



**DAVIE COUNTY SCHOOLS  
2020-21  
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 children. During the current school year, we have experienced challenges in Davie County, and across this nation, unlike anything we have experienced in over 100 years. COVID-19 has forced schools to close and move to a remote learning plan for the final three months of the school year. The staff has done an outstanding job making the transition, but not knowing what next year will look like creates more hurdles. We will continue to make necessary adjustments while remaining committed to the strategic plan, stakeholders, and the needs of our community and region.

The state's mandated budget calendar requires that I submit a draft budget to the Board of Education by May 1<sup>st</sup> each year, long before the state budget is determined. Since state and federal funds make up around 75% of our budget, creating a draft 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 increased cost of doing business. This draft budget, submitted to the Board of Education on May 1, 2020, 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 assigned the responsibility to oversee the functions of their areas of responsibility and are guided by oversight from our professional financial staff as they systematically analyze expenditures. The financial audit conducted this year revealed no findings, but rather commendations. Our finance department is to be commended for the effective 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 2020-21**

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, an additional ten positions were cut. None of these reductions came as a recommendation, but rather as a necessity to balance the budget within existing resources. Increased support and commitment by our local Board of Commissioners has helped stabilize the financial outlook of the district. However, costs continue to grow, and the disruptions due to COVID-19 create some unknowns moving into next year. As the state continues to put more responsibility for education on local communities, a strong partnership and relationship with county government is essential and is the reason for continued success in our community.

## **A Look at Revenues**

### ***State Funds***

The state provides almost 70% of our operating budget each year. Salary increases from the state are anticipated for 2020-21. This will help to increase North Carolina's ranking in teacher and principal pay. There will be an increase in the required contribution to retirement and an increase in the employer portion of health care costs from the state. The state allotment will be based on 6,102 students in 2020-21, a .52% decrease in enrollment from 2019-20. Over the past two years, the average daily membership has begun to plateau with smaller declines.

2017-18	6242
2018-19	6169
2019-20	6133

### ***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 significant reductions in staff. The increases in local current expense funding over the past four years has helped to 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 an increase of \$101,141 in local current expense funding for 2020-21. Again, we are grateful our current commissioners have increased local support for public education.

### ***Federal Funds***

Federal funding allocations are based on these poverty rankings. A low poverty rank results in lower federal funding per student in Davie County Schools. The federal planning allotment that will be used in 2018-19 has not yet been provided.

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

Through a complex formula, the state provides funds to school districts that have wealth rankings below the state average. As Davie County's tax base has improved and poverty ranking 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 resulted in a reduction of Low Wealth state funds coming to Davie County Schools. Our Low Wealth allotment in 2010-11 was \$552,000 and is projected to be only \$33,561 in 2020-21. The 94% reduction in this single state allotment attributed further to the need for staff reductions. The total state allotment for low wealth has not changed significantly, but Davie County's wealth rank compared to other districts has resulted in fewer dollars allocated to our schools under this formula. Fortunately, our Board of Commissioners have 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 response to the COVID-19 disruption, multiple individuals, organizations, and churches have provided funds for student meals. When there is a need, our community steps up to fill that need.

We are also 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 been able to provide educational experiences far beyond a basic education. In 2017-18 we announced a new partnership with the Mebane Charitable Foundation with a focus on early literacy. This five-year, \$2.5 million commitment to early literacy, will make Davie County a model as we implement strategies and partner with public and private community agencies to ensure children are ready for kindergarten and reading by the third grade. 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. For example, a first-year teacher in 2005-06 had a base salary of \$25,510 and a total cost of employment with benefits of \$32,949. In 2019-20, a first-year teacher earned a \$35,000 base salary and the total cost of employment with benefits was \$50,879, an increase of 54% 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 2019-20, \$1,000,000 would only cover the cost of 19.7 teachers. Between 2013 and 2019 the cost of employee benefits has increased by almost \$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 over the years, and have led to fewer adults working with children. We are planning for a 5% increase in licensed salaries and a 2% increase in classified salaries for 2020-21.

### **K-3 Class Size Issue**

The North Carolina General Assembly included in the last state budget new class size requirements in kindergarten to 3<sup>rd</sup> grade. There are currently no class size restrictions in grades 4-12. These new requirements did not account for enhancement area teachers such as art, music, and PE teachers, who can be paid out of the state teacher position allotment, but are not included in the class size calculations. In a special called session in the spring of 2018, the House and Senate agreed to phase in new class size restrictions over four years and provide an additional allotment for enhancement teachers. Davie County Schools was already in compliance with class size restrictions, but further implementation has impacted the budget and is also expected to in the final phase-in of the plan.

### **Looking Ahead**

In the 2019-20 school year, one of the previous safety grants awarded to Davie County Schools was extended. Two School Resource Officers were retained, but a counselor position was eliminated. *The transition to*

remote learning, and the potential of another school closing next year due to the second wave of COVID-19, has required us to redirect funding to support online learning for students and staff. Emergency funding will help with immediate expenses, but additional funds will be needed to sustain the learning platform, allowing digital teaching and learning to extend beyond the school day and buildings. As we have presented in the past, there are holes in our support system for children. When additional resources become available we must restore staff across several areas within our organization that have been reduced over the past several years.

We need:

- additional teachers in our AIG (academically intellectually gifted) delivery model
- additional teacher assistants to support instruction at our early grades
- additional student services support
- a school nurse in every school

Our principals have expressed the need for additional teachers, and curriculum and instructional technology support. To keep our buildings properly maintained, we need additional maintenance and custodial support. We must maintain adequate funding levels if expected to see the same level of maintenance and care for our schools, or the same or better academic performance as a district. These are just a few examples of staffing inadequacies that have been a result of the reduction of funding. We need to restore many of the support positions and programs lost since 2008-09.

## **Our 2020-21 Local Budget Request**

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

As calculated by the County Finance Officer, our local current expense allocation of \$11,849,402 for 2020-21 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 of staff, and the general operations of the district.

### ***Capital Outlay***

We have included ongoing capital improvement projects, as well as technology projects, in our capital outlay budget for 2020-21. These projects are funded using ½ cent sales tax allocations. If there are projects that become necessary that exceed that budget, they will be presented as special capital requests annually during the budget process.

### **Summary**

Davie County Schools is proud of our students and their learning progress (school performance information is included in the budget packet). We have made improvements in academic achievement, but we understand the work is never completed. Our strategic plan is future-focused, and we must continue to work together to prepare students for an ever-changing world. The school funding formula defined in the interlocal agreement has helped the school district and county to 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 anticipated economic downturn is expected to have an



impact on these funding sources. Thus, making the local commitment to funding our public schools even more critical.

The partnership between the Board of Education and Board of Commissioners is a sign to our community that education remains a focus for our community leaders. It is also an excellent economic development tool that exemplifies the investment in education and Davie County's future workforce.

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,

Jeff Wallace  
Superintendent  
May 1, 2020