
Public School Education



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NORFOLK PUBLIC SCHOOLS

MISSION STATEMENT

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

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 29,500 students, supported by more than 4,600 employees in 50 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

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

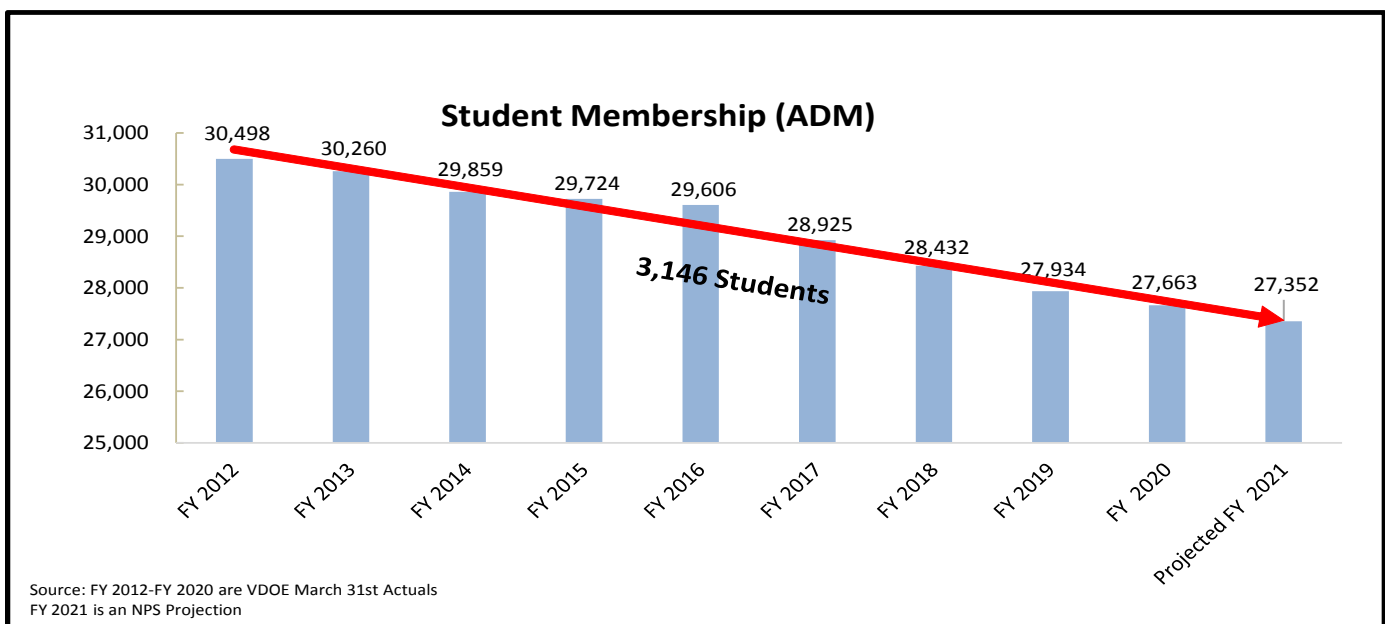
The division receives financial support from several sources:

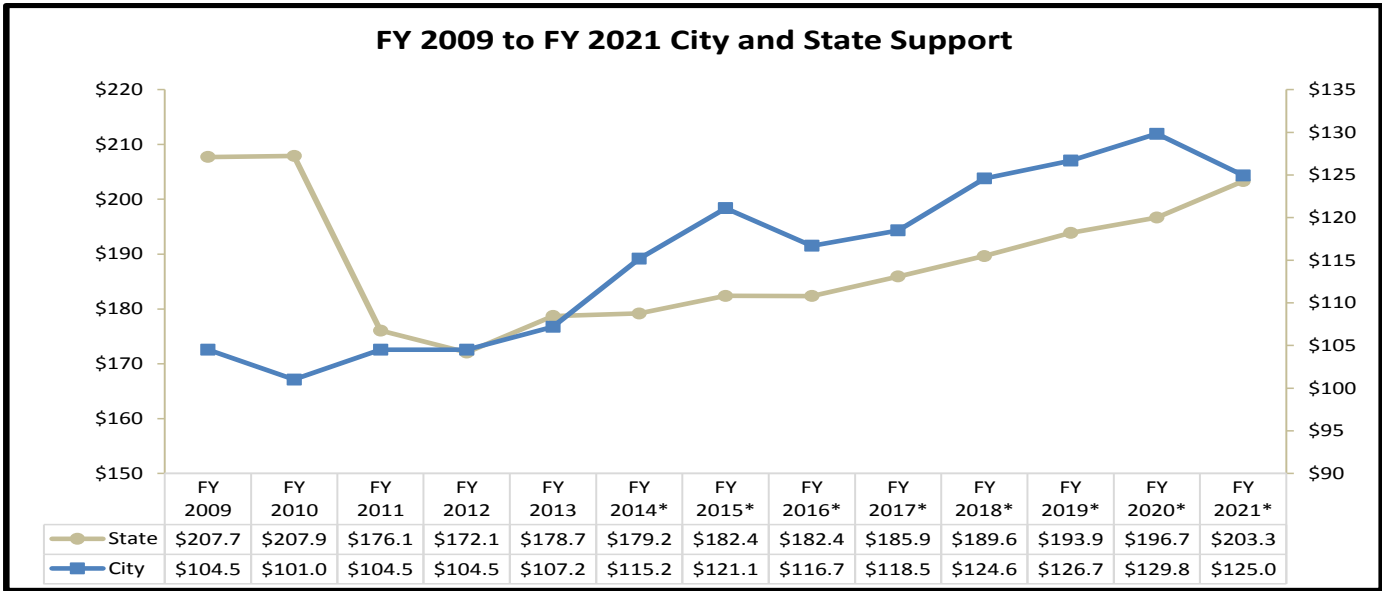
- Commonwealth of Virginia
- City of Norfolk
- Federal Government
- Local Fees and Revenues

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, 1¹/₄ 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 1³/₈ 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 31stADM to decline from 27,663 in FY 2020 to 27,352 in FY 2021, a decrease of 311 students. Since 2012, ADM has decreased by 3,146 students or 10.3 percent. Pre-kindergarten is an optional program and not included in the ADM. As such, the numbers reported here do not include pre-kindergarten.



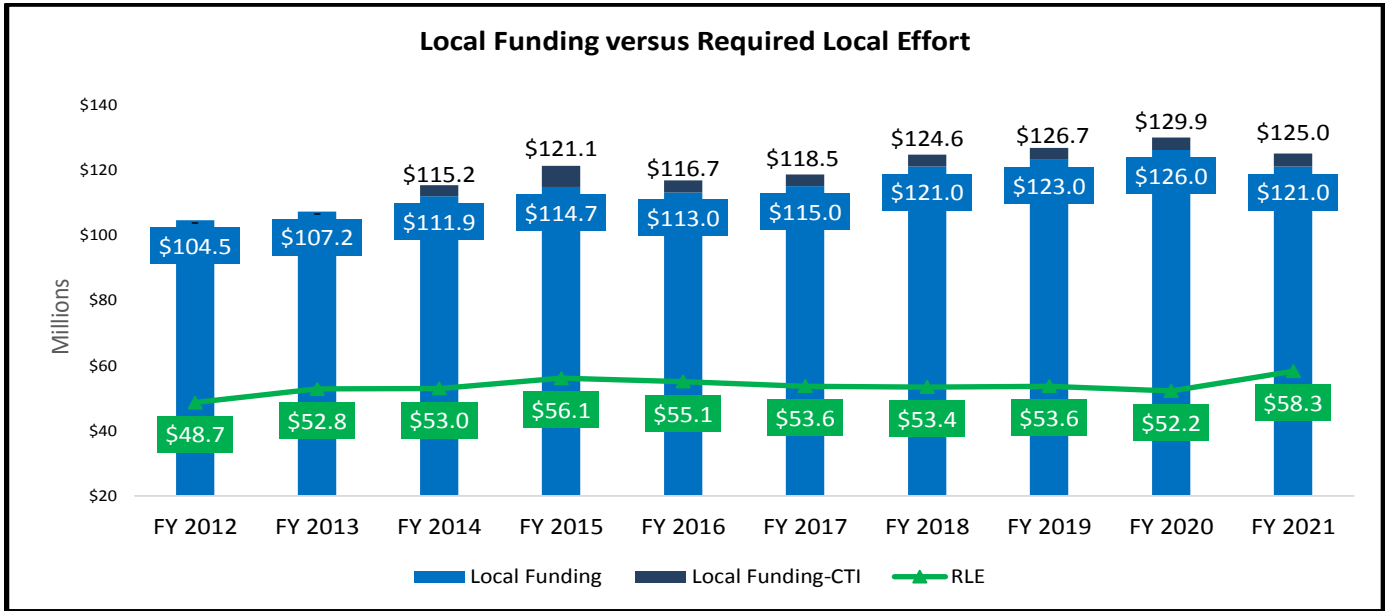


* Includes Construction, Technology, and Infrastructure (CTI) funding. FY 2020 and FY 2021 are budgeted amounts; all others are actuals. State funding figure for FY 2019 reflects City of Norfolk’s Adopted Budget; subsequently, the General Assembly passed a budget that provided \$1.3 million in additional 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.

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. The projected revenue loss as a result of the COVID-19 pandemic impacts the Local Revenue Allocation Policy. The Adopted FY 2021 Budget estimates a reduction from the Adopted FY 2020 Local Revenue Allocation. In response, the city has identified one-time funds that are currently allocated for school maintenance projects in the Capital Improvement Plan (CIP), which if necessary can be flexed to the operating budget as additional local support, if requested by the School Board and Administration. In addition, NPS received separate federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to assist with the financial impact of the COVID-19 pandemic.

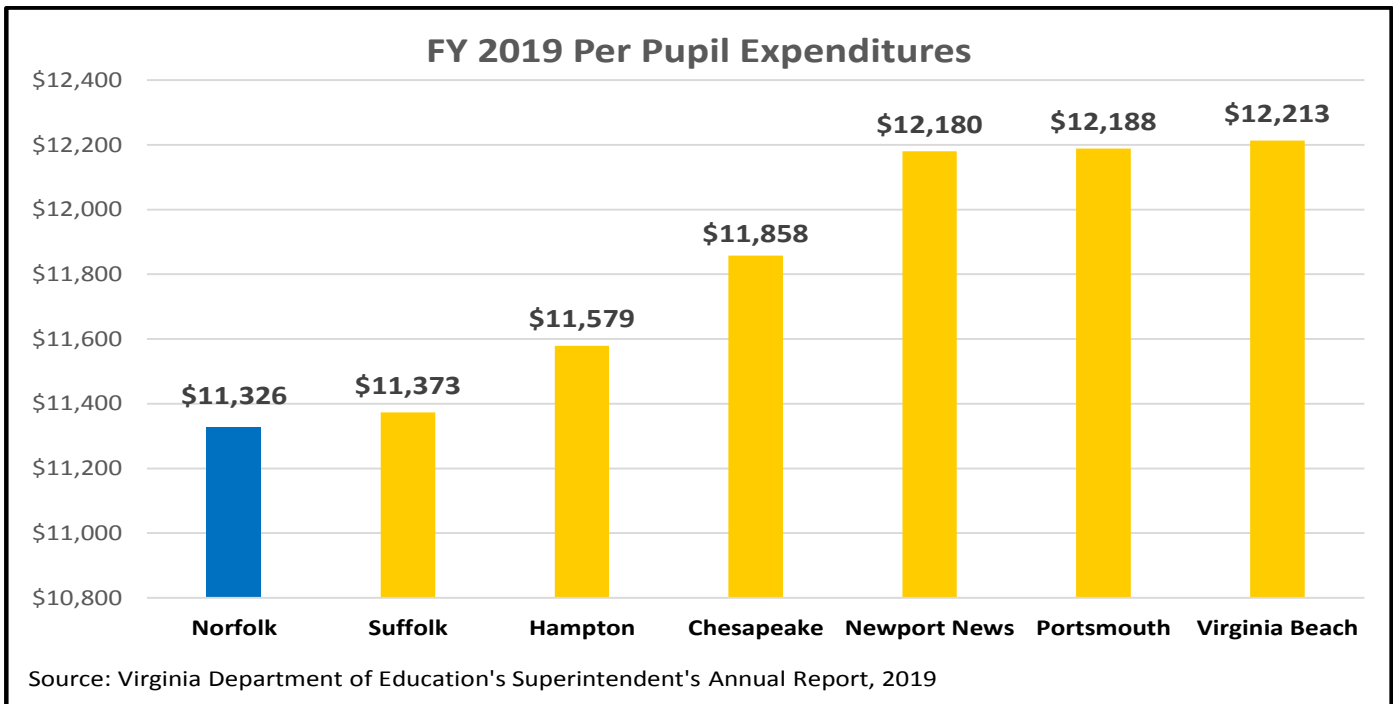
Local Composite Index: The Local Composite Index (LCI) was formulated by the state to measure a locality’s ability to fund education. The LCI is calculated using three measures of the local tax base: true real estate values (50 percent of measure); adjusted gross income (40 percent of measure); and local taxable retail sales (10 percent of measure). LCI calculations for the 2020-2022 biennium are based on 2017 data from the Virginia Department of Taxation. The local tax measures are combined with two per capita components: 2018 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 2021 is 0.3059, 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 double the required amount.



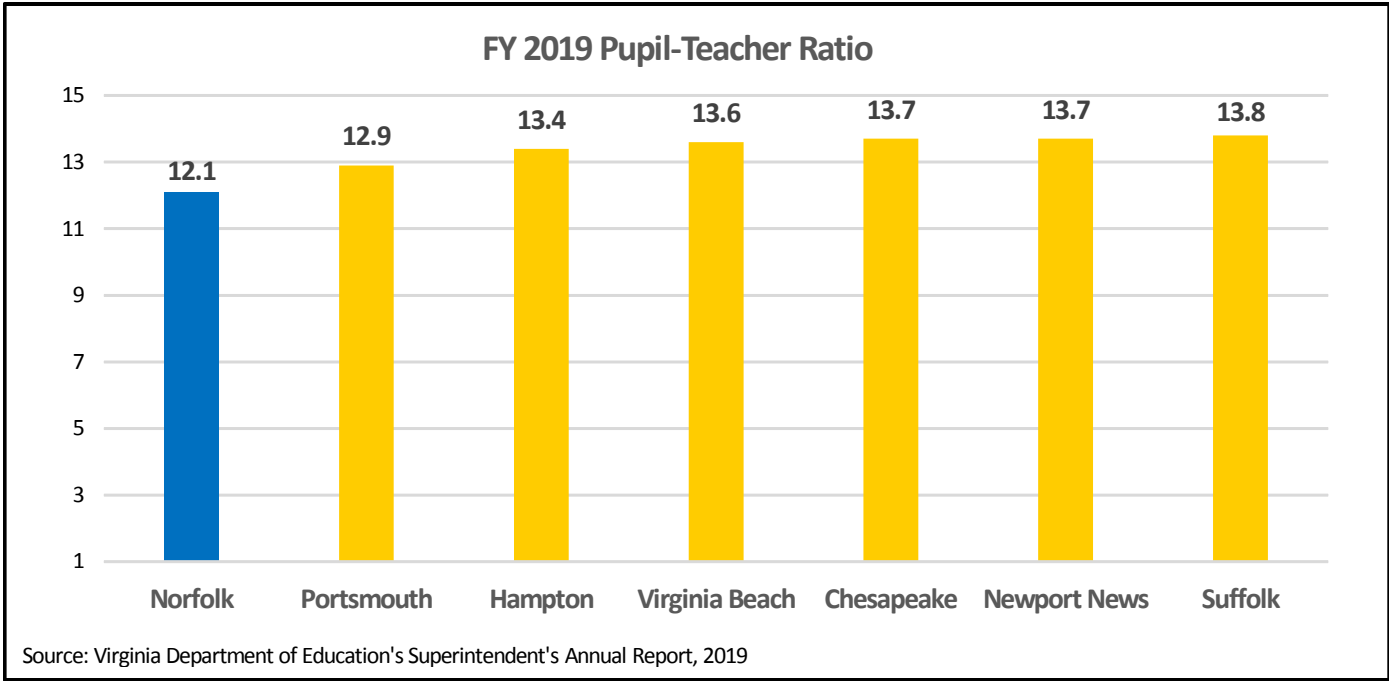
*FY 2015 includes \$3.0 million and FY 2016 includes \$246,600 in CTI carryforward from FY 2014.

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 nearly \$25 million in FY 2021. The city's FY 2021 - FY 2025 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 2019.



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 2019 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

Program Overview

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 2021: \$3,980,000

History of Funding

Prior CTI Funds	\$24,855,100
FY 2021 CTI Funds	\$3,980,000
Total CTI Funds Appropriated	\$28,835,100

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 2018 Actual	FY 2019 Actual	FY 2020 State Benchmark	FY 2021 State Benchmark
Increase division level pass rates on SOLs (Standards of Learning)				
Grade 3 Reading	65	63	75	75
Grade 3 Mathematics	62	75	70	70
Grade 4 Reading	68	67	75	75
Grade 4 Mathematics	67	75	70	70
Grade 5 Reading	70	65	75	75
Grade 5 Mathematics	64	69	70	70
Grade 5 History & Social Science	97	100	70	85
Grade 5 Science	65	66	70	70
Grade 6 Reading	68	62	75	75
Grade 6 Mathematics	62	56	70	70
Grade 7 Reading	70	67	75	75
Grade 7 Mathematics	43	53	70	70
Grade 8 Reading	64	63	75	75
Grade 8 Writing	60	56	75	75
Grade 8 Mathematics	67	68	70	70
Grade 8 History & Social Science	97	94	70	85
Grade 8 Science	62	60	70	70

Measure (As Reported by VDOE)	FY 2018 Actual	FY 2019 Actual	FY 2020 State Benchmark	FY 2021 State Benchmark
End-of-Course English: Reading	80	78	75	75
End-of-Course English: Writing	80	73	75	75
End-of-Course Algebra I	65	78	70	70
End-of-Course Geometry	62	74	70	70
End-of-Course Algebra II	88	87	70	70
End-of-Course Virginia and U.S. History	72	54	70	85
End-of-Course World History I	76	50	70	85
End-of-Course World History II	81	68	70	85
End-of-Course Earth Science	72	69	70	70
End-of-Course Biology	73	73	70	70
End-of-Course Chemistry	92	78	70	70
End-of-Course World Geography	69	65	70	70

ADOPTED FY 2021 BUDGET ACTIONS

- **Adjust local support for schools** **(\$4,999,497)**

Adjust local ongoing operating support according to the Local Revenue Allocation Policy introduced in FY 2019. The decline in funding is attributable to projected revenue loss as a result of the COVID-19 Pandemic.

- **Adjust support for Construction, Technology, and Infrastructure program** **\$129,000**

Adjust support for Construction, Technology, and Infrastructure (CTI) program based on an increase in real estate assessments. The total amount, \$3,980,000 in the Adopted FY 2021 Budget will fund one-time capital, technology, and infrastructure improvements for the school division. The program is used to fund (in priority order) debt service for school construction projects, the purchase of technology to enhance learning within the classroom, and address infrastructure needs.

- **Update SOQ and state support** **5,835,261**

Adjust support to NPS based on the 2020 - 2022 biennial budget as adopted by the General Assembly. Standards of Quality (SOQ) rebenchmarking is completed every two years and coincides with the beginning of the Commonwealth's biennial budget cycle.

- **Adjust federal aid for schools** **\$21,707**

Technical adjustment to increase federal funding for schools based on the NPS estimate in the Superintendent's Proposed FY 2021 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.

Norfolk Public Schools

Total: \$986,471

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 2018 and FY 2019 Actual amounts are provided by NPS. The FY 2020 Adopted amount is approved by City Council.

Revenue Summary

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Adopted
Operating Revenue from the City	117,971,922	122,971,922	125,972,854	120,973,357
Construction, Technology, and Infrastructure				
<i>Infrastructure and Technology to NPS</i>	0	0	0	0
<i>Debt Service</i>	3,618,000	3,702,000	3,851,000	3,980,000
<i>Unspent CTI Funds</i>	0	0	0	0
Total CTI	3,618,000	3,702,000	3,851,000	3,980,000
Subtotal ongoing support	121,589,922	126,673,922	129,823,854	124,953,357
One-time support				
<i>Additional appropriation</i>	3,000,000	0	0	0
Subtotal one-time support	3,000,000	0	0	0
Total City Revenue	124,589,922	126,673,922	129,823,854	124,953,357
Revenue from Commonwealth	189,644,796	194,050,988	197,478,663	203,313,924
Revenue from Federal Funds	4,811,685	6,004,987	5,653,293	5,675,000
Revenue from Other Funds	2,778,534	3,063,926	3,206,000	3,206,000
NPS Carryforward	0	0	0	0
Subtotal State and Other	197,235,015	203,119,901	206,337,956	212,194,924
Total Operating Revenues	321,824,937	329,793,823	336,161,810	337,148,281
Total Grant Revenues and School Nutrition Funds	51,381,293	53,399,437	60,000,000¹	62,200,000²
Total Revenues	373,206,230	383,193,260	396,161,810	399,348,281
Additional Services Provided³ (see next page for details)	19,522,643	25,941,412	25,128,230	29,603,393
Grand Total Support Received	392,728,873	409,134,672	421,290,040	428,951,674

¹School Nutrition Funds revenues in FY 2020 include a \$916,000 transfer from fund balance.

²School Nutrition Funds revenues in FY 2021 includes a \$1,161,000 transfer from fund balance.

³Additional 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 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Adopted
School Operating Budget	317,505,301	323,061,236	336,161,810	337,148,281
Grants and Special Programs	33,247,319	35,537,586	40,000,000	42,000,000
Child Nutrition Services	17,047,594	17,861,851	20,000,000	20,200,000
Total Expenditures	367,800,214	376,460,673	396,161,810	399,348,281

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

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Adopted
Debt Service for School Buses	678,525	938,477	925,725	902,650
Debt Service for School Construction and Maintenance Projects ¹	13,733,270	16,231,859	17,993,429	17,838,547
Grounds Maintenance	778,038	710,399	775,000	775,000
School Resource Officers	1,332,810	1,060,677	1,434,076	1,087,196
Subtotal Other City Support	16,522,643	18,941,412	21,128,230	20,603,393
Ongoing School Maintenance	2,000,000	6,000,000	3,000,000	9,000,000
Acquire School Buses	1,000,000	1,000,000	1,000,000	0
Grand Total Additional Services Provided	19,522,643	25,941,412	25,128,230	29,603,393

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.

¹In 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 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Adopted
Revenue from Commonwealth				
Standards of Quality Funds				
Basic Aid	84,520,258	87,348,756	84,200,564	88,664,975
Textbook Payments	2,188,598	1,980,693	1,931,019	2,040,332
Vocational Education Standards of Quality (SOQ)	976,875	1,455,669	1,419,162	1,404,899
Gifted Education	956,938	983,560	958,893	987,227
Special Education SOQ	9,230,468	10,366,723	10,106,735	10,935,433
Prevention, Intervention and Remediation	6,020,737	5,527,607	5,388,980	5,676,553
Fringe Benefits	18,520,746	18,549,942	18,142,261	19,687,577
English as a Second Language (ESL) ¹	694,341	675,578	698,319	1,180,431
Remedial Summer School	689,604	532,851	532,851	451,293
Total Standards of Quality Funds	123,798,565	127,421,379	123,378,784	131,028,720
State Sales Taxes	32,662,089	34,024,208	34,899,590	35,660,821
Lottery Funded Programs	27,027,980	22,196,142	27,050,812	23,320,618
Other State Funds	6,156,162	10,409,259	12,149,477	13,303,765
Total from Commonwealth	189,644,796	194,050,988	197,478,663	203,313,924
Total Federal	4,811,685	6,004,987	5,653,293	5,675,000
Total City Funds	124,589,922	122,971,922	129,823,854	124,953,357
Total Other Revenue	2,778,534	3,063,926	3,206,000	3,206,000
Total Carryforwards	0	0	0	0
Total Revenues	321,824,937	326,091,823	336,161,810	337,148,281

Operating Expenditures

Expenditures	Positions		FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted ¹	FY 2021 Adopted
	FY 2020	FY 2021				
Instructional Services	3,113	3,127	232,168,475	238,399,008	250,445,722	250,772,800
Administration, Attendance, and Health	190	194	17,929,599	18,666,160	19,762,840	20,103,375
Pupil Transportation	297	300	13,025,812	13,355,574	14,044,327	14,030,317
Operations/ Maintenance	411	414	36,110,779	37,604,028	37,231,501	37,192,692
Facility Improvements	0	0	1,373,168	329,784	1,428,670	1,452,670 ²
Information Technology	63	63	13,279,468	11,004,682	9,397,750	9,616,427
School Operating Budget	4,073	4,098	313,887,301	319,359,236	332,310,810	333,168,281
Construction Technology and Infrastructure			3,618,000	3,702,000	3,851,000	3,980,000
Grand Total Operating and CTI			317,505,301	323,061,236	336,161,810	337,148,281
Difference from City Revenue						
Total Expenditures						337,148,281

¹FY 2020 Adopted figures reflect the adjusted NPS Superintendent's Proposed FY 2020 Budget presented on March 7, 2019, based on the General Assembly's agreed-upon budget. General Assembly actions added \$801,858 to Virginia Preschool Initiative Plus funding and subtracted \$1,038,337 in general revenues for a net \$236,479 loss in state funding compared to the originally presented Superintendent's Proposed FY 2020 Budget based on the Governor's introduced FY 2018-2020 budget amendments. Expenditure categories may shift according to School Board actions as they reach a final budget.

²These amounts differ from the NPS Approved FY 2020 and NPS Proposed FY 2021 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 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated
Federal Grants	28,108,537	29,761,082	30,712,594	31,172,612
Commonwealth of Virginia Grants	4,149,506	5,186,287	7,345,732	8,942,884
Other/Foundation Grants	806,241	590,217	1,941,674	1,884,504
Total Grant Revenues	33,064,284	35,537,586	40,000,000	42,000,000

Grants and Special Programs Expenditure Summary

Federal Grants

	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated
Compensatory Programs	16,532,630	18,679,176	20,991,377	18,075,952
Special Education	7,751,585	7,167,243	7,456,013	7,456,013
Career, Technical and Adult Education	1,089,786	1,142,545	1,146,116	1,146,116
Other Projects	2,734,536	2,772,118	1,119,088	4,494,531
Total Federal Grants	28,108,537	29,761,082	30,712,594	31,172,612

COMMONWEALTH OF VIRGINIA GRANTS

	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated
Career, Technical and Adult Education	180,156	180,464	227,427	227,427
State Operated Facilities	3,139,829	3,239,102	3,227,840	3,227,840
Special Education	150,330	178,636	184,503	184,503
Virginia Technology Initiative	438,601	0	0	0
Other Grants	240,590	1,588,085	3,705,962	5,303,114
Total Commonwealth of Virginia	4,149,506	5,186,287	7,345,732	8,942,884

OTHER/FOUNDATION GRANTS

	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated
Other/Foundation Grants	806,241	590,217	1,941,674	1,884,504
Total Other/Foundation Grants	806,241	590,217	1,941,674	1,884,504
Total Grants and Special Programs	33,064,284	35,537,586	40,000,000	42,000,000

CHILD NUTRITION SERVICES

Revenues	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Adopted
Sales	1,142,025	1,019,288	1,635,000	1,178,000
Federal and State Food Program Reimbursements	15,974,496	17,192,701	16,130,000	16,540,000
Federal Commodities Donated	856,729	872,188	1,200,000	1,200,000
Interest Earned	13,377	0	16,000	0
Other Revenue	147,347	123,068	103,000	121,000
Transfer from Fund Balance	0	0	916,000	1,161,000
Total Revenues	18,133,974	19,207,245	20,000,000	20,200,000

Expenditures	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed
Cost of Goods Sold	8,556,711	8,953,025	9,184,430	9,189,430
Employee Compensation	7,236,598	7,361,251	9,033,118	9,234,283
Supplies and Materials	110,690	60,120	99,665	130,000
Equipment and Other Costs	1,143,595	1,487,455	1,682,787	1,646,287
Total Expenditures	17,047,594	17,861,851	20,000,000	20,200,000
Net Increase (Decrease) in Fund Balance	1,086,380	1,345,394	(916,000)	(1,161,000)
Fund Balance – Beginning of Year	8,788,115	9,874,495	11,219,889	10,303,889
Fund Balance – End of Year	9,874,495	11,219,889	10,303,889	9,142,889

LOCAL REVENUE ALLOCATION POLICY

PURPOSE

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

"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.

Sources of Non-Dedicated Local Tax Revenue¹	
Real Estate tax ²	Real Estate Public Service Corporation tax ²
Personal Property tax ²	Transient Occupancy (Hotel) tax
Sales and Use tax	Machinery and Tools tax ²
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

¹Less dedications as described in the “Dedicated Local Taxes” in the Definitions section.

²Does 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

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

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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