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# Public School Education

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# NORFOLK PUBLIC SCHOOLS

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## MISSION STATEMENT

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The mission of Norfolk Public Schools (NPS), the cornerstone of a proudly diverse community, is to ensure all students maximize their academic potential, develop skills for lifelong learning, and are successful contributors to a global society, as distinguished by:

- Courageous advocacy for all students
- Family and community investment
- Data-driven personalized learning
- Strong and effective leadership teams
- Shared responsibility for teaching and learning
- Access to rigorous and rewarding college and career readiness opportunities

## DIVISION OVERVIEW

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NPS is the largest urban school division and the seventh largest division overall in the Commonwealth of Virginia. The division enrolls a racially and economically diverse population of approximately 29,400 students, supported by more than 4,600 employees in 51 facilities. The educational philosophy of the division is based on the belief that all children can achieve at high levels and that it is the responsibility of the staff and community to ensure each child reaches his or her highest potential.

NPS has a variety of programs to meet the needs of students. Programs within the traditional school setting include those for students with special needs, English as a Second Language, Title I, and Gifted Education. Auxiliary facilities house programs for students who need an alternate educational setting, as well as opportunities for trade and technical education. There are full-day kindergarten programs in all elementary schools except for those schools with grades three through five. There are three early childhood centers for three- and four-year-old children and pre-kindergarten programs in all elementary schools except those serving only grades three through five.

## LEGAL AUTHORIZATION

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Pursuant to Virginia law, all school divisions are fiscally dependent on the local government. As a fiscally dependent school division, NPS does not levy taxes or issue debt. All funds are appropriated to Norfolk Public Schools by the Norfolk City Council, which has authority to tax and incur debt.

The School Board derives its authority from the Commonwealth and has the constitutional responsibility to provide public education to the residents of Norfolk.

# SCHOOL FUNDING

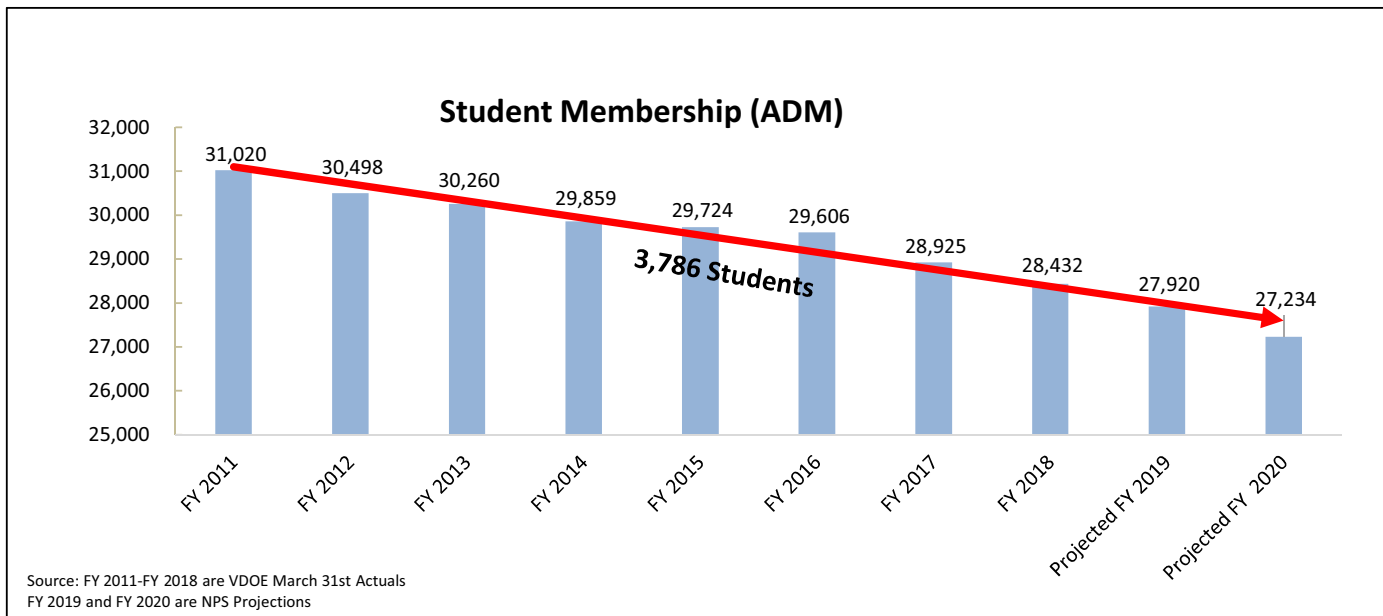
The division receives financial support from several sources:

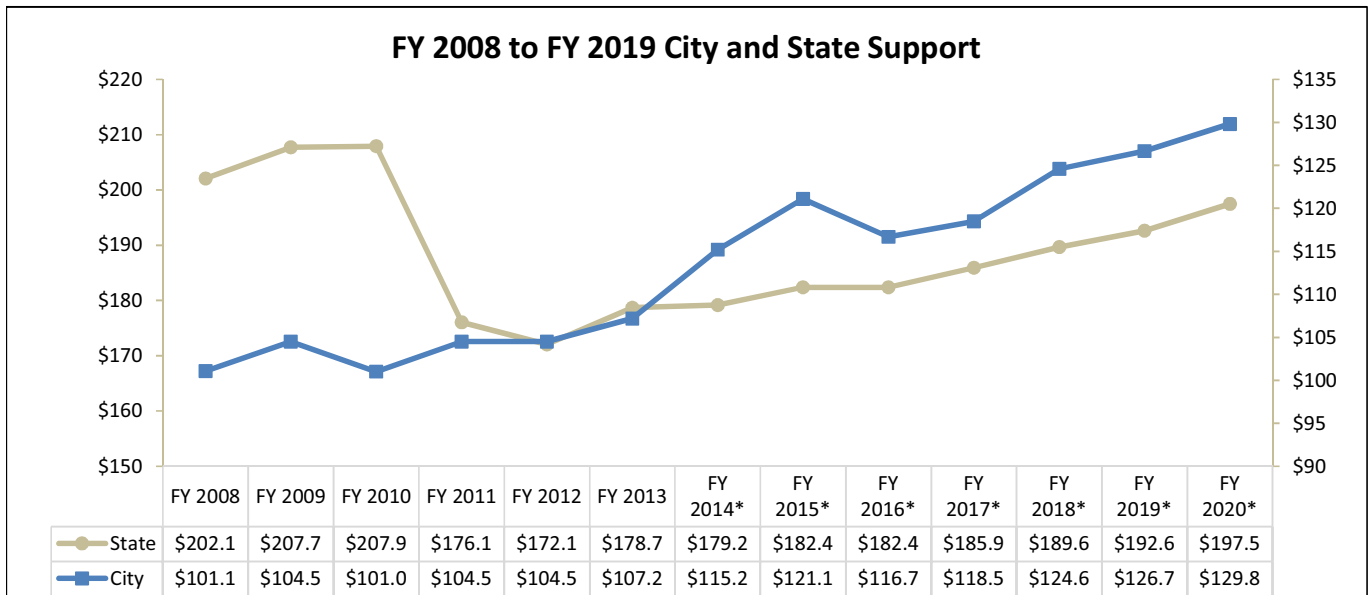
- Commonwealth of Virginia
- City of Norfolk
- Federal Government
- Local Fees and Revenues

**Commonwealth of Virginia:** Support for public schools is a shared cost between the Commonwealth of Virginia and localities. Article VIII, Section 2 of the Constitution of Virginia authorizes the General Assembly to determine the cost of education as prescribed by the Standards of Quality (SOQ) and to establish the cost share between state and local governments. Sales tax revenue is used to offset Basic Aid costs. In FY 2013, 1<sup>1</sup>/<sub>4</sub> cent of the Commonwealth's five-cent sales and use tax was dedicated to public school funding. In FY 2014, sales and use tax increased in Norfolk to six cents due to the statewide transportation bill, and of this 1<sup>3</sup>/<sub>8</sub> cent is dedicated to public school funding.

The Standards of Quality (SOQ) prescribe the minimum standards of education for public school divisions. The standards are established in the Constitution of Virginia and defined in the Code of Virginia. Only the State Board of Education and the General Assembly can alter the standards. SOQ rebenchmarking is completed every two years and coincides with the beginning of the Commonwealth's biennial budget cycle. Localities may choose to spend more than the required amounts at their own discretion. School divisions may offer additional programs and employ additional staff beyond what is required by the SOQ at their own discretion.

Average Daily Membership (ADM) is the student enrollment count that drives most state funds for public education. The ADM is reported to the Virginia Department of Education (VDOE) twice a year, a projection in the fall and a final ADM in the spring. ADM is determined by the total days in membership for all students over the school year divided by the number of days school was in session. NPS projects March 31<sup>st</sup>ADM to decline from 27,920 in FY 2019 to 27,234 in FY 2020, a decrease of 686 students. Since 2011, ADM has decreased by 3,786 students or 12.2 percent. Pre-kindergarten is an optional program and not included in the ADM. As such, the numbers reported here do not include pre-kindergarten.



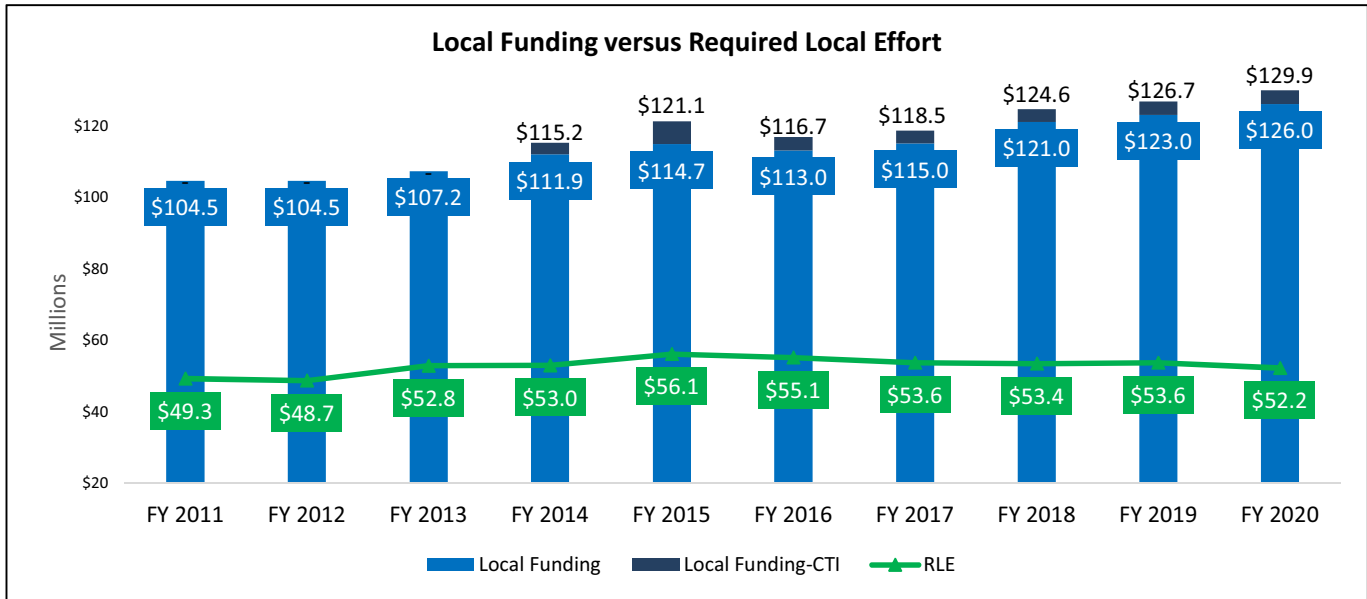


\* Includes Construction, Technology, and Infrastructure (CTI) funding. FY 2019 and FY 2020 are budgeted amounts; all others are actuals. State funding figure for FY 2019 reflects City of Norfolk’s Adopted Budget; subsequently, the General Assembly passed a budget that provided \$1.3 million in additional state funding.

**City of Norfolk:** Education has been an ongoing priority for City Council and the City of Norfolk. Despite the Great Recession and declines in enrollment, city support has increased over the last decade. Traditionally, NPS has submitted a budget based on its identified needs, and the local contribution has been determined by balancing those needs against citywide needs and financial capacity. In contrast to the state, the city does not decrease its support when student enrollment declines. Student enrollment is projected to decline by 686 students in FY 2020, but the city’s ongoing support will increase by an estimated \$3.1 million in FY 2020 based on the Local Revenue Allocation Policy enacted in FY 2019. Since 2010, local support has increased by \$28.8 million or 28.5 percent. This amount includes the Construction, Technology, and Infrastructure program (CTI).

Beginning in FY 2020, the Local Revenue Allocation Policy included at the end of this section will be used to determine the local contribution to NPS’s operating funds. By using a formula to allocate a fixed share of non-dedicated local revenues to schools, this policy provides a predictable, objective method so that both NPS administration and the city can engage in better financial planning with available resources. The policy also links economic growth to school funding, recognizing the importance of schools to the city’s economic success.

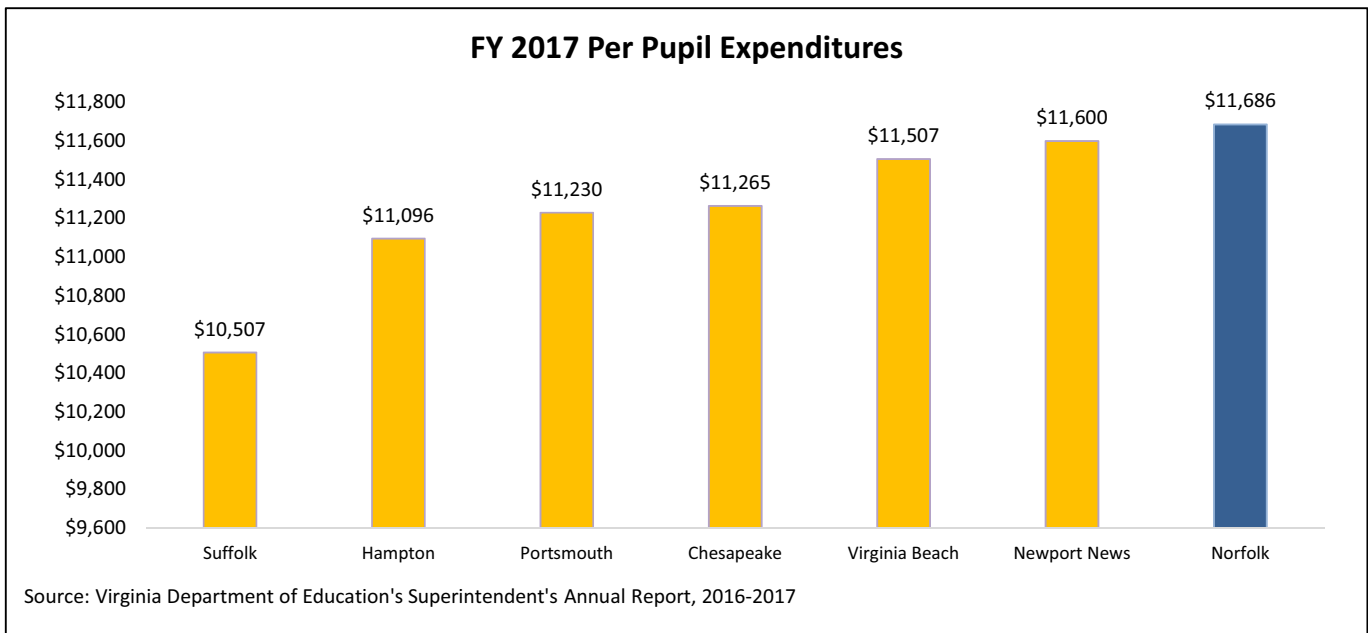
**Local Composite Index:** The Local Composite Index (LCI) was formulated by the state to measure a locality’s ability to fund education. The LCI is calculated using three measures of the local tax base: true real estate values (50 percent of measure); adjusted gross income (40 percent of measure); and local taxable retail sales (10 percent of measure). LCI calculations for the 2018-2020 biennium are based on 2015 data from the Virginia Department of Taxation. The local tax measures are combined with two per capita components: 2016 ADM and total population provided by the Weldon Cooper Center for Public Service. Each locality’s ability to pay is evaluated relative to all other localities. Norfolk’s LCI for FY 2020 is 0.2958, which means that the city’s Required Local Effort (RLE) for SOQ programs is approximately 30 percent of the total cost of education for Norfolk. The city consistently provides more than 100 percent of the required amount.



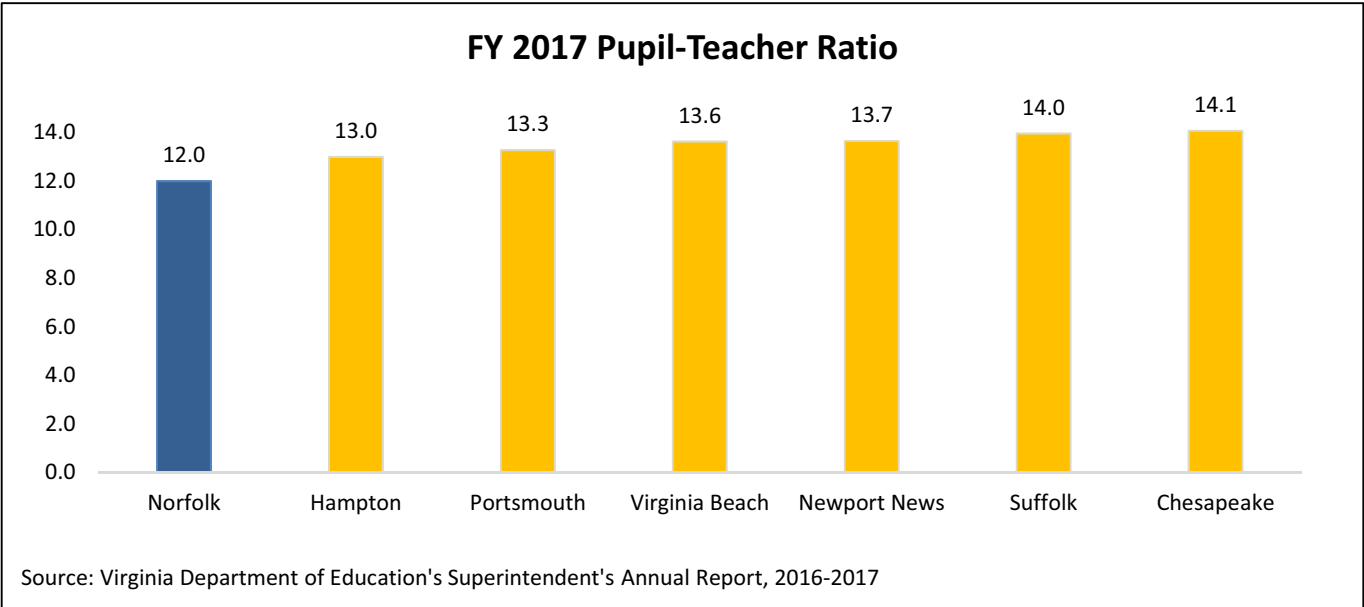
\*FY 2015 includes \$3.0 million and FY 2016 includes \$246,600 in CTI carryforward from FY 2014.

Additionally, the city provides support for NPS related to debt service on school capital projects, landscape maintenance, school resource officers, and other services valued at over \$25 million in FY 2020. The city's FY 2020 - FY 2024 Capital Improvement Plan (CIP) continues support for facilities maintenance and school bus replacement.

**Per Pupil Expenditure (PPE):** PPE is the statistic that includes the amount of money put toward the general education for each student. The Superintendent's Annual Report for Virginia provides a yearly PPE for all school divisions in the Commonwealth. The report utilizes annual financial data submitted by school divisions. Since all school divisions submit this data, this report provides the best comparison of PPE across the state. The most recent available report is for FY 2017 and **Norfolk Public Schools has the highest PPE in the region.**



**Pupil-Teacher Ratio:** The Pupil-Teacher Ratio data is reported each year in the Superintendent’s Annual report. The most recent report available is for FY 2017 and Norfolk has the lowest pupil-teacher ratio in Hampton Roads. The data reflect a weighted average that account for elementary and secondary teachers at each division.



# CONSTRUCTION, TECHNOLOGY, AND INFRASTRUCTURE

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## Program Overview

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The Construction, Technology, and Infrastructure (CTI) program funds one-time capital, technology, and infrastructure improvements for the school division. The program funds (in priority order) the debt service for school construction projects, technology to enhance learning within the classroom, and infrastructure needs. A dedicated two-cent real estate tax increase from July 1, 2013, supports the CTI. The tax increase accelerates the funding for school construction projects and frees up capacity to address infrastructure and neighborhood capital needs citywide. All funds raised from the two-cent tax increase are used solely for this program. This funding source has the potential to grow over time as real estate values increase.

## Dedicated Funding for FY 2020: \$3,851,000

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### History of Funding

Prior CTI Funds	\$21,004,100
FY 2020 CTI Funds	\$3,851,000
Total CTI Funds Appropriated	\$24,855,100



# PERFORMANCE MEASURES

## Norfolk Public Schools (NPS) FY 2019 Achievable Results (GOALS)

- NPS will implement, annually monitor, and refine the comprehensive plan for improving on-time graduation for students
- NPS will implement, annually monitor, and refine a system of support so that all schools are fully accredited as defined by the Virginia Department of Education (VDOE)
- NPS will improve the climate of support for the achievement of all students through staff, family, and community engagement

### Priority: Lifelong Learning

#### Goal

Norfolk Public Schools (NPS) will implement, annually monitor, and refine a system of support so that all schools are fully accredited as defined by the Virginia Department of Education (VDOE)

Measure (As Reported by VDOE)	FY 2017 Actual	FY 2018 Actual	FY 2019 State Benchmark	FY 2020 State Benchmark
Increase division level pass rates on SOLs (Standards of Learning)				
Grade 3 Reading	66	64	75	75
Grade 3 Mathematics	65	62	70	70
Grade 4 Reading	70	68	75	75
Grade 4 Mathematics	72	67	70	70
Grade 5 Reading	75	70	75	75
Grade 5 Mathematics	71	64	70	70
Grade 5 History & Social Science	81	75	70	70
Grade 5 Science	67	64	70	70
Grade 6 Reading	67	67	75	75
Grade 6 Mathematics	71	66	70	70
Grade 7 Reading	73	70	75	75
Grade 7 Mathematics	56	53	70	70
Grade 8 Reading	65	63	75	75
Grade 8 Writing	60	59	75	75
Grade 8 Mathematics	56	49	70	70
Grade 8 History & Social Science	79	73	70	70
Grade 8 Science	53	45	70	70

<b>Measure (As Reported by VDOE)</b>	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 State Benchmark</b>	<b>FY 2020 State Benchmark</b>
End-of-Course English: Reading	83	80	75	75
End-of-Course English: Writing	78	80	75	75
End-of-Course Algebra I	73	65	70	70
End-of-Course Geometry	75	62	70	70
End-of-Course Algebra II	92	88	70	70
End-of-Course Virginia and U.S. History	74	72	70	70
End-of-Course World History I	86	76	70	70
End-of-Course World History II	78	81	70	70
End-of-Course Earth Science	77	72	70	70
End-of-Course Biology	74	73	70	70
End-of-Course Chemistry	94	92	70	70
End-of-Course World Geography	71	69	70	70

# ADOPTED FY 2020 BUDGET ACTIONS

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- **Increase local support for schools** **\$3,000,932**

Provide additional funds for ongoing operating support according to the formula in the Local Revenue Allocation Policy introduced in FY 2019.

- **Adjust support for Construction, Technology, and Infrastructure program** **\$149,000**

Adjust support for Construction, Technology, and Infrastructure (CTI) program based on an increase in real estate assessments. The total amount, \$3,851,000, in the Adopted FY 2020 Budget will be used for debt service payments for recent school construction. The CTI program is designed to supplement the city's existing efforts for school construction and major maintenance.

- **Update SOQ and state support** **\$4,868,471**

Adjust support to NPS based on the 2018 - 2020 biennial budget as amended by the General Assembly in February 2019. Standards of Quality (SOQ) rebenchmarking is completed every two years and coincides with the beginning of the Commonwealth's biennial budget cycle. The estimated FY 2020 state support includes an estimated \$801,858 in revenue associated with the Virginia Preschool Initiative Plus (VPI+) program; VPI+ funding was previously included in grants and special programs revenue. This update also includes funds related to sales tax receipts.

- **Adjust federal aid for schools** **\$1,867**

Technical adjustment to increase federal funding for schools based on the NPS estimate in the School Board's Proposed FY 2020 Budget. Federal revenue for NPS consists primarily of Federal Impact Aid (FIA), which is based on the number of children in Norfolk who are associated with or directly impacted by federal programs, including children living in government-supplied housing on military bases. Reimbursements for approved services for Medicaid-eligible students and NJROTC funding are also included as federal support.

- **Adjust FY 2020 miscellaneous revenue estimate** **(\$214,410)**

Technical adjustment based on a decline in miscellaneous revenues received from sources such as tuition, fees, surplus sales, building rentals, and other small revenue items. This adjustment is based on the School Board's Proposed FY 2020 Budget.

**Norfolk Public Schools**

**Total: \$7,805,860**

# NORFOLK PUBLIC SCHOOLS SUMMARY

The School Board issues a separate, detailed budget document which identifies grant revenues in addition to the School Operating Budget. The FY 2017 and FY 2018 Actual amounts are provided by NPS. The FY 2019 Adopted amount is approved by City Council.

## Revenue Summary

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted <sup>1</sup>	FY 2020 Adopted
<b>Operating Revenue from the City</b>	114,971,922	117,971,922	122,971,922	125,972,854
<b>Construction, Technology, and Infrastructure</b>				
<i>Infrastructure and Technology to NPS</i>	0	0	0	0
<i>Debt Service</i>	3,527,400	3,618,000	3,702,000	3,851,000
<i>Unspent CTI Funds</i>	0	0	0	0
<b>Total CTI</b>	<b>3,527,400</b>	<b>3,618,000</b>	<b>3,702,000</b>	<b>3,851,000</b>
<b>Subtotal ongoing support</b>	<b>118,499,322</b>	<b>121,589,922</b>	<b>126,673,922</b>	<b>129,823,854</b>
<b>One-time support</b>				
<i>Additional appropriation</i>	0	3,000,000	0	0
<b>Subtotal one-time support</b>	<b>0</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>
<b>Total City Revenue</b>	<b>118,499,322</b>	<b>124,589,922</b>	<b>126,673,922</b>	<b>129,823,854</b>
Revenue from Commonwealth	185,922,163	189,644,796	192,610,192	197,478,663
Revenue from Federal Funds	5,263,558	4,811,685	5,651,426	5,653,293
Revenue from Other Funds	3,637,903	2,778,534	3,420,410	3,206,000
NPS Carryforward	3,149,274	0	0	0
<b>Subtotal State and Other</b>	<b>197,972,898</b>	<b>197,235,015</b>	<b>201,682,028</b>	<b>206,337,956</b>
<b>Total Operating Revenues</b>	<b>316,472,220</b>	<b>321,824,937</b>	<b>328,355,950</b>	<b>336,161,810</b>
<b>Total Grant Revenues and School Nutrition Funds</b>	<b>56,797,895</b>	<b>51,381,293</b>	<b>57,200,000</b>	<b>60,000,000<sup>2</sup></b>
<b>Total Revenues</b>	<b>373,270,115</b>	<b>373,206,230</b>	<b>385,555,950</b>	<b>396,161,810</b>
<b>Additional Services Provided<sup>3</sup> (see next page for details)</b>	19,146,173	19,522,643	25,877,128	25,128,230
<b>Grand Total Support Received</b>	<b>392,416,288</b>	<b>392,728,873</b>	<b>411,433,078</b>	<b>421,290,040</b>

<sup>1</sup>FY 2019 Adopted figures reflect City of Norfolk's Adopted FY 2019 budget rather than the NPS School Board Approved FY 2019 budget. Between the passage of the city budget and the final School Board approval, the General Assembly passed a budget that provided \$1,257,988 in additional state funding.

<sup>2</sup>School Nutrition Funds revenues in FY 2020 include a \$916,000 transfer from fund balance.

<sup>3</sup>Additional services exclude school construction and reflect the adjustment of School Crossing Guards from NPD to NPS in FY 2015. These amounts are now included in Revenue from the City.

## Expenditure Summary

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted <sup>1</sup>	FY 2020 Adopted
School Operating Budget	313,115,532	317,505,301	328,355,950	336,161,810
Grants and Special Programs	37,986,434	33,247,319	38,000,000	40,000,000
Child Nutrition Services	18,277,589	17,047,594	19,200,000	20,000,000
<b>Total Expenditures</b>	<b>369,379,555</b>	<b>367,800,214</b>	<b>385,555,950</b>	<b>396,161,810</b>

## Additional Services Provided to Norfolk Public Schools (Excluding School Construction)

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted	FY 2020 Adopted
Debt Service for School Buses	347,780	678,525	938,477	925,725
Debt Service for School Construction and Maintenance Projects <sup>2</sup>	12,112,085	13,733,270	16,231,859	17,993,429
Grounds Maintenance	693,375	778,038	694,000	775,000
School Resource Officers	992,933	1,332,810	1,012,792	1,434,076
<b>Subtotal Other City Support</b>	<b>14,146,173</b>	<b>16,522,643</b>	<b>18,877,128</b>	<b>21,128,230</b>
Ongoing School Maintenance	4,000,000	2,000,000	6,000,000	3,000,000
Acquire School Buses	1,000,000	1,000,000	1,000,000	1,000,000
<b>Grand Total Additional Services Provided</b>	<b>19,146,173</b>	<b>19,522,643</b>	<b>25,877,128</b>	<b>25,128,230</b>

In addition to the direct city support to Norfolk Public Schools, the city provides additional services (listed above) funded through city departments' budgets. Debt service for school construction and school buses are included in the city's Debt Service budget, School Resource Officers are included in the Police budget, Facility Maintenance is in the General Services budget, and Grounds Maintenance is in the Recreation, Parks and Open Space budget.

<sup>1</sup>FY 2019 Adopted figures reflect City of Norfolk's Adopted FY 2019 budget rather than the NPS School Board Approved FY 2019 budget. Between the passage of the city budget and the final School Board approval, the General Assembly passed a budget that provided \$1,257,988 in additional state funding.

<sup>2</sup>In December, 2014, the city established a revolving line of credit (the "Line") to be used as low cost flexible interim financing. By matching borrowing to school construction, renovation, and maintenance costs the city has been able to reduce its short-term debt service expenditures. Through utilization of the Line, the city has benefited from both low interest costs and better flexibility to time its long-term debt issuance.

# SCHOOL OPERATING FUND

## Operating Revenues

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted <sup>1</sup>	FY 2020 Adopted
<b>Revenue from Commonwealth</b>				
<b>Standards of Quality Funds</b>				
Basic Aid	86,503,419	84,520,258	87,785,289	84,200,564
Textbook Payments	355,343	2,188,598	1,984,192	1,931,019
Vocational Education Standards of Quality (SOQ)	993,825	976,875	1,458,240	1,419,162
Gifted Education	973,542	956,938	985,297	958,893
Special Education SOQ	9,390,628	9,230,468	10,385,033	10,106,735
Prevention, Intervention and Remediation	6,125,204	6,020,737	5,537,371	5,388,980
Fringe Benefits	17,544,046	18,520,746	18,582,707	18,142,261
English as a Second Language (ESL) <sup>2</sup>	0	694,341	716,795	698,319
Remedial Summer School	806,236	689,604	709,143	532,851
<b>Total Standards of Quality Funds</b>	<b>122,692,243</b>	<b>123,798,565</b>	<b>128,144,067</b>	<b>123,378,784</b>
State Sales Taxes	32,617,800	32,662,089	33,614,795	34,899,590
Lottery Funded Programs	28,873,695	27,027,980	24,945,328	27,050,812
Other State Funds	1,738,425	6,156,162	5,906,002	12,149,477
<b>Total from Commonwealth</b>	<b>185,922,163</b>	<b>189,644,796</b>	<b>192,610,192</b>	<b>197,478,663</b>
<b>Total Federal</b>	<b>5,263,558</b>	<b>4,811,685</b>	<b>5,651,426</b>	<b>5,653,293</b>
<b>Total City Funds</b>	<b>118,499,322</b>	<b>124,589,922</b>	<b>126,673,922</b>	<b>129,823,854</b>
<b>Total Other Revenue</b>	<b>3,637,903</b>	<b>2,778,534</b>	<b>3,420,410</b>	<b>3,206,000</b>
<b>Total Carryforwards</b>	<b>3,149,274</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Revenues</b>	<b>316,472,220</b>	<b>321,824,937</b>	<b>328,355,950</b>	<b>336,161,810</b>

<sup>1</sup>FY 2019 Adopted figures reflect City of Norfolk's Adopted FY 2019 budget rather than the NPS School Board Approved FY 2019 budget. Between the passage of the city budget and the final School Board approval, the General Assembly passed a budget that provided \$1,257,988 in additional state funding.

<sup>2</sup>English as a Second Language moved back to Standards of Quality funds from Lottery Funds in FY 2017.

## Operating Expenditures

Expenditures	Positions		FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted <sup>1</sup>	FY 2020 Adopted
	FY 2019	FY 2020				
Instructional Services	3,095	3,101	235,305,390	232,168,475	243,498,098	250,375,390
Administration, Attendance, and Health	187	190	16,358,309	17,929,599	19,172,582	19,670,209
Pupil Transportation	294	297	12,396,762	13,025,812	13,785,647	14,059,195
Operations/ Maintenance	411	411	34,867,496	36,110,779	36,703,503	37,285,732
Facility Improvements	0	0	348,808	1,373,168	1,400,000 <sup>2</sup>	1,428,670 <sup>2</sup>
Information Technology	63	63	10,311,367	13,279,468	10,094,120	9,491,614
<b>School Operating Budget</b>	<b>4,050</b>	<b>4,062</b>	<b>309,588,132</b>	<b>313,887,301</b>	<b>324,653,950</b>	<b>332,310,810</b>
<b>Construction Technology and Infrastructure</b>			<b>3,527,400</b>	<b>3,618,000</b>	<b>3,702,000</b>	<b>3,851,000</b>
<b>Grand Total Operating and CTI</b>			<b>313,115,532</b>	<b>317,505,301</b>	<b>328,355,950</b>	<b>336,161,810</b>
<b>Difference from City Revenue</b>						<b>0</b>
<b>Total Expenditures</b>						<b>336,161,810</b>

<sup>1</sup>FY 2019 Adopted figures reflect City of Norfolk's Adopted FY 2019 budget rather than the NPS School Board Approved FY 2019 budget. Between the passage of the city budget and the final School Board approval, the General Assembly passed a budget that provided \$1,257,988 in additional state funding.

<sup>2</sup>These amounts differ from the NPS Approved FY 2019 and NPS School Board Proposed FY 2020 budgets. The NPS budgets for facilities improvements includes CTI funds, which is shown in the Construction, Technology, and Infrastructure line.

# SCHOOL GRANTS

## Grants and Special Programs Summary

	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated
Federal Grants	32,963,034	28,291,572	31,000,000	30,232,414
Commonwealth of Virginia Grants	4,073,615	4,149,506	5,500,000	7,082,779
Other/Foundation Grants	949,785	806,241	1,500,000	2,684,807
<b>Total Grant Revenues</b>	<b>37,986,434</b>	<b>33,247,319</b>	<b>38,000,000</b>	<b>40,000,000</b>

## Grants and Special Programs Expenditure Summary

### Federal Grants

	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated
Compensatory Programs	20,153,663	16,715,665	17,376,091	17,376,091
Special Education	8,816,288	7,751,585	7,533,404	7,533,404
Career, Technical and Adult Education	991,636	1,089,786	1,185,728	1,185,728
Other Projects	3,001,447	2,734,536	4,904,777	4,137,191
<b>Total Federal Grants</b>	<b>32,963,034</b>	<b>28,291,572</b>	<b>31,000,000</b>	<b>30,232,414</b>

### COMMONWEALTH OF VIRGINIA GRANTS

	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated
Career, Technical and Adult Education	186,358	180,156	185,480	185,480
State Operated Facilities	3,032,006	3,139,829	3,294,404	3,294,401
Special Education	167,770	150,330	181,095	181,095
Virginia Technology Initiative	328,791	438,601	0	0
Other Grants	358,690	240,590	1,839,021	3,421,803
<b>Total Commonwealth of Virginia</b>	<b>4,073,615</b>	<b>4,149,506</b>	<b>5,500,000</b>	<b>7,082,779</b>



**OTHER/FOUNDATION GRANTS**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>
Other/Foundation Grants	949,785	806,241	1,500,000	2,684,807
<b>Total Other/Foundation Grants</b>	<b>949,785</b>	<b>806,241</b>	<b>1,500,000</b>	<b>2,684,807</b>
<b>Total Grants and Special Programs</b>	<b>37,986,434</b>	<b>33,247,319</b>	<b>38,000,000</b>	<b>40,000,000</b>

# CHILD NUTRITION SERVICES

<b>Revenues</b>	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted</b>	<b>FY 2020 Adopted</b>
Sales	1,362,273	1,142,025	1,635,000	1,635,000
Federal and State Food Program Reimbursements	16,283,283	15,974,496	16,280,000	16,130,000
Federal Commodities Donated	1,088,495	856,729	1,200,000	1,200,000
Interest Earned	23,500	13,377	16,000	16,000
Other Revenue	53,910	147,347	69,000	103,000
Transfer from Fund Balance	0	0	0	916,000
<b>Total Revenues</b>	<b>18,811,461</b>	<b>18,133,974</b>	<b>19,200,000</b>	<b>20,000,000</b>

<b>Expenditures</b>	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted</b>	<b>FY 2020 Adopted</b>
Cost of Goods Sold	9,567,809	8,556,711	9,132,795	9,184,430
Employee Compensation	7,271,761	7,236,598	8,272,418	9,033,118
Supplies and Materials	97,099	110,690	94,000	99,665
Equipment and Other Costs	1,340,920	1,143,595	1,700,787	1,682,787
<b>Total Expenditures</b>	<b>18,277,589</b>	<b>17,047,594</b>	<b>19,200,000</b>	<b>20,000,000</b>
Net Increase (Decrease) in Fund Balance	533,872	1,086,380	0	(916,000)
Fund Balance – Beginning of Year	8,254,243	8,788,115	9,874,495	9,874,495
<b>Fund Balance – End of Year</b>	<b>8,788,115</b>	<b>9,874,495</b>	<b>9,874,495</b>	<b>8,958,495</b>

# LOCAL REVENUE ALLOCATION POLICY

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## PURPOSE

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This policy is to establish the procedure for allocating to the City of Norfolk and Norfolk Public Schools non-dedicated local revenues that are estimated to be available in a given fiscal year. It is the intent of this policy to provide a predictable, objective means of allocating local revenues while providing sufficient funding to meet the strategic goals of both the city and Norfolk Public Schools.

This policy seeks to resolve longstanding concerns over the fair division of limited resources and strike a balance between the funding requirements of school and city services. The policy is designed to accomplish these goals by providing better planning for school funding based on a predictable share of non-dedicated local tax revenue and reduce the Schools' reliance on one-time local support. The policy links economic growth to school funding, to recognize the importance of schools to the economic success of the city. It comes after many meetings with school staff to jointly address as many concerns as possible; however, the policy does not reflect the full support of the school system.

At no time shall the City's allocation be less than that required by Virginia law for the maintenance of an educational program meeting the Standards of Quality as established by the General Assembly.

## DEFINITIONS

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**"City"** refers to the City of Norfolk exclusive of the Norfolk Public Schools system.

**"Schools"** refers to the Norfolk Public Schools system.

**"Non-Dedicated Local Tax Revenue"** refers to the revenue sources identified in Table 1. The set of revenues to be used for the calculation was recommended by Norfolk Public Schools; some sources of local revenue have been excluded, such as the cigarette tax, due to their existing dedications.

**"Dedicated Local Taxes"** refer to taxes that have been previously obligated or may be obligated in the future by the City Council or state law to support specific projects or programs. Examples of dedicated local taxes that are excluded from this policy include, but are not limited to: Tax Increment Financing District revenues; Special Services District revenues; the two cents real estate tax revenue dedicated to Norfolk Public Schools for Construction, Technology, or Infrastructure; the one cent real estate tax dedicated to resilience; the 1.9 cents real estate tax revenue dedicated to the St. Paul's initiative; taxes that represent "net-new revenues" and are required to be redirected or are the basis for the calculation of an incentive payment as part of a public-private partnership approved by City Council; cigarette tax revenue dedicated to economic development initiatives; hotel tax revenue dedicated to tourism infrastructure and public amenities; food and beverage tax revenue dedicated to public amenities; motor vehicle license fee revenue dedicated to the complete streets initiative; and any other obligations that City Council may make in the future.

**"Revenue Sharing Formula"** refers to the method of sharing local tax revenues between the city and schools.

**"Local Contribution"** refers to local funds appropriated for Schools by City Council in May of each year for the upcoming fiscal year beginning July 1.

**"Actual Non-Dedicated Local Tax Revenues"** refers to the actual collected local revenues reflected in the Comprehensive Annual Financial Report (CAFR) at the end of each fiscal year.

**“Reversion Funds”** refer to the funding held by Norfolk Public Schools at the close of business of each fiscal year (per Code of Virginia § 22.1-100) and to the end of year true-up to the revenue sharing formula based on actual local tax revenues.

## REVENUE SHARING FORMULA CALCULATION

**Initial Estimate:** In September, the city’s Office of Budget and Strategic Planning will provide to Norfolk Public Schools an estimate of the local contribution for the upcoming fiscal year.

**Mid-year Estimate:** In February, the city’s Office of Budget and Strategic Planning will provide to Norfolk Public Schools an updated estimate of the local contribution for the upcoming fiscal year.

**Final Estimate:** In March, the city’s Office of Budget and Strategic Planning will provide a final estimate of the local contribution. This will be the estimate included in the city’s Proposed Operating Budget.

Estimates of the revenues contained in the Revenue Sharing Formula shall be clearly presented in the city’s operating budget.

**Revenue Sharing Formula Calculation:** The city’s Office of Budget and Strategic Planning will allocate to Norfolk Public Schools a constant 29.55 percent share of non-dedicated local tax revenues shown in the table below starting in FY 2020. This formula calculation shall comprise the local contribution for Norfolk Public Schools pursuant to this policy.

<b>Sources of Non-Dedicated Local Tax Revenue<sup>1</sup></b>	
Real Estate tax <sup>2</sup>	Real Estate Public Service Corporation tax <sup>2</sup>
Personal Property tax <sup>2</sup>	Transient Occupancy (Hotel) tax
Sales and Use tax	Machinery and Tools tax <sup>2</sup>
Food and Beverage (Meals) tax	Consumer Water Utility tax
Business License tax	Motor Vehicle License Fee (city)
Communication Sales and Use tax	Consumer Gas Utility tax
Consumer Electric Utility tax	Recordation tax

<sup>1</sup>Less dedications as described in the “Dedicated Local Taxes” in the Definitions section.

<sup>2</sup>Does not include delinquent tax revenue

**Mid-year Revenue Shortfall:** If the city anticipates, at any time during the fiscal year, that actual non-dedicated local tax revenues will fall significantly below the budgeted amount, the City Manager or his designee will provide to Norfolk Public Schools an updated estimate of the local contribution. The School Superintendent, upon notification by the City Manager or his designee, will be expected to notify the Board and take necessary actions to reduce expenditures in an amount equal to the reduction in the local contribution to Norfolk Public Schools.

**State Revenue Shortfall:** If, at any time during the fiscal year, a significant shortfall in revenue from the Commonwealth is anticipated, The City Manager or designee, School Superintendent, the city’s Director of Budget and Strategic Planning, and Schools’ Chief Financial Officer shall work together to address the projected shortfall.

**True-up Provision:** If, at the end of the fiscal year, the actual non-dedicated local tax revenues differ from the budgeted non-dedicated local tax revenues, any excess revenue will be allocated in the same manner as similar revenues were apportioned in the recently ended fiscal year. The School Board may request that such funds be appropriated for one-time expenditures. The procedure to request appropriation is discussed below in the

reversion funds section. Similarly if revenues underperform, the shortage will be taken as a part of the end-of-year true-up process.

**End of Year Funds:** All other sources of funding shall be expended by Norfolk Public Schools prior to the use of local contribution. All unexpended balances held by Norfolk Public Schools at the close of business of each fiscal year are to be returned to the fund balance of the city's General Fund as required by Code of Virginia § 22.1-100. The School Board may request that such funds be appropriated for one-time expenditures. The procedure to request appropriation is discussed below in the reversion funds section.

**Reversion Funds:** The School Board may request, by resolution, the re-appropriation of all reversion funds including the balance of end of the year funds that were returned to the city's General Fund balance and any revenue from the true-up of the formula as described above.

The School Board resolution may request the use of reversion funds for one-time purchases. Upon receipt of the resolution, the city's Office of Budget and Strategic Planning shall prepare an ordinance for the City Council's consideration of the School Board's request at the earliest available City Council meeting. If the School Board does not make a request to appropriate the reversion funding, it will be used in the subsequent fiscal year's Capital Improvement Plan to support the one-time purchase of school buses.

Following City Council's action, the city's Office of Budget and Strategic Planning shall notify Norfolk Public Schools of the City Council's decision and shall amend the budget accordingly.

## PROCESS TO REVISE THE LOCAL REVENUE ALLOCATION POLICY

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The City Manager, Schools Superintendent, the city's Director of Budget and Strategic Planning, and Schools' Chief Financial Officer shall meet annually to discuss changes in state and federal revenues that support school operations, any use of one-time revenues, and any adjustments made to existing revenues supporting the funding formula. If they determine that an adjustment is needed, the City Manager and Superintendent will brief the City Council and School Board respectively.

## PROCEDURE TO REQUEST AN INCREASE IN LOCAL CONTRIBUTION

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If the Norfolk School Board, in consultation with the School Superintendent determine additional funding, beyond what is provided by the formula, is required to maintain the current level of operations or to provide for additional initiatives, it will notify the City Council by resolution by April 1 to allow for inclusion in the city's operating budget deliberations. The School Board's resolution shall contain the following:

- That additional funding is required,
- The amount of the additional funding requested,
- The purpose for the additional funding, and
- That the School Board supports an increase in the real estate tax rate (or other local tax rate) to support the additional request.

City Council may revise the policy at its discretion. If no other action is taken by the City Council this policy shall remain effective until modified by the City Council.

*Adopted by City Council on May 22, 2018.*

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