. Amounts may be transferred between sub-functions and objects of expenditure within a function without limitations and without a report to the Board of Education being required.
- b. Amounts may be transferred not to exceed three percent of the total budget between functions of the same fund with a report of such transfers being required at the next meeting of the Board of Education.
- c. Amounts may not be transferred between funds nor from any contingency appropriation within a fund.

Copies of the **Draft** Budget Resolution shall be immediately furnished to the superintendent and the school finance officer for direction in carrying out their duties.

ADOPTED this ____ day of May, 2023.


Wendy Horne, Board Chair


Jeffrey D. Wallace, Secretary