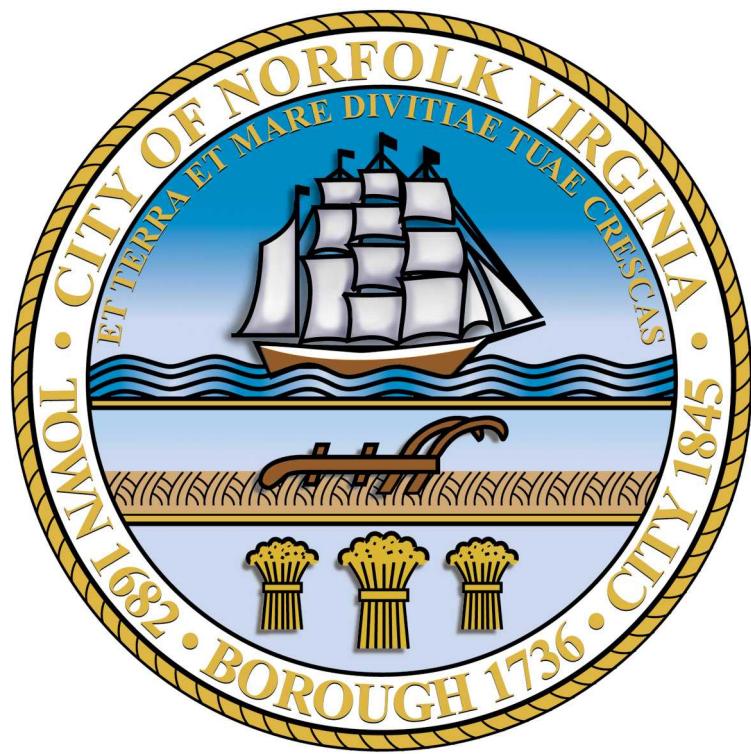

Public School Education



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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 28,500 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

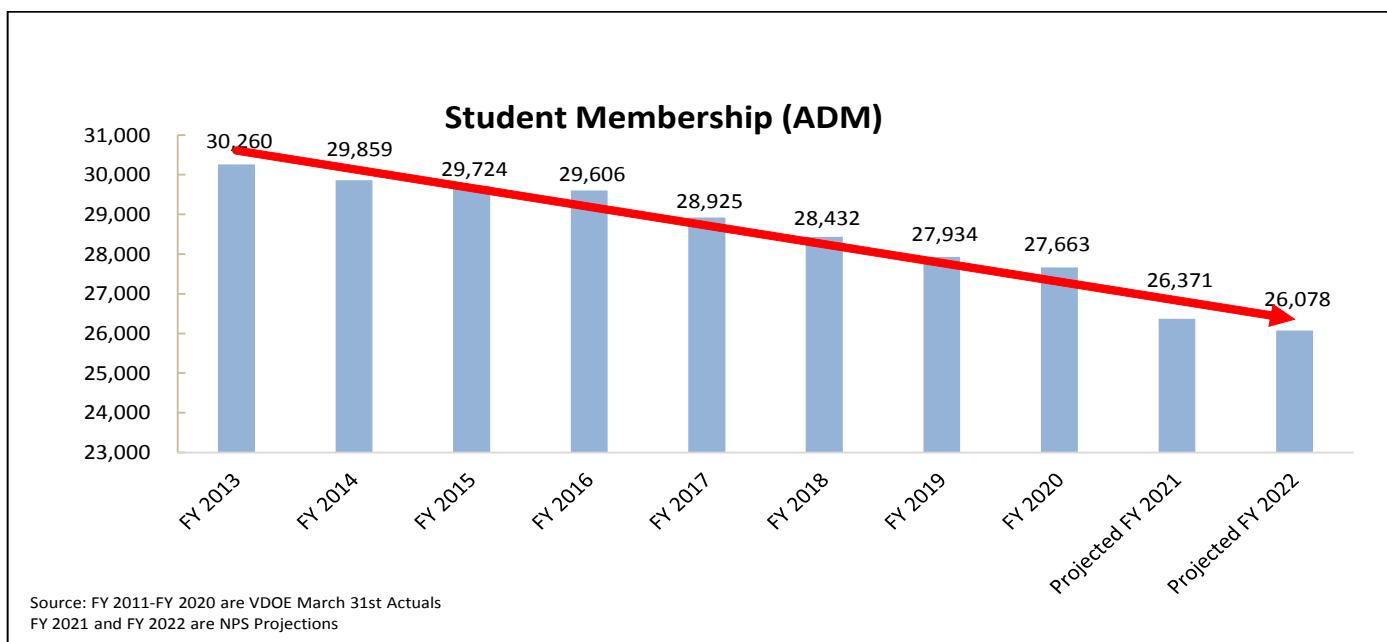
The division receives financial support from several sources:

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

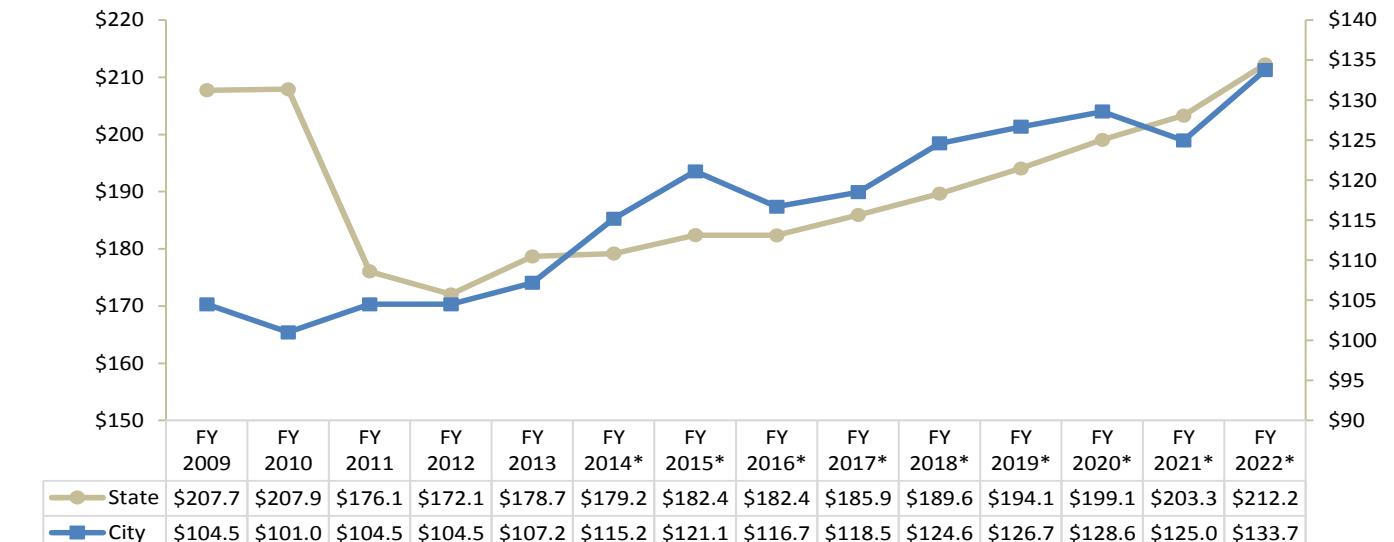
Commonwealth of Virginia: Support for public schools is a shared cost between the Commonwealth of Virginia and localities. Article VIII, Section 2 of the Constitution of Virginia authorizes the General Assembly to determine the cost of education as prescribed by the Standards of Quality (SOQ) and to establish the cost share between state and local governments. Sales tax revenue is used to offset Basic Aid costs. In FY 2013, $1\frac{1}{4}$ 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 $1\frac{3}{8}$ 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 31st ADM to decline from 26,371 in FY 2021 to 26,078 in FY 2022, a decrease of 298 students. Since 2013, ADM has decreased by 4,182 students or 13.8 percent. Pre-kindergarten is an optional program and not included in the ADM. As such, the numbers reported here do not include pre-kindergarten.



FY 2009 to FY 2022 City and State Support

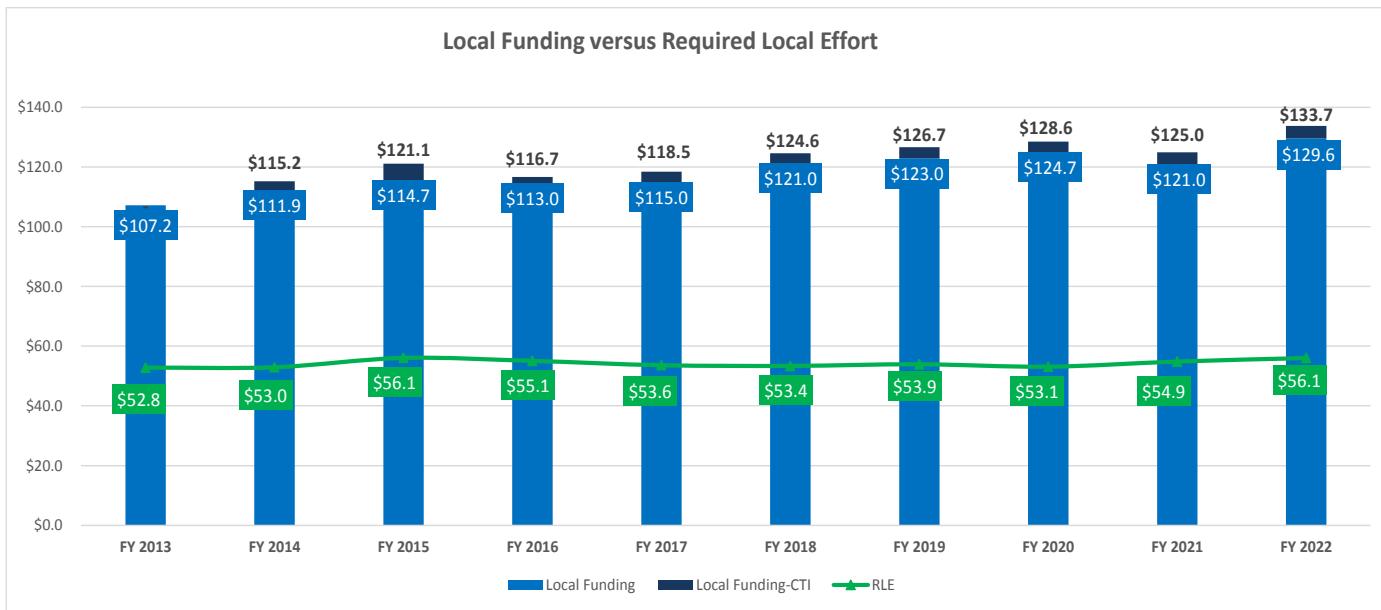


* Includes Construction, Technology, and Infrastructure (CTI) funding. FY 2020 and FY 2021 are budgeted amounts; all others are actuals. State funding figure for FY 2019 reflects City of Norfolk's Adopted Budget; subsequently, the General Assembly passed a budget that provided \$1.3 million in additional 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. While the local revenue allocation declined in FY 2021 as a result of projected revenue loss from the COVID-19 pandemic, the share of non-dedicated local revenue growth in FY 2022 has restored city funding back to pre-COVID levels.

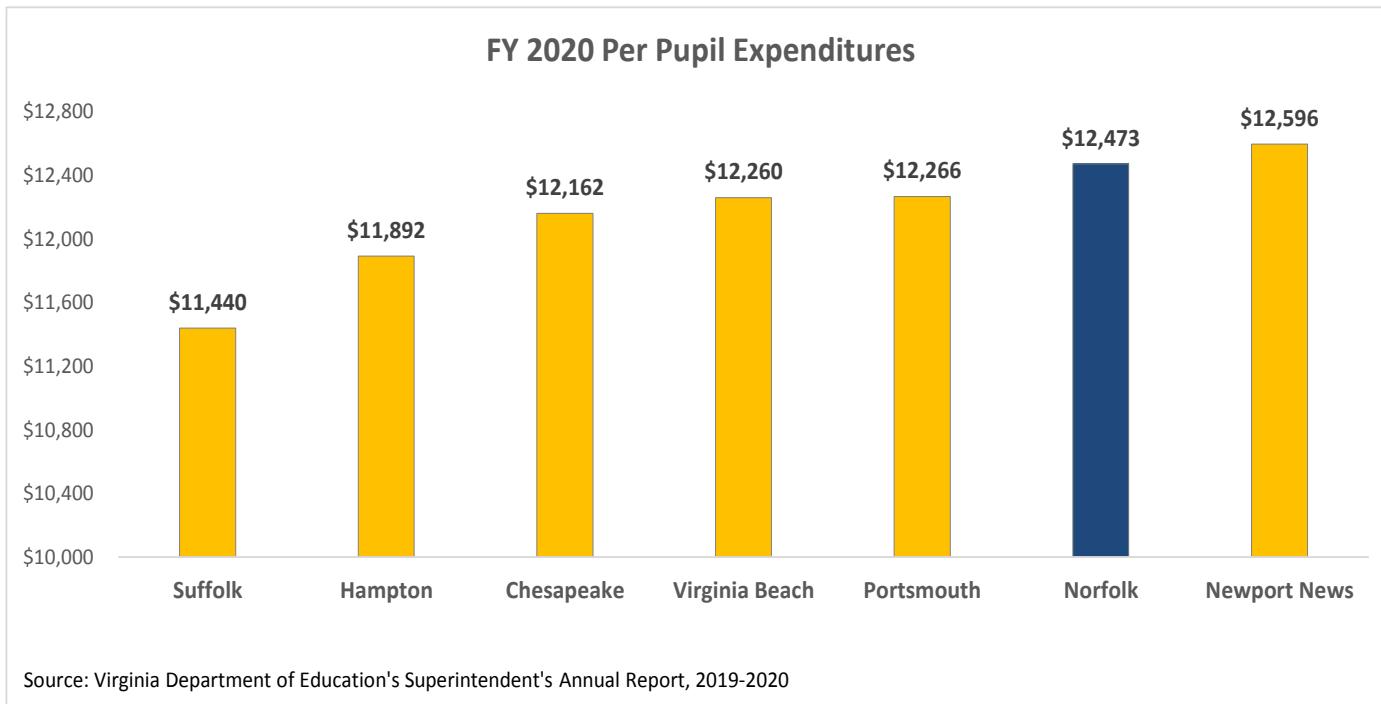
Local Composite Index: The Local Composite Index (LCI) was formulated by the state to measure a locality's ability to fund education. The LCI is calculated using three measures of the local tax base: true real estate values (50 percent of measure); adjusted gross income (40 percent of measure); and local 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 2022 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.

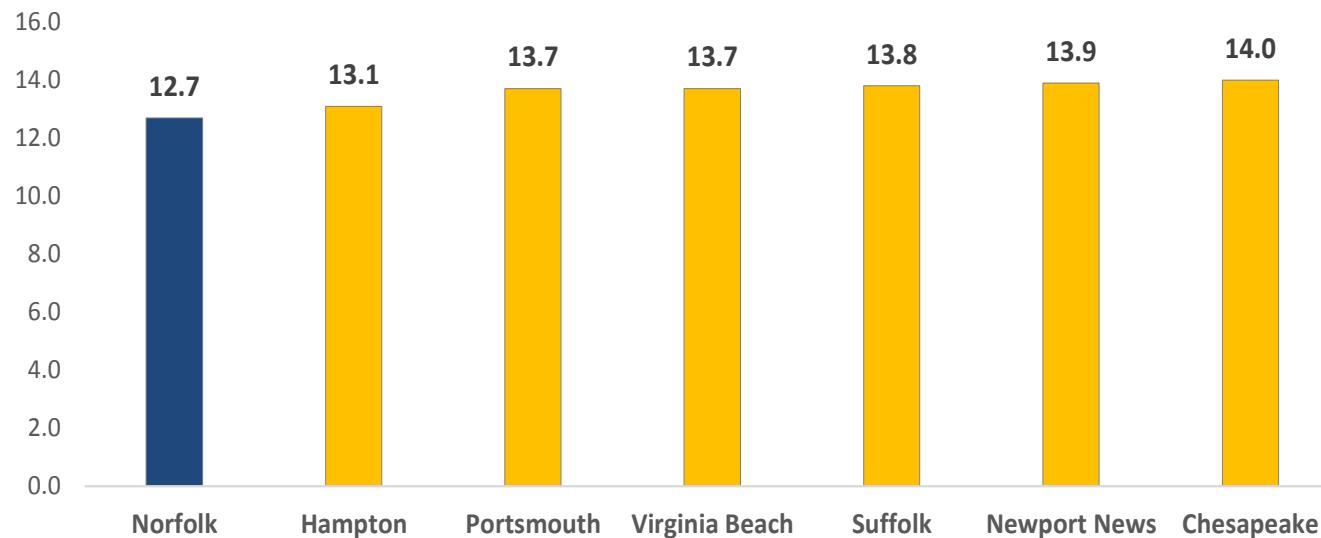
Additionally, the city provides support for NPS related to debt service on school capital projects, landscape maintenance, school resource officers, and other services valued at \$46.8 million in FY 2022. The city's FY 2022 - FY 2026 Capital Improvement Plan (CIP) continues support for facilities maintenance 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 2020.



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 2020 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.

FY 2020 Pupil-Teacher Ratio



Source: Virginia Department of Education's Superintendent's Annual Report, 2019-2020

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.

Adopted Funding for FY 2022: \$4,124,800

History of Funding

Prior CTI Funds	\$28,835,100
FY 2022 Adopted CTI Funds	\$4,124,800
Total CTI Funds Appropriated	\$32,959,900

PERFORMANCE MEASURES

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

Norfolk Public Schools' performance measures are test scores from the SOL test results. The most recent testing results report is for FY 2019, the Spring 2020 SOL testing was incomplete due to the COVID-19 pandemic.

- 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

Measure (As Reported by VDOE)	FY 2018 Actual	FY 2019 Actual	FY 2020 State Benchmark	FY 2021 State Benchmark
Grade 8 History & Social Science	97	94	70	85
Grade 8 Science	62	60	70	70
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 2022 BUDGET ACTIONS

- **Adjust local support for schools** **\$8,648,815**

Adjust local ongoing operating support according to the Local Revenue Allocation Policy introduced in FY 2019.

- **Adjust support for Construction, Technology, and Infrastructure program** **\$144,800**

Adjust support for Construction, Technology, and Infrastructure (CTI) program based on an increase in real estate assessments. The total amount, \$4,124,800 in the Adopted FY 2022 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** **\$8,926,413**

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.

Norfolk Public Schools

Total: \$17,720,028

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 2019 and FY 2020 Actual amounts are provided by NPS. The FY 2021 Adopted amount is approved by City Council.

Revenue Summary

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted
Operating Revenue from the City	122,971,922	124,710,884	120,973,357	129,622,172
Construction, Technology, and Infrastructure				
<i>Infrastructure and Technology to NPS</i>	0	0	0	0
<i>Debt Service</i>	3,702,000	3,851,000	3,980,000	4,124,800
<i>Unspent CTI Funds</i>	0	0	0	0
Total CTI	3,702,000	3,851,000	3,980,000	4,124,800
Subtotal ongoing support	126,673,922	128,561,884	124,953,357	133,746,972
One-time support				
<i>Additional appropriation</i>	0	0	0	0
Subtotal one-time support	0	0	0	0
Total City Revenue	126,673,922	128,561,884	124,953,357	133,746,972
Revenue from Commonwealth	194,050,988	199,073,869	203,313,924	212,240,337
Revenue from Federal Funds	6,004,987	5,643,981	5,675,000	5,675,000
Revenue from Other Funds	3,063,926	2,708,564	3,206,000	3,206,000
NPS Carryforward	0	0	0	0
Subtotal State and Other	203,119,901	207,426,414	212,194,924	221,121,337
Total Operating Revenues	329,793,823	335,988,298	337,148,281	354,868,309
Total Grant Revenues and School Nutrition Funds	54,483,531	48,382,617	74,994,821¹	112,257,427²
Total Revenues	384,277,354	384,370,915	412,143,102	467,125,736
Additional Services Provided³ (see next page for details)	25,941,412	23,487,325	29,603,393	46,797,295
Grand Total Support Received	410,218,766	407,858,240	441,746,495	513,923,031

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

² School Nutrition Funds revenues in FY 2022 includes a \$966,000 transfer from fund balance.

³ 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 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted
School Operating Budget	323,061,236	321,413,214	337,148,281	354,868,309
Grants and Special Programs	35,186,108	33,681,781	54,794,821	90,257,427
Child Nutrition Services	19,297,423	14,700,836	20,200,000	22,000,000
Total Expenditures	377,544,767	369,795,831	412,143,102	467,125,736

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

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted
Debt Service for School Buses	938,477	925,725	902,650	890,468
Debt Service for School Construction and Maintenance Projects ¹	16,231,859	16,913,133	17,838,547	16,409,631
Grounds Maintenance	710,399	587,790	775,000	710,000
School Resource Officers	1,060,677	1,060,677	1,087,196	1,087,196
Subtotal Other City Support	18,941,412	19,487,325	20,603,393	19,097,295
Ongoing School Maintenance	6,000,000	3,000,000	9,000,000	26,700,000
Acquire School Buses	1,000,000	1,000,000	0	1,000,000
Grand Total Additional Services Provided	25,941,412	23,487,325	29,603,393	46,797,295

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.

SCHOOL OPERATING FUND

Operating Revenues

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted
Revenue from Commonwealth				
Standards of Quality Funds				
Basic Aid	87,348,756	85,390,608	88,664,975	85,102,460
Textbook Payments	1,980,693	1,961,466	2,040,332	1,945,298
Vocational Education Standards of Quality (SOQ)	1,455,669	1,441,538	1,404,899	1,339,462
Gifted Education	983,560	974,012	987,227	941,244
Special Education SOQ	10,366,723	10,266,091	10,935,433	10,426,086
Prevention, Intervention and Remediation	5,527,607	5,473,950	5,676,553	5,412,152
Fringe Benefits	18,549,942	18,459,405	19,687,577	18,897,281
English as a Second Language (ESL) ¹	675,578	909,141	1,180,431	1,124,647
Remedial Summer School	532,851	471,437	451,293	458,859
Total Standards of Quality Funds	127,421,379	125,347,648	131,028,720	125,647,489
State Sales Taxes	34,024,208	35,156,686	35,660,821	35,712,093
Lottery Funded Programs	22,196,142	26,296,538	23,320,618	24,080,864
Other State Funds	10,409,259	12,272,997	13,303,765	26,799,891
Total from Commonwealth	194,050,988	199,073,869	203,313,924	212,240,337
Total Federal	6,004,987	5,643,981	5,675,000	5,675,000
Total City Funds	126,673,922	128,561,884	124,953,357	133,746,972
Total Other Revenue	3,063,926	2,708,564	3,206,000	3,206,000
Total Carryforwards	0	0	0	0
Total Revenues	329,793,823	335,988,298	337,148,281	354,868,309

Operating Expenditures

Expenditures	Positions		FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted
	FY 2021	FY 2022				
Instructional Services	3,127	3,108	238,399,008	241,763,718	250,772,951	260,880,423
Administration, Attendance, and Health	194	197	18,666,160	18,164,117	20,118,310	20,231,896
Pupil Transportation	300	300	13,355,574	11,110,349	14,030,317	13,508,157
Operations/ Maintenance	414	417	37,604,028	35,684,134	37,172,706	40,574,901
Facility Improvements	0	0	329,784	1,296,882	1,452,670 ¹	1,840,000 ¹
Information Technology	63	89	11,004,682	9,543,014	9,621,327	13,708,132
School Operating Budget	4,098	4,111	319,359,236	317,562,214	333,168,281	350,743,509
Construction Technology and Infrastructure			3,702,000	3,851,000	3,980,000	4,124,800
Grand Total Operating and CTI			323,061,236	321,413,214	337,148,281	354,868,309
Difference from City Revenue						
Total Expenditures			323,061,236	321,413,214	337,148,281	354,868,309

¹These amounts differ from the NPS Approved FY 2021 and NPS Approved FY 2022 budgets. The NPS budget for facilities improvements includes CTI funds, which is shown in the Construction, Technology, and Infrastructure line.

SCHOOL GRANTS

Grants and Special Programs Summary

	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
Federal Grants	29,409,604	28,207,401	47,215,300	81,966,260
Commonwealth of Virginia Grants	5,186,287	4,959,807	6,700,801	7,362,447
Other/Foundation Grants	590,217	514,573	878,720	928,720
Total Grant Revenues	35,186,108	33,681,781	54,794,821	90,257,427

Grants and Special Programs Expenditure Summary

Federal Grants

	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
Compensatory Programs	18,679,176	19,061,900	19,616,560	18,275,058
Special Education	7,167,243	7,471,840	7,456,013	7,456,013
Career, Technical and Adult Education	1,142,545	932,570	1,159,854	1,159,854
Other Projects	2,420,640	741,091	759,039	4,626,208
Coronavirus Response Funds	0	0	18,223,834	50,449,127
Total Federal Grants	29,409,604	28,207,401	47,215,300	81,966,260

COMMONWEALTH OF VIRGINIA GRANTS

	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
Career, Technical and Adult Education	180,464	204,754	227,427	227,427
State Operated Facilities	3,239,102	3,157,307	3,174,286	3,174,286
Special Education	178,636	183,130	183,888	183,888
Virginia Technology Initiative	0	0	0	0
Other Grants	1,588,085	1,414,616	3,115,200	3,776,846
Total Commonwealth of Virginia	5,186,287	4,959,807	6,700,801	7,362,447

OTHER/FOUNDATION GRANTS

	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
Other/Foundation Grants	590,217	514,573	878,720	928,720
Total Other/Foundation Grants	590,217	514,573	878,720	928,720
Total Grants and Special Programs	35,186,108	33,681,781	54,794,821	90,257,427

CHILD NUTRITION SERVICES

Revenues	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted
Sales	1,029,013	709,996	1,178,000	45,000
Federal and State Food Program Reimbursements	17,275,208	12,840,031	16,540,000	19,670,000
Federal Commodities Donated	872,188	1,049,454	1,200,000	1,200,000
Interest Earned	0	0	0	0
Other Revenue	121,014	101,355	121,000	119,000
Transfer from Fund Balance	0	0	1,161,000	966,000
Total Revenues	19,297,423	14,700,836	20,200,000	22,000,000

Expenditures	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2021 Adopted
Cost of Goods Sold	8,968,336	7,566,545	9,319,430	9,470,342
Employee Compensation	7,361,248	7,645,604	9,234,283	10,292,787
Supplies and Materials	87,785	69,868	130,000	130,665
Equipment and Other Costs	1,449,571	1,893,565	1,516,287	2,106,206
Total Expenditures	17,866,940	17,175,582	20,200,000	22,000,000
Net Increase (Decrease) in Fund Balance	1,345,394	(916,000)	(1,161,000)	(966,000)
Fund Balance – Beginning of Year	9,874,495	11,219,889	10,303,889	9,142,889
Fund Balance – End of Year	11,219,889	10,303,889	9,142,889	8,176,889

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 Department 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 Department 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 Department 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 Department 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 Department 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 Department 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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