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DAVIE COUNTY SCHOOLS
2025-26
SUPERINTENDENT'S BUDGET MESSAGE
May 1, 2025

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 for making decisions that support staff and ensure learning for all students. The past five years have been challenging in dealing with COVID-19 and its residual effects. This virus has disrupted all aspects of our lives, including classrooms. Schools have returned to normal operations; however, student performance has not yet returned to the pre-COVID-19 level. Our team will stay the course, focusing on safety and academic strategies and structures that support learning for all students.

The state's mandated budget calendar requires the superintendent to submit a proposed budget and message to the Davie County Board of Education by May 1 each year, well before the state budget is finalized. This proposed budget, submitted to the Board of Education on May 1, 2025, will be further discussed and amended as final state and federal allotments are determined. Since state and federal funds comprise around 66.56% 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 as possible for students, despite the increased cost of general operations.

This budget message provides a summary of budgeted expenses by purpose codes. Principals and directors are responsible for managing their respective resources, supported by our professional finance team, which systematically analyzes revenues and expenditures to ensure optimal financial management. The most recent financial audit was exemplary, verifying 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 2025-26

District administrators work together throughout the year to assess staffing needs across the district. Principals begin budget planning with their staff and leadership teams in December, followed by meetings with the Maintenance and Human Resources staff in February and March. Principals present budget requests to the superintendent in early spring. During district staff meetings, ample time is dedicated to discussing student performance, professional development, staffing, and steps to improve teaching and learning. These discussions provide information and guidance for budget and staffing decisions.

The chair and vice chair of the Board of Education, the chair and vice chair of the Board of Commissioners, the county manager, and the superintendent meet quarterly, with the budget being a primary point of discussion. The continued support and commitment of our local Board of Commissioners have helped stabilize the district's financial outlook, particularly through the Interlocal

Funding Agreement. Additionally, Davie County leaders must continue to work together to attract and retain high-quality staff.

We look forward to ongoing conversations with the Board of Commissioners regarding local support for certified and classified staff salaries. As the state delegates more responsibility for education to local communities, having a solid partnership and relationship with the county government becomes even more crucial. Our continued success in the community relies on this partnership, and we look forward to collaborating to support ongoing improvement.

A Look at Revenues

State Funds

The state provides approximately 63.25% of our annual operating budget. Salary increases are anticipated for 2025-26, and the required contribution to retirement and the employer portion of healthcare from the state will also increase.

The 2025-26 school year will be the second year that state allotments are funded using the arrears funding format. As a result, the 2025-26 allotment will be based on the best of PMR 1 and 2 reports for 2024-25, which recorded 6,012 students enrolled. DCS anticipates a slight increase in student enrollment, similar to the trends observed over the past three years.

2023-24	6086 (projected)
2024-25	6093 (based on the 2023-24 PMR 2 Enrollment)
2025-26	6012 (based on the 2024-25 PMR 2 Enrollment)

Local Funds

It's worth noting that our local funds are crucial to our organization's success. We are grateful for the ongoing support of the Davie County Board of Commissioners and the Interlocal Funding Agreement, which has been renewed for 2022-2027. Without this support, we would have faced a significant reduction in staff. Additionally, the ESSER funding has been instrumental in providing extra support to our students' learning and developing our staff's capacity over the past four years; however, ESSER funding sunset in September 2024. Our team did an outstanding job restructuring to minimize staff reductions and disruptions to student learning support.

- Due to Davie County's economic success, property values and tax collections continue to increase, resulting in a projected increase of \$607,730 in local current expense funding for 2025-26.
- The increase in local funding will help offset the rising costs outlined in this budget.

Federal Funds

Federal funding is calculated based on the student's needs and the average daily membership. Primary programs that receive funding include Title I, Exceptional Children, and early childhood education. Funding for the upcoming year is expected to align with previous years. The State Board of Education approved a new state funding formula for the Exceptional Children's Program last year; however, it has not yet been approved by the North Carolina General Assembly. The new formula aims to categorize qualified students based on their needs and redistribute funds accordingly, rather than increasing funding. This potential funding format has raised concerns among both educators and parents. Currently, state exceptional children's program funding is capped at 13% of the respective student population, while in DCS, 17% of the student population qualifies for EC funding. It will be interesting to see how the new funding formula affects students and schools in the years to come.

Low Wealth Funding

Low Wealth funding for DCS has fluctuated significantly in the past, ranging from \$500,000 to zero. Since 2021, however, it has increased. In 2025-26, DCS is projected to receive approximately \$580,519, representing an increase over the previous year. These funds will support some of our most needy students and fill the gaps in other funding sources.

Public-Private Partnerships

Davie County is fortunate to have a caring community of stakeholders and business partners who generously give back and invest in DCS. Each year, thousands of dollars are donated to our schools.

DCS is highly fortunate to have 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 that extend beyond a basic education for many of our students. These public-private partnerships help set our district apart and provide our students and staff with a competitive advantage.

IGNITE DAVIE is a scholarship program available to high school graduates residing in Davie County. It is an excellent example of how the citizens of Davie County support students and help them attend college after graduating from high school. This significant investment provides a pathway that fosters the attitude that anyone can attend college. Since the inception of Ignite Davie, community college enrollment for DC graduates has continued to increase, and students and their families have taken advantage of this fantastic opportunity, choosing to pursue higher education.

Ignite Davie is more than just a scholarship program; it's a community initiative that thrives on the support of local businesses and organizations. These businesses recognize the potential in our motivated students and have provided crucial support. Many of these students, armed with a degree or certificate, will choose to give back to Davie County, contributing to its growth. It's a win-win situation that we can all take pride in.

Changing Cost of Employment

The cost of employing teachers and staff has increased significantly over the years, primarily due to the rapid rise in the cost of matching retirement and healthcare benefits, rather than the much-deserved salary increases. In 2005-06, a first-year teacher's salary was \$25,510, and the total cost of employment, including benefits, was \$32,949. In 2025-2026, beginning teachers will earn \$41,510 with a complete package of \$63,504.90, a 93% increase. In 2005-06, the district could employ 30 first-year teachers for \$ 1 million. However, in 2025-26, this amount would only cover the cost of 15.75 teachers. Between 2013 and 2023, the cost of benefits increased by over \$2 million, despite having fewer employees. Allotment changes have not kept pace with the increase in employment costs, resulting in staff reductions and a decrease in the number of adults working with children. Based on the biennium budget, we plan to implement a 3% increase in certified and classified salaries for the 2025-26 school year.

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 no class size restrictions in grades 4-12; however, the NC General Assembly is considering class size caps for grades 4 and 5. The limits on K-3 classes directly impact staffing and class size in upper-grade classrooms.

Achievements and Looking Ahead

In 2024-25, DCS was awarded \$280,500 in the School Safety Grant. The grant helped secure the following safety items: professional development focused on enhancing safety features, as well as the purchase of OpenGate weapons detectors for all schools. Grant funds also support four school resource officers.

Using technology as a learning tool continues to evolve, and DCS is committed to keeping pace with these changes. Over the summer of 2020, DCS transitioned to emergency remote learning and fully implemented a 1:1 student device plan for secondary students over the next 16 months. Furthermore, the school district adopted Canvas, an online student management platform, and provided professional development to support these significant changes.

Students in grades K-5 will continue to use the devices provided in the classroom, enabling them to participate in interactive and engaging learning activities and develop essential digital literacy skills.

Students' individual use of devices and small-group support enhance differentiated learning, allowing students to learn at their own pace and in a manner that suits their learning style. District leaders are collaborating with staff and students to navigate the transition to the new world of generative artificial intelligence in a cautious and productive manner.

DCS is implementing necessary changes to adopt safe and supportive Generative Artificial Intelligence (AI) in the classroom. The superintendent and Chief Technology Officer presented at a regional conference on the use and implementation of AI in classrooms. A team comprising district staff, principals, and teachers has been established to provide system leadership as we learn to effectively utilize artificial intelligence.

DCS has taken a significant step towards mitigating learning loss and building capacity across the district with the implementation of a multi-tiered system of supports (MTSS). Although the students' learning has started to recover from the pandemic's effects, it has yet to return to the pre-COVID level of performance. To address specific subgroups and learning gaps, a new content coach structure was introduced in the 2024-2025 school year to support classroom teachers. This new structure has been well-received and is expected to improve instruction and the overall learning experience of students in the district.

Over the past four years, ESSER funds have been allocated specifically to address learning loss and enhance staff capacity. DCS will continue to extend support for these purposes. However, these funds expired in September 2024. Whenever additional funds become available, we must prioritize the restoration of staff across various areas within our organization that have faced reductions over the years. These areas include additional student services support, hiring more academically and gifted teachers, increasing the number of nursing staff, providing a full-time School Resource Officer at every school, and restoring instructional assistants that have been reduced over several years.

Principals and staff have expressed a need for additional professional development to support the curriculum, instructional technology, and guidance on utilizing generative artificial intelligence. Each is vital to learning and integral to enhancing the 1:1 device plan across the district, preparing students for the future.

In light of the current economic climate and heightened wages offered by competitors, the need for quality classified staff, especially in the Transportation and Maintenance departments, has become increasingly pressing. DCS conducted a salary study for classified employees and has adjusted salaries for a limited number of employees based on available funds. However, we must continue to evaluate and make necessary changes to ensure the provision of quality services.

2025-26 Local Budget Request

Local Current Expense

As calculated by the County Finance Officer, our local budget expense allocation of \$14,686,117 for the 2025-26 fiscal year will be based on the Interlocal Funding Agreement. This funding will help offset the increased costs of utilities, insurance, salaries, and benefits for staff, as well as the district's overall operational expenses. In January 2022, the Board of Education and the Board of Commissioners renewed the Interlocal Funding Agreement for the period of 2022-2027. We remain incredibly grateful to the commissioners for their ongoing support and commitment to public education.

Summary

The Davie County Schools community takes great pride in the resilience, courage, and determination shown by our students, staff, and families in overcoming the challenges of the past five years. Our team remains committed to ensuring the safety of everyone while providing high-quality education. The primary focus remains on providing learning opportunities for all. With the availability of Artificial Intelligence and numerous online instructional formats, we must adapt our approach to meet the diverse learning needs of all students. We will continue to work tirelessly to refine our daily strategies and methods, preparing our students.

According to the latest report from DPI, "A Recovery Analysis of Student Learning During the COVID-19 Pandemic," our students are making progress; however, we are not recovering at an acceptable pace. To address this, MTSS, a revised professional development plan, and a restructured content coaching plan will be utilized to improve our progress over the next few years.

Before the pandemic, DCS had invested extensive time training elementary school staff to build effective professional learning communities (PLCs). The goal was to develop a team approach to analyzing student performance data and developing 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, which focus on continuous improvement through the use of professional learning teams. HRS utilizes knowledgeable teams to examine both leading and lagging indicators (data) to support planning and decision-making, thereby reinforcing learning for students and staff.

There continue to be questions about enrollment in rural districts across North Carolina. Most rural districts continue to experience a decline in student enrollment; that isn't the case for DCS. In the fall of 2023, Dr. Jerome McKibben, of McKibben Demographics, conducted a population and enrollment forecast study for DCS. The ten-year outlook showed less than 3% growth in student enrollment. We will continue to work with county leadership to monitor growth and plan for future school impacts. As previously indicated, DCS is expected to experience another slight increase in student enrollment for the 2025-26 school year.

The school funding formula defined in the Interlocal Funding Agreement has been instrumental in enabling the school district and county to better plan during the budget cycle. The Agreement provides certainty in challenging times and renders better planning. Davie County's low poverty and high wealth rankings have influenced state and federal funding, and the lingering impact of the pandemic remains a concern. Thus, local partnerships and the commitment to funding public schools are even more crucial.

The partnership between the Board of Education and the Board of Commissioners demonstrates that education remains a top priority for community leaders. It is also an excellent economic development tool that exemplifies the investment in education and Davie County's future workforce. According to the *State of Davie County* presentation by the Chamber of Commerce, the county is moving in the right

direction, with increased employment opportunities and growth, while maintaining its community values and an attractive quality of life. This does not just happen.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Jeff Wallace". The signature is written in a cursive, flowing style.

Jeff Wallace
Superintendent

DAVIE COUNTY SCHOOLS
DRAFT BUDGET RESOLUTION
FOR THE FISCAL YEAR 2025-2026

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, 2025 and ending June 30, 2026:

Instructional Programs	
5000 Instructional Programs	\$ 43,698,878
6000 Support Services	4,682,363
7000 Nutritional Services	93,606
	\$ 48,474,847

The following revenues are estimated to be available from the **State Public School Fund** for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Revenues from State Sources	
3100 State Public School Fund Revenue	\$ 48,251,756
Other State Allocations for Current Operations	
3200 Textbooks	223,091
	\$ 48,474,847

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, 2025 and ending June 30, 2026:

Instructional Programs	
5000 Instructional Services	\$ 8,487,345
6000 Support Services	6,408,832
8000 Non Program Charges	100,000
	\$ 14,996,177

The following revenues are estimated to be available from the **Local Current Expense Fund** for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Other State Allocations for Current Operations	
3200 Sales and Use Tax Revenue	\$ 35,000
Revenues from Local and Other Sources	
4100 County Appropriation	14,687,177
4400 Local Sources – Unrestricted	275,000
	\$ 14,996,177

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, 2025 and ending June 30, 2026:

Instructional Services	
5000 Instructional Services	\$ 2,148,064
6000 Support Services	264,895
	\$ 2,412,959

The following revenues are estimated to be available from the **Federal Grants Fund** for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Revenues from Federal Sources - Restricted Grants	
3600 Federal Fund Revenue	\$ 2,412,959

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, 2025 and ending June 30, 2026:

Instructional Services	
5000 Instructional Services	\$ 553,573
6000 Support Services	3,146,427
8000 Non Program Charges	200,000
	\$ 3,900,000

The following revenues are estimated to be available from the **Capital Outlay Fund** for the fiscal year July 1, 2025 and ending June 30, 2026:

Other State Allocations for Current Operations	
3200 State Revenue - Other Funds	\$ 105,000
State Allocations Restricted for Capital Outlays	
3400 Public School Capital Fund - Lottery	800,000
Local Government Sales Tax	
4100 Sales Tax Revenue	2,971,000
4400 Interest Earned	22,000
4800 Surplus Assets	2,000
	\$ 3,900,000

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, 2025 and ending June 30, 2026:

Ancillary Services	
7000 Nutritional Services	\$ 3,783,562
8000 Non Program Charges	153,106
	\$ 3,936,668

The following revenues are estimated to be available from the **Child Nutrition Fund** for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Other State Allocations for Current Operations	
3200 Sales and Use Tax Revenue	\$ 3,750
Other Revenues from Federal Sources - Restricted Grants	
3800 Other Restricted Grants	3,636,418
Revenues from Local and Other Sources	
4300 Local Sources - Revenues	285,000
4400 Local Sources - Unrestricted	11,500
Special Revenue Services	
4910 Fund Balance Appropriated	
	\$ 3,936,668

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, 2025 and ending June 30, 2026:

Instructional Programs	
5000 Instructional Services	\$ 2,411,724
6000 Support Services	307,418
7000 Nutritional Services	9,859
	\$ 2,729,001

The following revenues are estimated to be available from the **Other Special Revenue Fund** for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Other State Allocations for Current Operations	
3200 Other State Allocations for Current Operations	\$ 1,175,000
Revenues from Federal Sources	
3700 Revenues from Federal Sources	283,580
Other Revenues from Federal Sources – Restricted Grants	
3800 Other Restricted Grants	115,000
Revenues from Local and Other Sources	
4200 Local Sources – Tuition and Fees	847,000
4400 Local Sources – Unrestricted	142,000
4800 Local Sources – Restricted	166,421
Special Revenue Services	
4910 Fund Balance Appropriated	
	\$ 2,729,001

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:

- 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.
- 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.
- 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, 2025.



Dub Potts, Board Chair



Jinda Haynes, Secretary