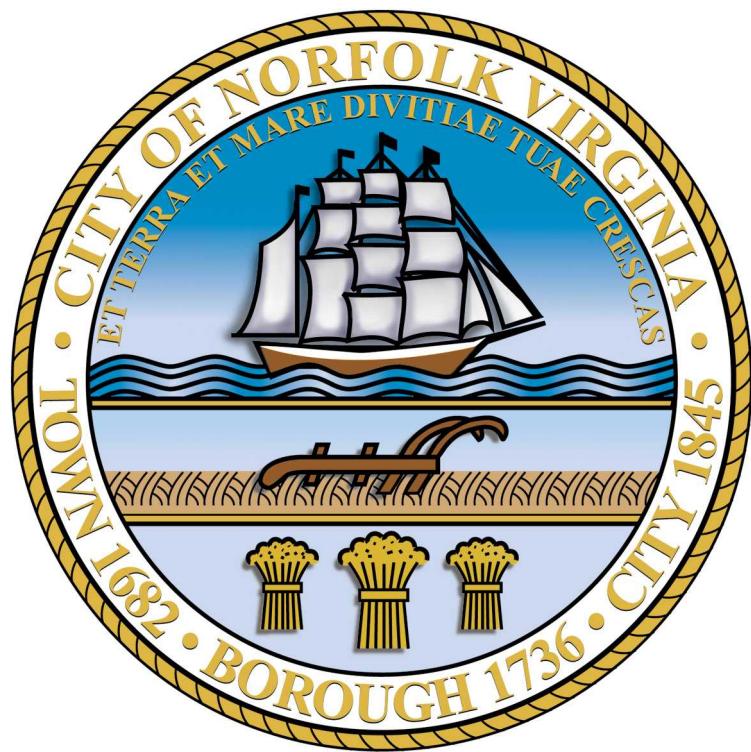

Public School Education



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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 eighth largest division overall in the Commonwealth of Virginia. The division enrolls a racially and economically diverse population of approximately 30,000 students, supported by more than 4,000 employees in 54 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. There are two early childhood centers for three- and four-year-old children and pre-kindergarten programs in all elementary schools.

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

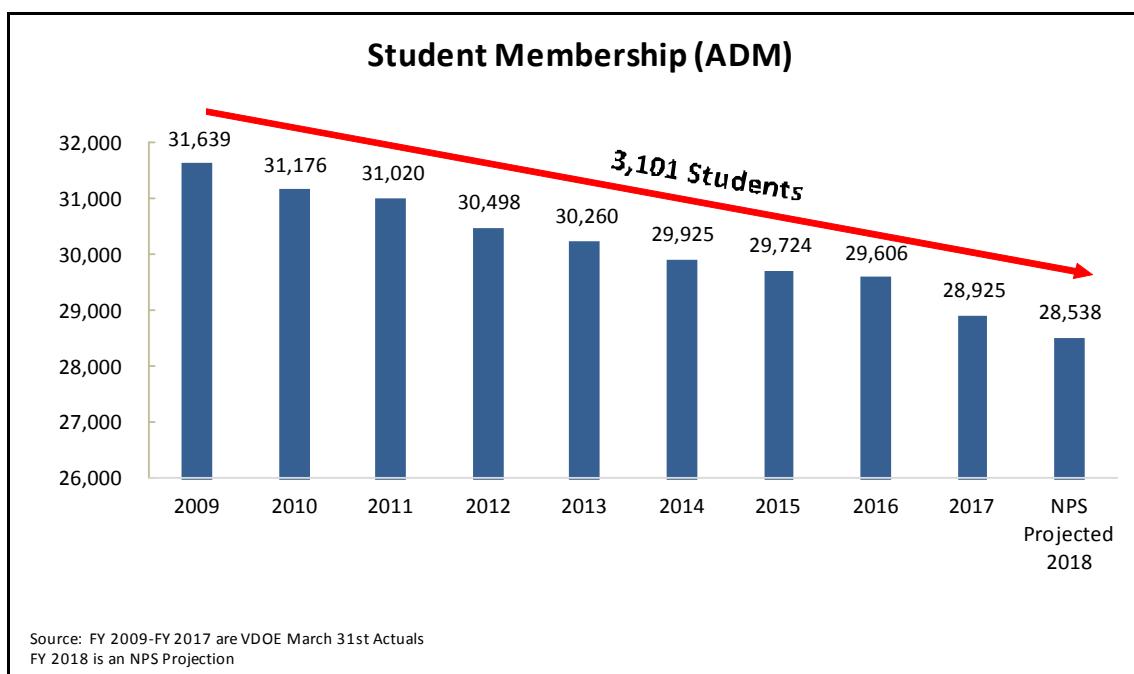
The division receives financial support from several sources:

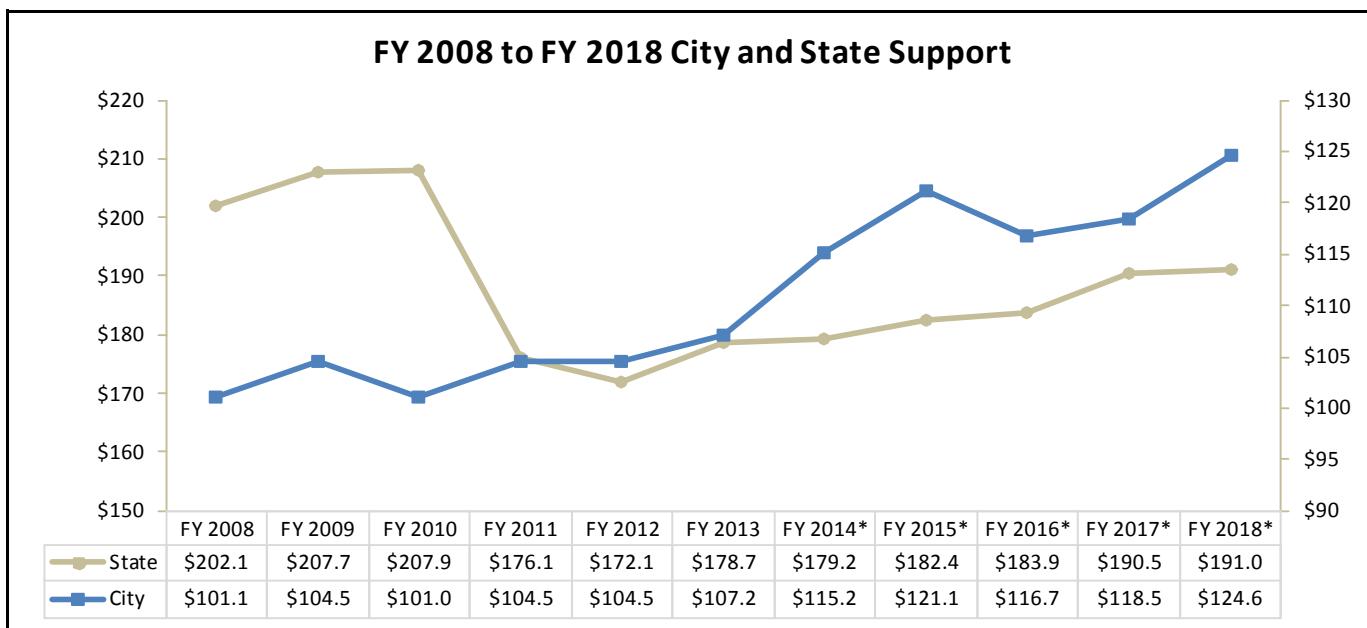
- Commonwealth of Virginia
- City of Norfolk
- Federal Government
- Local Fees and Revenues

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 5-cent sales and use tax was dedicated to public school funding. In FY 2014, sales and use tax increased in Norfolk to 6-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. SOQ accounts represent about 85 percent of the total state funding for direct aid to public education. 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) as of March 31st 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 ADM to decline from 28,925 in FY 2017 to 28,538 in FY 2018, a decrease of 387 students. This projected ADM would mean a total decrease of 3,101 students or 9.8 percent since 2009, while city support has increased. Pre-kindergarten is an optional program and not included in the ADM. As such, the numbers reflected do not include pre-kindergarten.

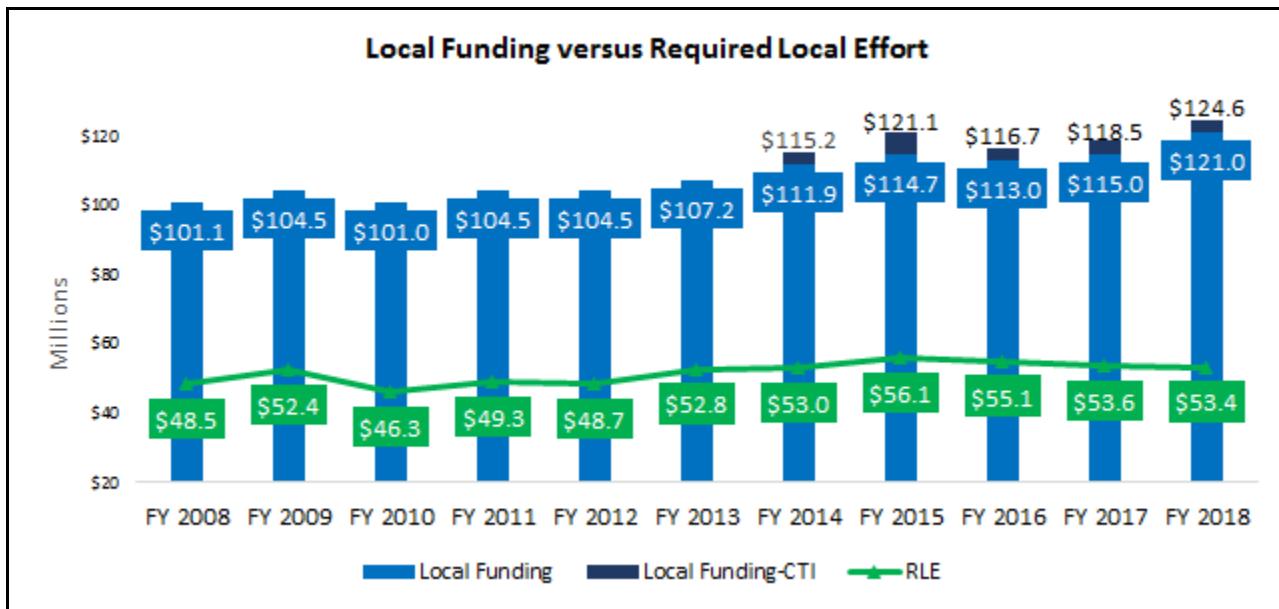




* Includes Construction, Technology, and Infrastructure (CTI) funding. FY 2017 and FY 2018 are budgeted amounts, all others are actuals.

City of Norfolk: Lifelong Learning is one of the six City Council priorities. The city provides funding for schools based on citywide needs. Identified needs by Norfolk Public Schools (NPS) are weighed against all other city needs. Even during the Great Recession as city support decreased for other priorities, city support did not wane for NPS. In contrast to the state, the city does not decrease its support when student enrollment declines. Student enrollment is projected to decline by 387 students in FY 2018, but the city support will increase to a record level. Since 2008, local support has increased by \$23.5 million or 23.2 percent despite declining enrollment. This amount includes the Construction, Technology, and Infrastructure (CTI) program.

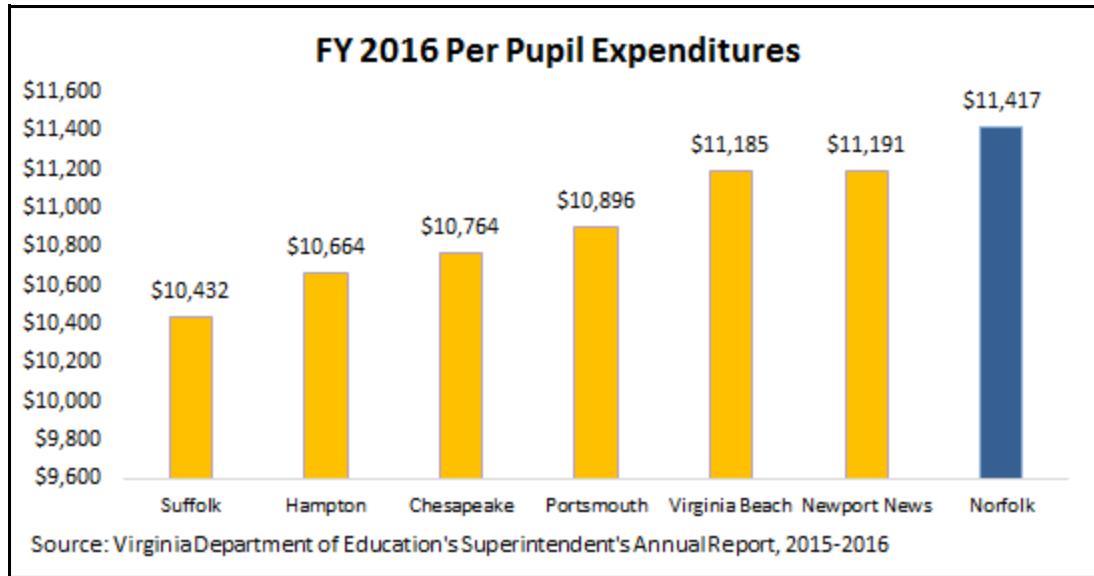
Local Composite Index: The Local Composite Index (LCI) was formulated by the state to measure a locality's ability to fund education. The LCI is calculated using three measures of the local tax base: true real estate values (50 percent of measure); adjusted gross income (40 percent of measure); and local taxable retail sales (10 percent of measure). LCI calculations for the 2016-2018 biennium are based on 2013 data from the Virginia Department of Taxation. Each of the local tax measures are combined with two per capita components: 2014 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 2018 is 0.2988, which means that the city's Required Local Effort (RLE) for SOQ programs is approximately 30 percent of the total cost of education for Norfolk. The city consistently provides more than 100 percent of the required amount.



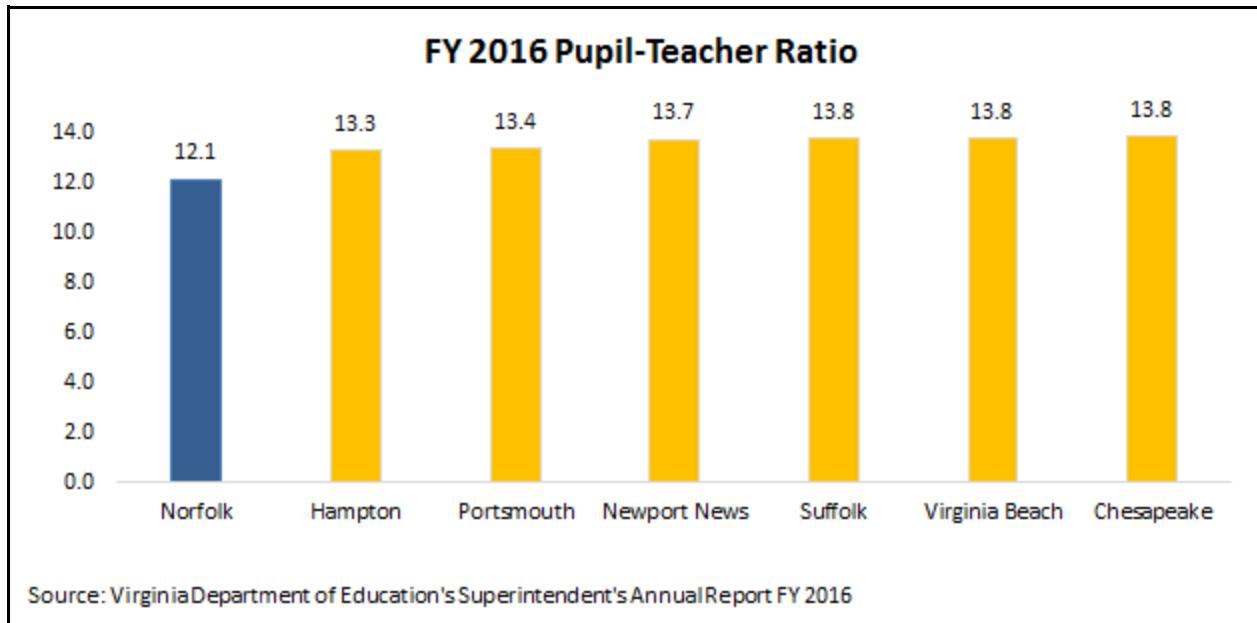
*FY 2015 includes \$3.0 million and FY 2016 includes \$246,600 in CTI carryforward from FY 2014.

Additionally, the city provides support for NPS related to capital debt service, landscape maintenance, school resource officers, and other services valued at over \$20 million in FY 2018. The city's FY 2018 - FY 2022 Capital Improvement Plan (CIP) continues the city's previous commitment of building six schools for \$159 million. (Crossroads, Southside STEM Academy at Campostella, Richard Bowling, Jr., Ocean View, Larchmont, and Camp Allen).

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 report is for FY 2016 and **Norfolk Public Schools has the highest PPE in the region.**



Pupil-Teacher Ratio: The Pupil-Teacher Ratio data is reported each year in the Superintendent's Annual report. The most recent report is for FY 2016, 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.



Starting Teacher Salaries: Starting teacher salaries (includes regular K-12, art, music, physical education, technology, remedial, gifted, mathematics, reading, special education, and ESL) are reported to the Virginia Department of Education by each division on an annual basis. For FY 2017, divisions reported the annual salary for three education levels. Norfolk Public Schools has the highest starting salary, along with Portsmouth, for a Bachelor's degree, and the highest for both a Master's and Doctorate degree. NPS is above the regional average for all three education levels.

FY 2017 Starting Teacher Salaries

School Division	Bachelor's	Master's	Doctorate
Chesapeake	\$42,465	\$45,665	\$48,865
Hampton	\$42,700	\$45,300	\$46,500
Newport News	\$42,600	\$45,582	\$47,177
Norfolk	\$43,622	\$47,105	\$51,344
Portsmouth	\$43,622	\$46,122	\$49,622
Suffolk	\$40,677	\$43,621	\$45,932
Virginia Beach	\$43,559	\$46,059	\$47,659
Regional Average	\$42,749	\$45,636	\$48,157
Highest of Hampton Roads	Norfolk and Portsmouth	Norfolk	Norfolk

Source: Virginia Department of Education, 2016-2017 Teacher Salary Survey

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 overtime as real estate values increase.

Dedicated Funding for FY 2018: \$3,618,000

History of Funding

Prior CTI Funds	\$13,684,100
FY 2018 CTI Funds	\$3,618,000
Total CTI Funds Appropriated	\$17,302,100

PERFORMANCE MEASURES

Norfolk Public Schools (NPS) FY 2018 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 NPS)	FY 2015 Actual	FY 2016 Actual	FY 2017 State Benchmark	FY 2018 State Benchmark
Increase division level pass rates on SOLs (Standards of Learning)				
Grade 3 Reading	63	64	75	75
Grade 3 Mathematics	68	67	70	70
Grade 3 History and Social Science	*	*	-	-
Grade 3 Science	*	*	-	-
Grade 4 Reading	65	68	75	75
Grade 4 Mathematics	78	74	70	70
Grade 5 Reading	70	74	75	75
Grade 5 Writing	*	*	-	-
Grade 5 Math	75	73	70	70
Grade 5 Virginia Studies	82	83	70	70
Grade 5 Science	66	72	70	70
Grade 6 Reading	61	64	75	75
Grade 6 Mathematics	71	77	70	70
Grade 6 History: US History I	*	*	-	-
Grade 7 Reading	67	71	75	75
Grade 7 Mathematics	52	49	70	70
Grade 7 History: US History II	*	*	-	-

Measure (As Reported by NPS)	FY 2015 Actual	FY 2016 Actual	FY 2017 State Benchmark	FY 2018 State Benchmark
Grade 8 English	62	63	75	75
Grade 8 Writing	60	57	75	75
Grade 8 Mathematics	55	51	70	70
Grade 8 Civics and Economics	81	79	70	70
Grade 8 Science	66	64	70	70
End-of-Course English: Reading	85	84	75	75
End-of-Course English: Writing	79	79	75	75
End-of-Course Algebra I	80	77	70	70
End-of-Course Geometry	81	80	70	70
End-of-Course Algebra II	88	93	70	70
End-of-Course Virginia and US History	74	71	70	70
End-of-Course World History I	77	74	70	70
End-of-Course World History II	71	79	70	70
End-of-Course Earth Science	79	80	70	70
End-of-Course Biology	79	80	70	70
End-of-Course Chemistry	89	90	70	70
End-of-Course World Geography	96	94	70	70

* Denotes Virginia Department of Education discontinued tests.

ADOPTED FY 2018 BUDGET ACTIONS

- **Adjust support for Construction, Technology, and Infrastructure program** \$90,600

Adjust support for Construction, Technology, and Infrastructure (CTI) program based on an increase in real estate assessments. The total amount, \$3,618,000, in the Adopted FY 2018 Budget will be used for debt service payments for the remaining schools under construction. The CTI program is designed to supplement the city's existing efforts for school construction and major maintenance.

- **Provide one-time funding to Norfolk Public Schools** \$3,000,000

Provide one-time funds for operating support. These funds are one-time in nature and will not be available in FY 2019. NPS should develop strategies to replace these funds or find savings.

- **Increase Local Support** \$3,000,000

Provide an additional \$3.0 million for ongoing operating support.

- **Update SOQ and state support** \$482,324

Adjust support to NPS based on amendments to the 2016 - 2018 biennial budget adopted by the General Assembly. The amendments include the following: technical updates to SOQ, incentive, and Lottery-funded programs; the state's share of funding for a two percent salary increase on February 15, 2018, and an increase in Lottery funds. This update also includes funds related to sales tax receipts.

- **Remove appropriation for NPS carryforward** (\$3,149,274)

Technical adjustment to remove one-time funding provided in FY 2017 for carryforward funds for Norfolk Public Schools (NPS). The removal of prior year non-recurring funds is a standard practice. This adjustment has been included in the School Board's Proposed FY 2018 Budget.

Norfolk Public Schools

Total: \$3,423,650

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 2015 and FY 2016 Actual amounts are provided by NPS. The FY 2017 and FY 2018 Adopted amounts are as approved by City Council.

Revenue Summary

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
Operating Revenue from the City	112,471,922	112,471,922	114,971,922	117,971,922
Construction, Technology, and Infrastructure				
<i>Infrastructure and Technology to NPS</i>	0	1,500,000	0	0
<i>Debt Service</i>	3,388,800	1,932,300	3,527,400	3,618,000
<i>Unspent CTI Funds</i>	0	0	0	0
Total CTI	3,388,800	3,432,300	3,527,400	3,618,000
Total ongoing support	115,860,722	115,904,222	118,499,322	121,589,922
One-time support				
CTI Carryforward to NPS for Infrastructure and Technology (from FY 2014 unspent CTI funds)	3,000,000	246,600	0	0
One-time support	2,250,000 ¹	550,000	0	3,000,000
Subtotal one-time support	5,250,000	796,600	0	3,000,000
Total City Revenue	121,110,722	116,700,822	118,499,322	124,589,922
Revenue from Commonwealth	182,387,110	182,368,746	190,545,112	191,027,436
Revenue from Federal Funds	5,427,739	5,399,128	5,651,426	5,651,426
Revenue from Other Funds	2,738,357	3,691,408	4,023,361	4,023,361
NPS Carryforward	5,944,513	4,410,913	3,149,274	0
Subtotal State and Other	196,497,719	195,870,195	203,369,173	200,702,223
Total Operating Revenues	317,608,441	312,571,017	321,868,495	325,292,145
Total Grant Revenues and School Nutrition Funds	52,393,556	45,427,947	56,549,805	54,222,017
Total Revenues	370,001,997	357,998,964	378,418,300	379,514,162
Additional Services Provided² (see next page for details)	15,861,956	15,998,526	16,684,143	20,310,032
Grand Total Support Received	385,863,953	373,997,490	395,102,443	399,824,194

¹ Includes \$750,000 in one-time amendment funds.

² 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 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
School Operating Budget	314,069,603	308,887,807	321,868,495	325,292,145
Grants and Special Programs	34,788,438	26,416,451	37,984,805	35,022,017
Child Nutrition Services	16,739,504	17,952,330	19,065,000 ¹	19,200,000
Total Expenditures	365,597,545	353,256,588	378,918,300	379,514,162

¹NPS received an additional \$500,000 for Child Nutrition Services in the FY 2017 Budget amendment.

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

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
Debt Service for School Buses	123,650	309,850	356,300	904,650
Debt Service for School Construction and Maintenance Projects ¹	9,652,837	9,395,531	9,410,736	14,514,755
Facility Maintenance	1,311,410	1,308,140	1,300,000	1,301,000
Ground Maintenance	679,375	681,294	680,000	695,000
School Nurses ²	258,000	0	0	0
School Resource Officers	536,684	877,085	937,107	894,627
Subtotal Other City Support	12,561,956	12,571,900	12,684,143	18,310,032
Ongoing School Maintenance	3,300,000	3,750,000 ³	4,000,000	2,000,000
Grand Total Additional Services Provided	15,861,956	16,321,900	16,684,143	20,310,032

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.

²In FY 2013 approximately \$1.5 million in city funds were transferred from the Norfolk Department of Public Health (NDPH) directly to Norfolk Public Schools (NPS) for school health services. In FY 2014, an additional \$250,000 was transferred for a total of \$1.79 million. In FY 2016, the three year transition period with NPS was completed.

³ NPS received an additional \$250,000 to address school maintenance in the FY 2016 Budget amendment.

SCHOOL OPERATING FUND

Operating Revenues

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
Revenue from Commonwealth				
Standards of Quality Funds				
Basic Aid	84,763,492	83,986,359	87,483,196	85,183,732
Textbook Payments	977,711	1,140,032	375,475	2,196,791
Vocational Education Standards of Quality (SOQ)	940,310	936,588	1,007,572	980,531
Gifted Education	960,751	956,948	987,009	960,521
Special Education SOQ	9,975,457	9,915,614	9,520,525	9,265,022
Prevention, Intervention and Remediation	5,846,272	5,823,133	6,209,932	6,043,275
Fringe Benefits	17,150,429	16,761,776	17,786,725	18,590,075
English as a Second Language (ESL) ¹	0	0	628,967	707,668
Remedial Summer School	1,128,231	797,514	830,827	806,236
Total Standards of Quality Funds	121,742,653	120,312,964²	124,830,228	124,733,851
State Sales Taxes	31,992,590	32,400,377	33,211,659	32,536,797
Lottery Funded Programs	26,465,837	25,851,400	28,689,761	24,745,935
Other State Funds	2,186,030	3,804,005	3,813,464	9,010,853
Total from Commonwealth	182,387,110	182,368,746	190,545,112	191,027,436
Total Federal	5,427,739	5,399,128	5,651,426	5,651,426
Total City Funds	121,110,722	116,700,822	118,499,322	124,589,922
Total Other Revenue	2,738,357	3,691,408	4,023,361	4,023,361
Total Carryforwards	5,944,513	4,410,913	3,149,274	0
Total Revenues	317,608,441	312,571,017	321,868,495	325,292,145

¹English as a Second Language moved back to Standards of Quality funds from Lottery Funds in FY 2017.

²The total Standards of Quality funds for FY 2016 reflects the removal of \$5,000. This is consistent with the NPS Approved budget document.

Operating Expenditures

Expenditures	Positions		FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
	FY 2017	FY 2018				
Instructional Services	3,192	3,143	233,079,437	234,495,960	241,569,398	242,249,614
Central Administration	84	84	9,476,250	8,624,542	9,461,843	9,687,075
Student Attendance and Health	100	100	6,381,035	7,268,228	8,226,181	8,297,616
Pupil Transportation	283	287	11,905,064	12,355,477	13,346,285	13,747,705
Operations/Maintenance	413	412	34,905,144	33,973,285	35,142,078	35,545,385
Community Services	0	0	797	697	0	0
Facility Improvements	0	0	2,252,367	1,355,152	370,000 ¹	1,460,200 ¹
Information Technology	63	63	12,680,709	8,882,166	10,225,310	10,686,550
School Operating Budget	4,134	4,088	310,680,803	306,955,507	318,341,095	321,674,145
Construction Technology and Infrastructure			3,388,000	1,932,300	3,527,400	3,618,000
Grand Total Operating and CTI			314,068,803	308,887,807	321,868,495	325,292,145
Difference from City Revenue						0
Total Expenditures						325,292,145

¹ This amount differs from the NPS Approved FY 2017 and NPS Approved FY 2018 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 Revenue Summary

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
Federal Grants	30,209,899	21,458,006	33,007,394	30,594,038
Commonwealth of Virginia Grants	4,210,808	4,120,549	4,400,811	4,049,212
Corporate and Foundation Awards	311,222	688,916	300,000	0
Other Grants	56,510	148,980	276,600	378,767
Total Grant Revenues	34,788,439	26,416,451	37,984,805	35,022,017

Grants and Special Programs Expenditure Summary

Federal Grants

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
Compensatory Programs	19,631,270	8,252,904	19,849,314	16,850,189
Special Education	9,108,125	9,906,902	7,387,241	7,387,241
Career, Technical and Adult Education	815,646	912,271	1,080,237	1,080,237
Other Projects	654,857	2,385,929	4,690,601	5,276,371
Total Federal Grants	30,209,898	21,458,006	33,007,393	30,594,038

COMMONWEALTH OF VIRGINIA GRANTS

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
Career, Technical and Adult Education	152,288	156,303	186,280	162,726
State Operated Facilities	3,050,575	2,994,481	3,113,455	3,113,455
Special Education	109,190	132,524	172,543	172,543
Virginia Technology Initiative	350,710	364,897	0	0
Other Grants	548,045	472,344	928,534	600,488
Total Commonwealth of Virginia	4,210,808	4,120,549	4,400,812	4,049,212

CORPORATE AND FOUNDATION AWARDS

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
Corporate and Foundation Awards	311,222	688,916	300,000	0
Total Corporate and Foundation Awards	311,222	688,916	300,000	0
OTHER GRANTS				
	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2018 Adopted
Other Grants	56,510	148,980	276,600	378,767
Total Other Grants	56,510	148,980	276,600	378,767
Total Grants and Special Programs	34,788,438	26,416,451	37,984,805	35,022,017

CHILD NUTRITION SERVICES

Revenues	FY 2015 Actual	FY 2016 Approved	FY 2017 Adopted	FY 2018 Adopted
Sales	1,433,241	1,446,149	1,621,000	1,850,000
Federal and State Food Program Reimbursements	14,675,992	16,422,282	16,115,000	15,970,000
Federal Commodities Donated	1,409,789	1,087,767	1,200,000	1,250,000
Interest Earned	10,794	17,161	16,000	17,000
Other Revenue	75,302	38,137	113,000	113,000
Total Revenues	17,605,118	19,011,496	19,065,000	19,200,000

Expenditures	FY 2015 Actual	FY 2016 Approved	FY 2017 Adopted	FY 2018 Adopted
Cost of Goods Sold	8,672,015	9,339,519	9,964,627	9,289,614
Employee Compensation	7,008,573	7,321,915	7,717,291	7,919,383
Maintenance Costs	293,126	294,218	363,902	743,275
Supplies and Materials	85,203	97,535	85,000	85,203
Cafeteria and Other Equipment	245,826	439,069	355,000	550,275
Other Costs	434,761	460,074	579,180	612,250
Total Expenditures	16,739,504	17,952,330	19,065,000	19,200,000
Excess of Revenues Over Expenditures	865,614	1,059,166	0	0
Fund Balance – Beginning of Year	6,319,464	7,185,078	6,319,464	6,319,464
Fund Balance – End of Year	7,185,078	8,244,244	6,319,464	6,319,464