
Public School Education



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NORFOLK PUBLIC SCHOOLS

MISSION STATEMENT

Norfolk Public Schools' (NPS) mission is to ensure that all students maximize their academic potential, develop skills for lifelong learning, and become successful contributors to a global society. We believe Norfolk Public Schools is the cornerstone of a proudly diverse community with highly qualified teachers and staff dedicated to providing a variety of teaching and learning opportunities for all students.

- Creating authentic and culturally relevant learning experiences so that each student will be a creative, collaborative, civic minded, critical thinker with effective communication skills
- Attracting and retaining a highly qualified workforce
- Ensuring equitable allocation of human, fiscal and material resources
- Establishing, strengthening, and sustaining community partnerships to support students' engagement, success, and opportunities
- Cultivating a safe, caring, and welcoming environment whereby the physical and social emotional needs of each student and member of the NPS workforce are valued

DIVISION OVERVIEW

NPS is the largest urban school division and the tenth division overall in the Commonwealth of Virginia. The division enrolls a racially and economically diverse population of approximately 25,000 students, supported by nearly 4,800 employees in 46 facilities. The educational philosophy of the division is based on the belief that all children can achieve at high levels and that staff and community share responsibility to ensure each child reaches their 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. NPS offers full-day kindergarten programs in all elementary schools except for those schools with grades three through five. Further, NPS provides 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

Per Virginia law, all school divisions are fiscally dependent on the local government. The School Board derives its authority from the Commonwealth and has the constitutional responsibility to provide public education to the residents of Norfolk.

As a fiscally dependent school division, NPS does not levy taxes or issue debt. All funds are appropriated to NPS by the Norfolk City Council, which has authority to tax and incur debt.

SCHOOL FUNDING

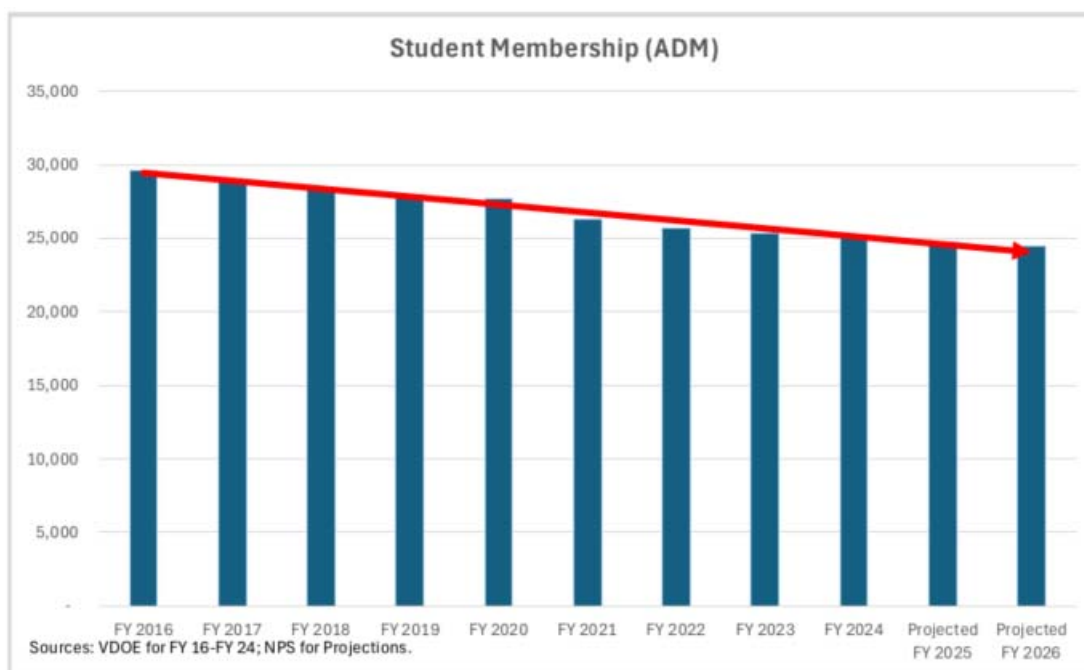
The division receives financial support from the following sources:

- 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 establishes the cost share between state and local governments. Sales tax revenue helps offset Basic Aid costs. In FY 2013, $1\frac{1}{4}$ percent 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 $1\frac{3}{8}$ percent 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, coinciding with the beginning of the Commonwealth's biennial budget cycle. Localities may choose to exceed the required amounts at their own discretion. Also, school divisions may offer additional programs and employ additional staff, beyond SOQ requirements 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 that the ADM reported on March 31 will decline from 24,762 in FY 2025 to 24,459 in FY 2026, a decrease of 203 students. Since 2016, ADM has decreased by 5,148 students, or 17.3%. Because pre-kindergarten is an optional program and not included in the ADM, the numbers reported here exclude pre-kindergarten.

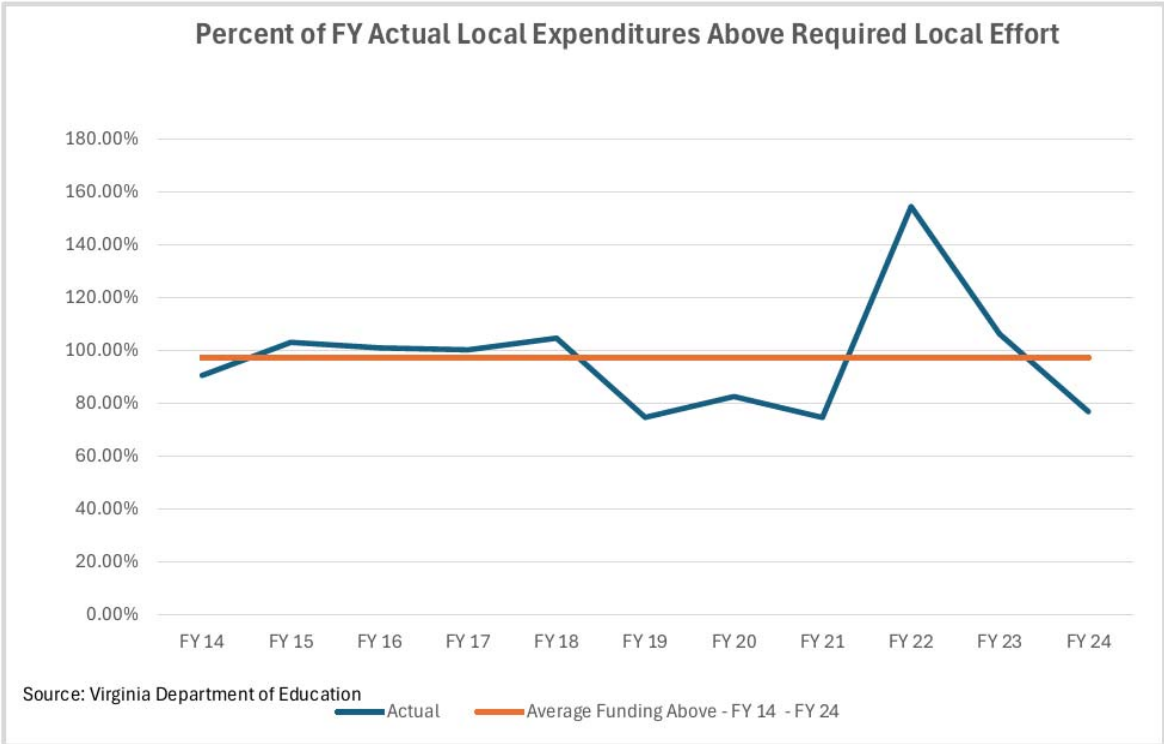


City of Norfolk School Funding Formula: Education has been an ongoing priority for City Council and the City of Norfolk. Despite the Great Recession and declines in enrollment, city support has increased over the last decade. Traditionally NPS submits a budget based on its identified needs, and the final local contribution balances those needs against citywide needs and financial capacity.

Beginning in FY 2020, the Local Revenue Allocation Policy, included at the end of this section, determines the local contribution to NPS’s operating funds. Using a formula to allocate a fixed share of non-dedicated local revenues to schools provides a predictable, objective method for financial planning by NPS administration and the city. The policy also links economic growth to school funding, recognizing the importance of schools to the city’s economic success.

Local Composite Index: The state’s Local Composite Index (LCI) measures a locality’s ability to fund education. The LCI is calculated using three measures of the local tax base: true real estate values (50% of measure); adjusted gross income (40 percent of measure); and local taxable retail sales (10% of measure). LCI calculations for the 2024-2026 biennium are based on data from the Virginia Department of Taxation. The LCI combines local tax measures with two per capita components: 2022 ADM and total population provided by the Weldon Cooper Center for Public Service. Finally, the LCI evaluates relative ability to pay across all localities. Norfolk’s LCI for FY 2026 is 0.3212, which means that the city’s Required Local Effort (RLE) for SOQ programs is approximately 32% of the total cost of education for Norfolk.

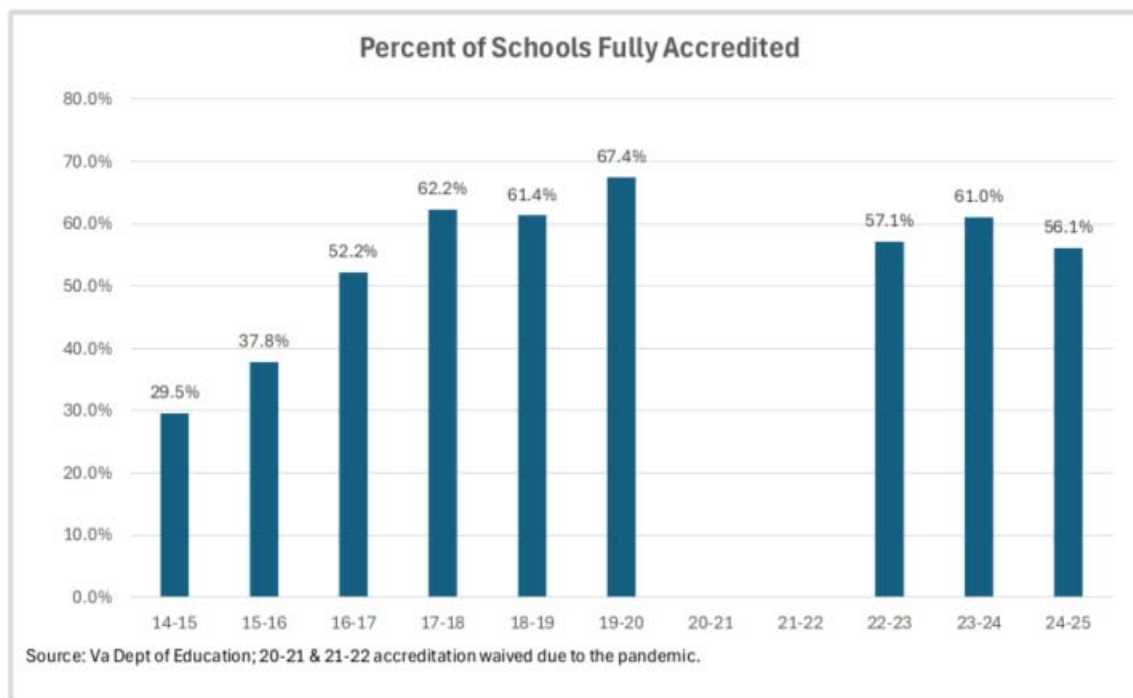
Standards of Quality (SOQ)/Required Local Effort: Because the state’s SOQ establishes only the minimal standards for funding education, nearly all school divisions notably exceed these standards. As the chart below illustrates, Norfolk on average historically funds at nearly double the requirement. Furthermore, the Virginia Department of Education reports annually the “Percent of FY Actual Local Expenditures above the Required Local Effort.” Norfolk consistently ranks in the top half of the state for effort above while also consistently ranking in the top 15% of the most fiscally stressed localities, demonstrating its commitment to education given limited resources.



Right-Sizing Norfolk Public Schools: NPS continues to: work with a consulting firm to facilitate the work of the Long Range Educational and Facilities Planning Committee; underwrite the implementation of a comprehensive community engagement effort; and develop recommendations for consolidation and closure of facilities.

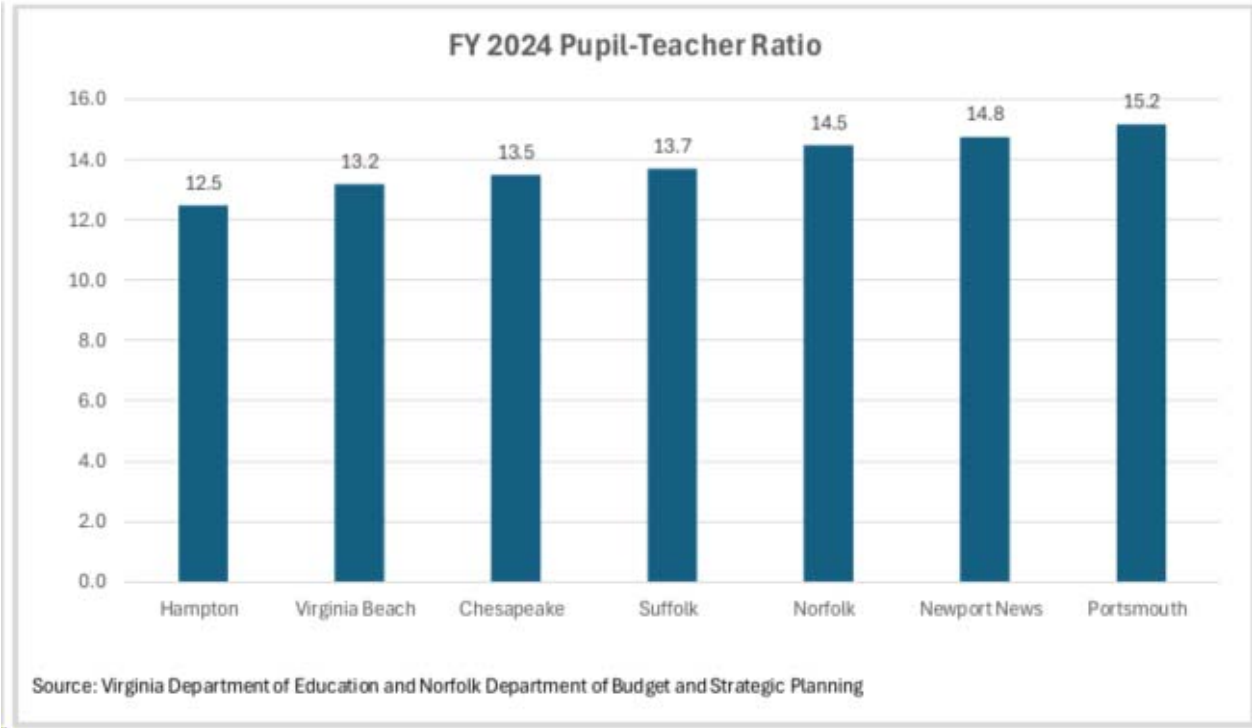
School Accreditation: In Virginia, schools earn accreditation ratings based on performance across nine school quality indicators: Academic Achievement; Achievement Gap-English; Academic Achievement-Mathematics; Achievement Gap-Mathematics; Academic Achievement-Science; Chronic Absenteeism; Graduation and Completion Index (GCI) (only applies to schools with 12th grade); Dropout Rate (only applies to schools with 12th grade); and College, Career and Civic Readiness Index (CCCRI) (only applies to schools with 12th grade).

Norfolk achieved full accreditation for slightly over two-thirds of its schools in 2019-2020. Since the COVID-19 pandemic, however, the school accreditation has not returned to pre-pandemic levels.

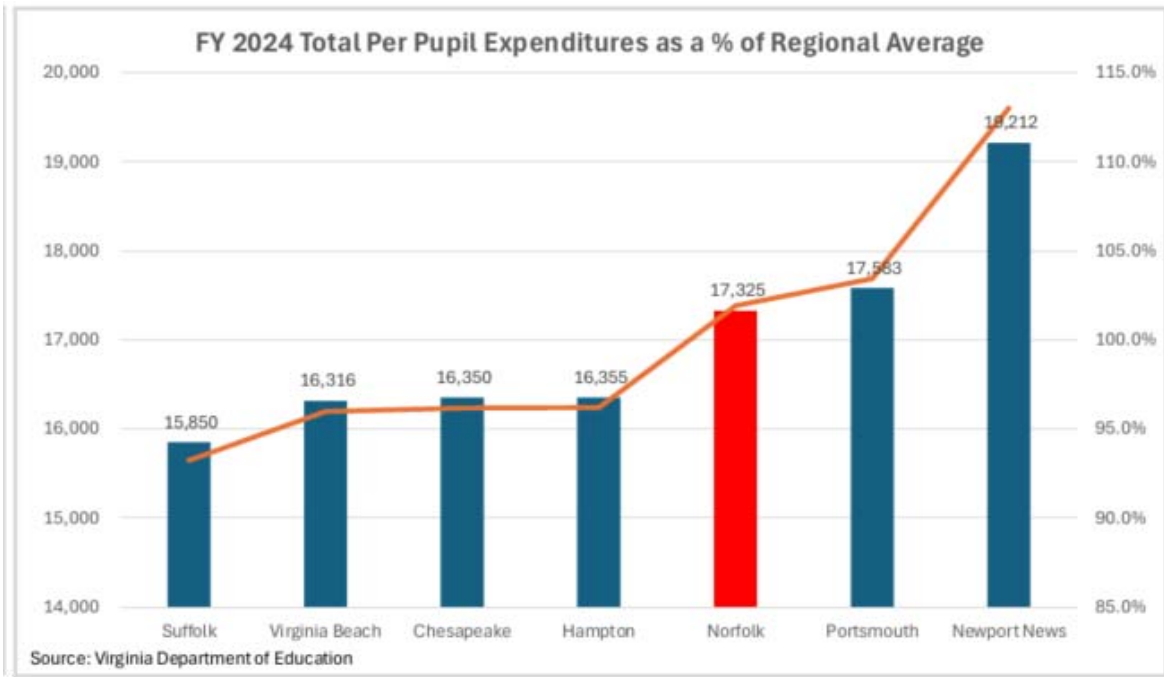


Additionally, the city provides support for NPS related to debt service on school capital projects, landscape maintenance, school resource officers, and other services valued at approximately \$39.9 million in FY 2026. The city's FY 2026 - FY 2030 Capital Improvement Plan (CIP) continues support for facilities maintenance and school bus replacement. Further, in FY 2022, City Council passed a resolution for school construction to prioritize the consolidation, replacement and renovation of facilities across Norfolk Public Schools. On March 25, 2025, the Norfolk City Council passed a resolution requesting the Norfolk School Board to develop a plan, due by August 1st, to close or consolidate at least 10 schools. This action stems from declining student enrollment and the need to address budget concerns and surplus capacity within the school system. The plan would involve closing a minimum of two schools per year starting before the 2026-2027 school year.

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 2024. Historically, Norfolk Public Schools has relatively smaller class sizes, illustrated via Pupil-Teacher Ratio. For FY 2024, however, Norfolk ranked fifth among the seven cities in Hampton Roads. The data in the chart below reflects a weighted average based on elementary and secondary enrollment for each division.



Per Pupil Expenditure (PPE): PPE measures total spending (state, federal, local) for general education for each student. The Superintendent’s Annual Report for Virginia, which relies on financial data submitted by school divisions, provides a yearly PPE for all school divisions in the Commonwealth. Norfolk ranks third among the large regional cities, nearly 2% above the average of the other cities, and nearly in the top 40% in the state.



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 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, growing over time as real estate values increase.

Adopted Funding for FY 2026: \$5,619,221

History of Funding

Prior CTI Funds	\$47,437,364
FY 2026 Adopted CTI Funds	\$5,619,221
Total CTI Funds Appropriated	\$53,056,585

PERFORMANCE MEASURES

Norfolk Public Schools (NPS) FY 2022 Achievable Results (GOALS)

Norfolk Public Schools' performance measures are Standards of Learning (SOL) test scores. 2023-2024 represents the most recent results available from the Virginia Department of Education.

- 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 2023 Results	FY 2024 Results	FY 2023 State Benchmark	FY 2024 State Benchmark
Increase division level pass rates on SOLs (Standards of Learning)				
Grade 3 Reading	58	59	66	67
Grade 3 Mathematics	56	57	69	70
Grade 4 Reading	63	65	73	73
Grade 4 Mathematics	56	58	70	71
Grade 5 Reading	61	60	71	72
Grade 5 Mathematics	50	53	67	68
Grade 5 Science	51	51	66	70
Grade 6 Reading	54	55	71	71
Grade 6 Mathematics	34	35	61	63
Grade 7 Reading	56	56	70	72
Grade 7 Mathematics	23	24	59	61
Grade 8 Reading	59	55	71	72
Grade 8 Mathematics	43	46	66	63
Grade 8 Science	46	50	62	65
End-of-Course English: Reading	76	77	85	84

Measure (As Reported by VDOE)	FY 2023 Results	FY 2024 Results	FY 2023 State Benchmark	FY 2024 State Benchmark
End-of-Course English: Writing	64	65	76	76
End-of-Course Algebra I	70	78	82	85
End-of-Course Geometry	58	65	78	80
End-of-Course Algebra II	82	82	86	86
End-of-Course Virginia and U.S. History	31	31	38	35
End-of-Course World History I	41	37	66	66
End-of-Course World History II	29	10	30	31
End-of-Course Earth Science	71	69	67	67
End-of-Course Biology	61	67	72	74
End-of-Course Chemistry	33	27	37	37
End-of-Course World Geography	51	52	67	68

ADOPTED FY 2026 BUDGET ACTIONS

The following represent the funding changes from the FY 2025 Adopted Budget as reflected in the total city budget.

- **Adjust local support for schools** **\$6,055,681**

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

- **Adjust support for Construction, Technology, and Infrastructure program** **\$509,157**

Adjust support for Construction, Technology, and Infrastructure (CTI) program based on an increase in real estate assessments. The total amount \$5,619,221 in the Adopted FY 2026 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** **\$26,020,376**

Adjust support to NPS based on the 2024 - 2026 biennial budget as proposed by the Governor. Standards of Quality (SOQ) re-benchmarking is completed every two years, coinciding with the beginning of the Commonwealth's biennial budget cycle.

- **Update Other Local and Miscellaneous Funds** **\$817,582**

- **Update Federal support** **(\$133,216)**

Technical adjustment to decrease federal funding for schools based on the NPS estimate in the Superintendent's Proposed FY 2026 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.

- **Update Change in Use of Fund Balance** **(\$24,110,095)**

Norfolk Public Schools Total **Total: \$9,159,485**

The link below provides programmatic changes that this funding provides:

Superintendents Budget Presentation Fact Sheet Feb 2025.pdf (<https://www.norfolk.gov/NPSBudgetFactSheet2025>)

NORFOLK PUBLIC SCHOOLS SUMMARY

The School Board issues a separate, detailed budget document which identifies grant revenues in addition to the School Operating Budget. This reflects an adjusted display from the Superintendent's Proposed FY 2026 Budget, with differences noted below the table. The net effect of these changes resulted in a net increase of \$194,366 to the Superintendent's Proposed General Operating Fund revenues of \$450,234,159.

Revenue Summary

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Adopted
Operating Revenue from the City				
<i>Revenue Sharing Agreement</i>	140,290,124	150,796,426	159,131,877	165,187,558
Subtotal Operating Revenue from the City	140,290,124	150,796,426	159,131,877	165,187,558
Debt Service Support				
<i>CTI Debt Service</i>	4,503,400	4,864,000	5,110,064	5,619,221
Subtotal Debt Service Support	4,503,400	4,864,000	5,110,064	5,619,221
Subtotal Ongoing Support	144,793,524	155,660,426	164,241,941	170,806,779
One-time Support				
<i>Additional appropriation</i>	0	0	0	0
Subtotal One-time Support	0	0	0	0
Total City Revenue	144,793,524	155,660,426	164,241,941	170,806,779
Revenue from Commonwealth	228,376,903	231,979,613	237,979,613	263,999,988
Revenue from Federal Funds	4,979,507	5,338,460	5,525,000	5,391,784
Revenue from Other Funds	9,493,802	4,988,850	2,875,000	3,692,582
NPS Requested Reversion Funds	0	0	30,572,562	6,462,467
FY 2021 Student Prevention, Intervention, and Remediation Funds (State funds)	0	0	7,843,244	0
Subtotal State and Other	242,850,212	242,306,923	284,795,419	279,546,821
Total Operating Revenues	387,643,736	397,967,349	449,037,360	450,353,600
Total Grant Revenues and School Nutrition Funds¹	59,520,603	64,099,590	66,034,782	69,743,490
Total Revenues	447,164,339	462,066,939	515,072,142	520,097,090
Additional Services Provided¹ (see next page for details)	40,998,995	47,245,692	40,197,828	39,915,282
Grand Total Support Received	488,163,334	509,312,631	555,269,970	560,012,372

Note: The following represent differences between the Superintendent's Proposed Budget for FY 2026 and the values in the table above:

Total City Revenue: +\$3,053,622

Revenue from the Commonwealth: +\$678,277

NPS Requested Revision Funds: -\$3,537,533

¹Additional Services Provided includes amounts for capital improvement projects, services for grounds maintenance and School Resource Officers.

Expenditure Summary

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Adopted
School Operating Budget	345,837,904	406,483,954	449,037,359	450,353,600
Grants and Special Programs	101,813,378	39,410,265	41,034,782	42,837,883
Child Nutrition Services	22,445,614	24,000,000	25,000,000	26,905,608
Total Expenditures	470,096,896	469,894,219	515,072,141	520,097,090

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

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Adopted
Debt Service for School Buses	863,718	713,226	713,226	713,226
Debt Service for School Construction and Maintenance Projects ¹	17,768,004	17,622,793	17,622,793	17,622,793
Grounds Maintenance	710,000	706,475	830,000	780,000
School Resource Officers	1,965,088	1,311,851	1,311,851	799,263
Subtotal Other City Support	21,306,810	20,354,345	20,477,870	19,915,282
Ongoing School Maintenance (Schools CIP)	18,692,185	25,891,347	18,719,958	19,000,000
Acquire School Buses	1,000,000	1,000,000	1,000,000	1,000,000
Grand Total Additional Services Provided	40,998,995	47,245,692	40,197,828	39,915,282

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 Parks and Recreation budget.

SCHOOL OPERATING FUND

Operating Revenues¹

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Adopted
Revenue from Commonwealth				
Standards of Quality Funds				
Basic Aid	81,857,247	89,192,216	102,955,386	94,960,466
Textbook Payments	2,323,594	2,319,577	2,691,688	2,688,498
Vocational Education Standards of Quality (SOQ)	1,597,274	1,584,047	1,714,451	1,712,419
Gifted Education	965,385	957,391	1,058,926	1,074,459
Special Education SOQ	10,952,733	10,862,034	12,858,383	12,843,142
Prevention, Intervention and Remediation ²	5,564,129	5,518,053	6,034,195	
Fringe Benefits	19,711,410	19,565,586	20,825,536	19,256,319
English as a Second Language (ESL) ³	1,435,602	1,658,332		
Remedial Summer School	1,247,187	1,410,022	1,792,293	1,499,423
English Learner Teacher Payments ³			2,110,916	4,552,188
Total Standards of Quality Funds	125,654,561	133,067,258	146,007,579	138,586,914
State Sales Taxes	43,808,526	31,359,657	38,498,371	42,160,135
Lottery Funded Programs ²	35,363,647	35,951,901	33,499,897	48,650,396
Other State Funds	23,550,169	31,537,861	19,973,735	34,602,544
Total from Commonwealth	228,376,903	231,916,677	237,979,612	263,999,989
Total Federal	4,979,507	5,338,460	5,525,000	5,391,783
Total City Funds	144,793,524	155,660,426	164,241,941	170,806,779
Total Other Revenue	9,493,802	4,988,850	2,875,000	3,692,582
Total NPS Reversion	0	0	30,572,562	6,462,467
FY 2021 Student Prevention, Intervention, and Remediation Funds⁴	0	0	7,843,244	0
Total Revenues	387,643,736	397,904,413	449,037,359	450,353,600

¹The following represent differences between the Superintendent's Proposed Budget for FY 2026 and the values in the table above:

Total City Revenue: +\$3,053,622

Revenue from the Commonwealth: +\$678,277

NPS Requested Revision Funds: -\$3,537,533

²Funding for Prevention, Intervention, and Remediation has been rolled into the At-Risk Add-on (in Lottery Funded Programs), beginning in FY 2025.

³Funding for English as a Second Language (ESL) has been rolled into the English Learner Teacher Payments as of FY 2025.

⁴These state funds are not appropriated in the city budget.

Operating Expenditures

Expenditures	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Adopted
Instructional Services	255,363,648	280,701,787	320,381,432	319,868,212
Administration, Attendance, and Health	20,922,681	23,453,838	27,019,517	26,985,746
Pupil Transportation	14,838,665	18,097,395	19,436,090	19,848,454
Operations/ Maintenance	36,932,485	47,582,473	51,513,365	54,535,584
Facility Improvements ¹	435,432	1,834,840	8,315,799	7,755,864
Information Technology	10,245,394	12,853,492	17,261,092	15,546,153
School Operating Budget	338,738,305	384,523,825	443,927,295	444,540,013
Construction Technology and Infrastructure	4,538,217	4,903,475	5,110,064	5,619,221
Grand Total Operating and CTI	343,276,522	389,427,300	449,037,359	450,159,234
Difference from City Revenue²				194,366
Total Expenditures	343,276,522	389,427,300	449,037,359	450,353,600

¹These amounts differ from the NPS budget documents. The NPS budget for Information Technology includes CTI funds, which is shown in the Construction, Technology, and Infrastructure line in this table.

²Norfolk Public Schools' total operating amount differs from city revenue amount due to increased city revenue contribution.

GRANTS & SPECIAL PROGRAMS AND SCHOOL NUTRITION

Summary of Grants and Special Programs

	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimated	FY 2026 Estimated
Federal Grants	30,230,711	30,606,339	33,613,857	35,013,857
Commonwealth of Virginia Grants	7,744,396	7,562,999	6,266,909	6,566,909
Other/Foundation Grants	417,396	1,240,927	1,154,016	1,257,117
Total Grant Revenues	38,392,503	39,410,265	41,034,782	42,837,883

School Nutrition Program

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Adopted
Revenues				
Federal	21,834,915	22,312,312	24,413,230	26,332,806
State	126,767	154,068	187,570	154,068
Other	483,932	935,770	399,200	418,734
Total Revenues	22,445,614	23,402,150	25,000,000	26,905,608

Expenditures

Personnel	9,136,401	11,227,209	11,928,339	12,525,810
Operating	11,991,699	13,462,116	13,071,661	14,379,799
Total Expenditures	21,128,100	24,689,325	25,000,000	26,905,609

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 Annual Comprehensive Financial Report (ACFR) 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 October, 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 Adopted 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 Revenue ¹	
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
Local Gaming 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 of capital equipment or to support NPS's Capital Improvement Plan. 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.

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.

LOCAL DEBT SERVICE CAPACITY AND SCHOOL CONSTRUCTION RESOLUTION

PURPOSE

The FY 2023 Adopted Budget approved a new school construction plan that anticipates \$25 million annually for Norfolk Public Schools to invest in state-of-the-art infrastructure for the students of NPS. Beginning in FY 2023, the city may transfer the funding for debt service payments to Norfolk Public Schools and dedicate a portion of future Gaming Tax Revenue and a portion of any non-dedicated revenue generated from within the casino footprint at the established revenue sharing agreement policy of 29.55 percent.

The dedicated revenue from the gaming tax is in addition to the existing local revenue allocation policy (revenue sharing agreement / funding formula). The sources of other revenue generated from the footprint of the proposed resort and casino align with the non-dedicated local revenue specified in the existing local revenue allocation policy.

This action permanently transitions responsibility for all NPS related debt service costs (construction and maintenance) to Norfolk Public Schools. This results in NPS being allocated a portion of the city's financial policies governing debt affordability.

Adopted by City Council on May 10, 2022.