Norfolk Public Schools

Considerations for future planning

March 1, 2023

AGENDA

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- National context: facilities, population & finances
- NPS history: facilities, population & finances
- Defining the goals
- Options for future planning
- Next steps: planning based on Board direction

*credit for term, Common Good Labs (2022)

National context

facilities, population & finances

National context

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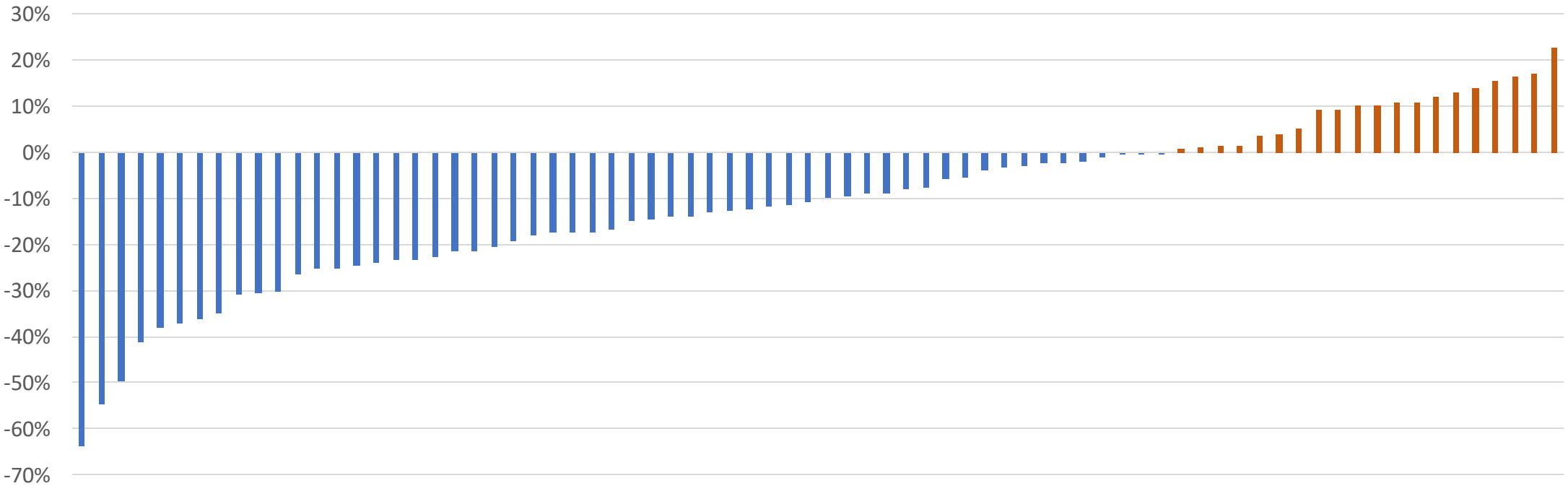
Population

- Among the largest urban school districts nationwide, 40 districts had enrollment declines 10-60% between 2006-2020
- Only 11 districts had enrollment increases greater than 10%



Source: National Center for Educational Statistics.

COOPERATIVE STRATEGIES
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Enrollment change 2006-2020

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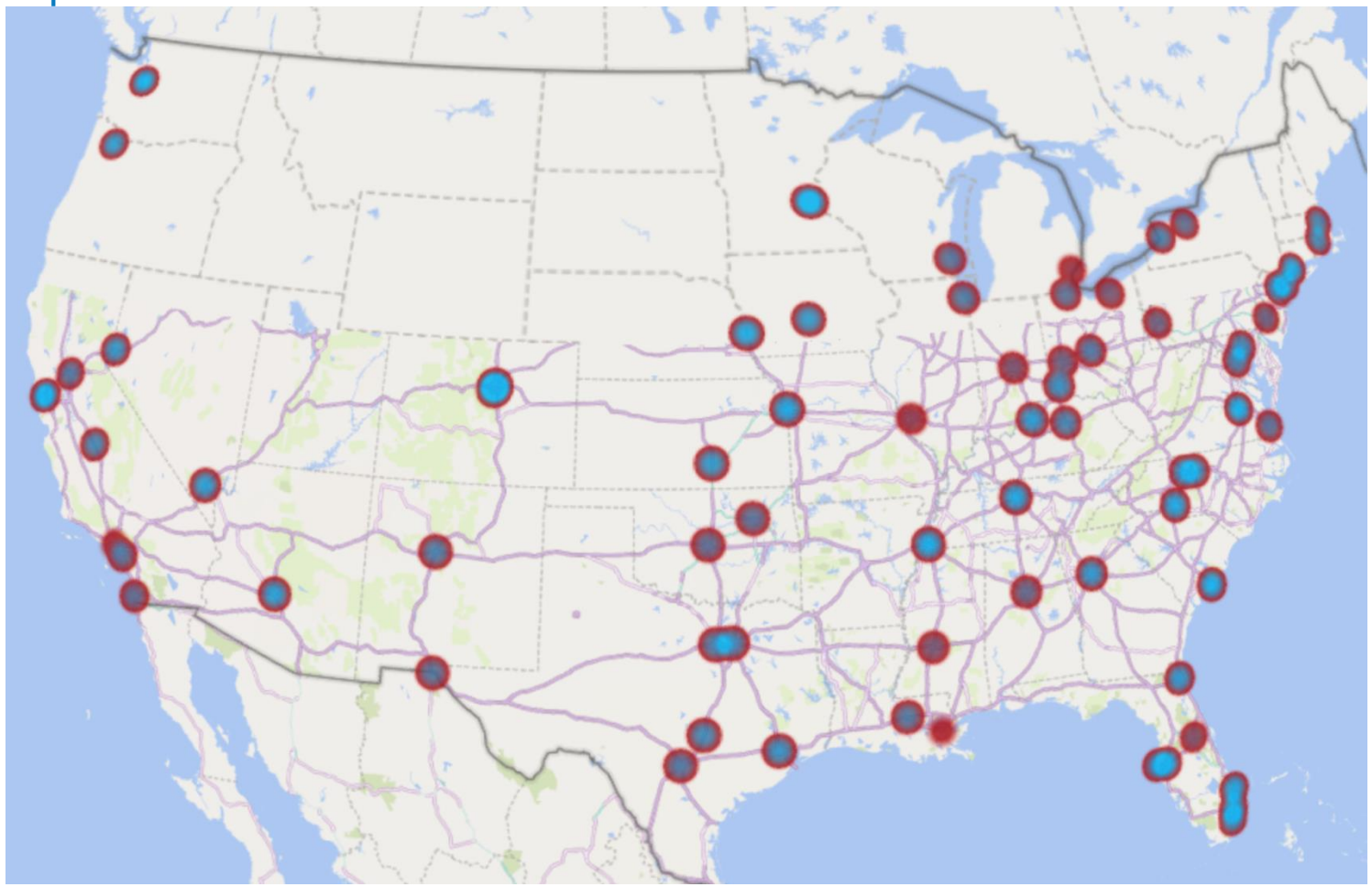
Population



Among large urban Districts with enrollment decline since 2006, NPS losses are average (~20%)

Agency Name	% enroll change
ORLEANS PARISH	-64%
DETROIT CITY SCHOOL DISTRICT	-55%
ST. LOUIS CITY	-50%
ORANGE	-41%
INDIANAPOLIS PUBLIC SCHOOLS	-38%
CLEVELAND MUNICIPAL	-37%
JACKSON PUBLIC SCHOOL DISTRICT	-36%
LOS ANGELES UNIFIED	-35%
PITTSBURGH SD	-31%
DAYTON CITY	-30%
PHILADELPHIA CITY SD	-30%
BIRMINGHAM CITY	-27%
ROCHESTER CITY SCHOOL DISTRICT	-25%
SAN DIEGO UNIFIED	-25%
OAKLAND UNIFIED	-25%
OKLAHOMA CITY	-24%
LONG BEACH UNIFIED	-23%
TOLEDO CITY	-23%
SANTA ANA UNIFIED	-23%
NORFOLK CITY PBLC SCHS	-21%
TULSA	-21%
MILWAUKEE SCHOOL DISTRICT	-20%
EL PASO ISD	-19%
EAST BATON ROUGE PARISH	-18%
SACRAMENTO CITY UNIFIED	-18%
CITY OF CHICAGO SD 299	-17%
SAN ANTONIO ISD	-17%
COLUMBUS CITY SCHOOL DISTRICT	-17%
ANCHORAGE SCHOOL DISTRICT	-15%
BOSTON	-15%
ST. PAUL PUBLIC SCHOOL DISTRICT	-14%
BUFFALO CITY SCHOOL DISTRICT	-14%
ALBUQUERQUE PUBLIC SCHOOLS	-13%
PINELLAS	-13%
DISTRICT OF COLUMBIA PUBLIC SCHOOLS	-12%
MINNEAPOLIS PUBLIC SCHOOL DISTRICT	-12%
FAYETTE COUNTY	-11%
PROVIDENCE	-11%
ARLINGTON ISD	-10%
FRESNO UNIFIED	-10%
AUSTIN ISD	-9%
DALLAS ISD	-9%
BALTIMORE CITY PUBLIC SCHOOLS	-8%
SAN FRANCISCO UNIFIED	-8%
NEW YORK CITY GEOGRAPHIC DISTRICT #1-#32	-6%
MIAMI-DADE	-6%
CINCINNATI PUBLIC SCHOOLS	-4%
FORT WORTH ISD	-3%
HOUSTON ISD	-3%
HAWAII DEPARTMENT OF EDUCATION	-2%
GUILFORD COUNTY SCHOOLS	-2%
NEWARK PUBLIC SCHOOL DISTRICT	-2%
BROWARD	-1%
WASHOE COUNTY SCHOOL DISTRICT	-1%

Unequal burden

Urban schools facing high facility costs with low resources

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High poverty districts had 37 percent less invested in their school facilities improvements than low poverty districts.

Medium poverty districts (33-65 percent disadvantaged students) **didn't fare much better** than the high poverty districts.

Infrastructure spending on K12 schools is second only to road and bridge investment in our country, yet over 80% of that cost is carried by local communities.

Hispanic/Latino, African American, and Native American students are represented **disproportionately in high poverty districts**, where the schools (on average) have had the lowest levels of investment.

Urban districts have higher levels of average capital investment per school, making clear what is well established in the field—**that doing the same work in urban markets, and in their older schools, costs more**

Urban centers face disproportionally high construction costs and low tax bases from which to fund facility renovations and construction

Source: 2021 State of our Schools

Reality of economic pressures on your operations and offerings

$85 billion+

Estimated national gap in school facility infrastructure spending nationwide

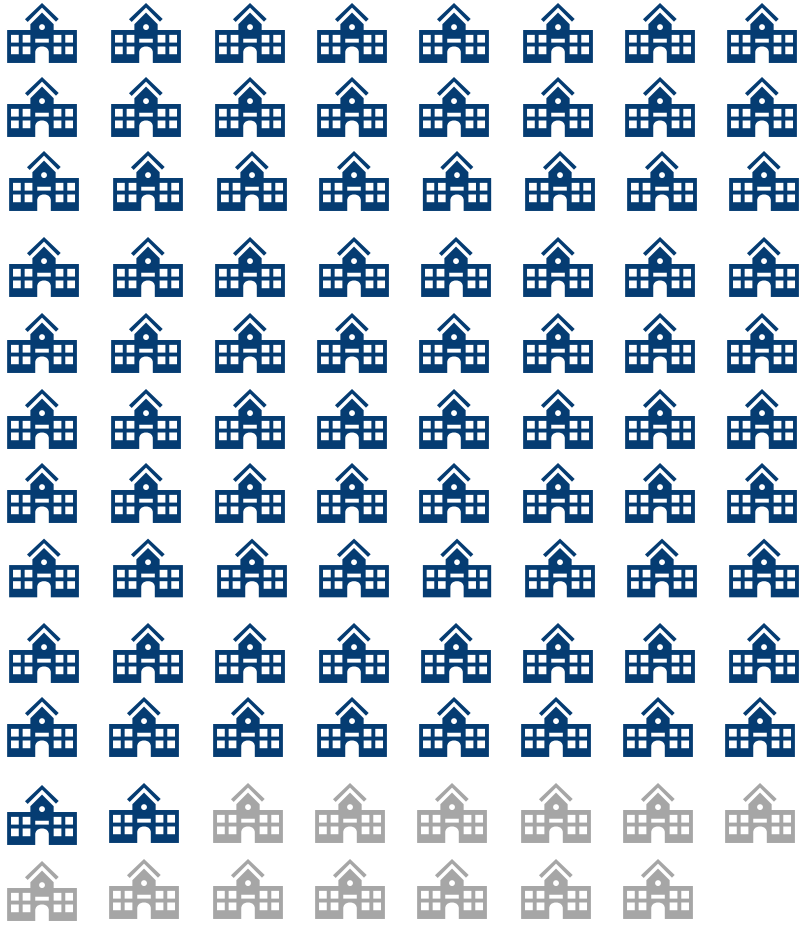
Unequal facility cost burden

Local taxes are the main source of bond revenue and are insufficient in many of our urban centers to sufficiently fund facility needs; high poverty districts spend 37% less on average than low poverty districts

Enrollment Decline

The majority of large urban districts have experienced enrollment declines in the past decade plus, straining operational budgets and forcing tough decisions for advanced course, extra-curriculars, and supports

School consolidations & enrollment change



13 = the median number of schools closed since 2006 for the largest urban districts with 10% + enrollment decline

82 = median number of schools in these districts in 2020

21% = median percentage enrollment decline

Source: National Center for Educational Statistics

Enrollment change 2006-2017

Population & Expense Trends

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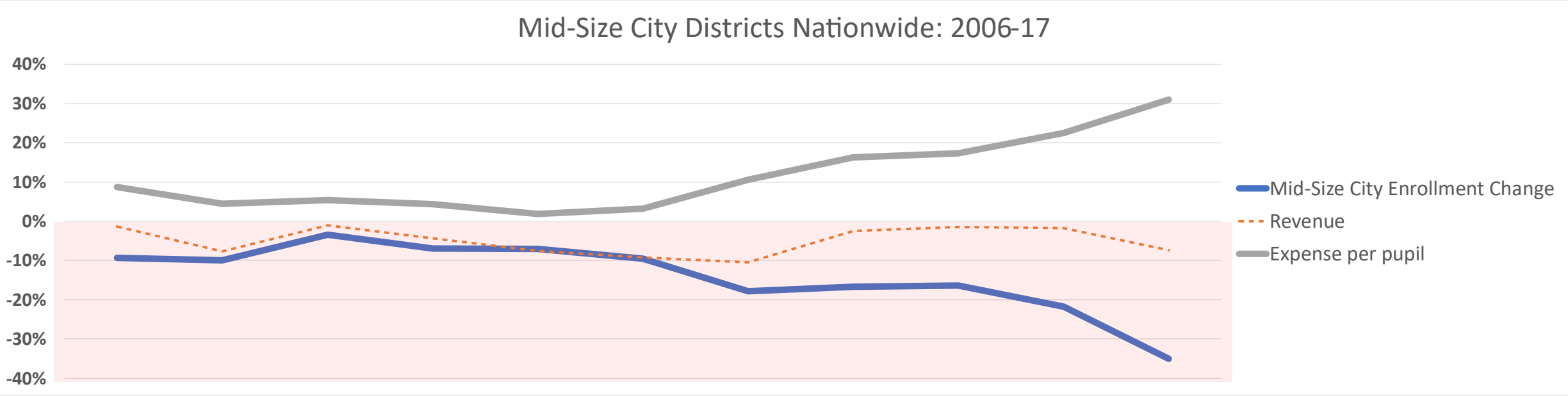

Source: National Center for Educational Statistics

Among Districts serving mid-size cities like Norfolk, expenses per pupil have been trending higher while enrollments and revenue have declined in previous years

Enrollment change 2006-2017

Population & Expense Trends

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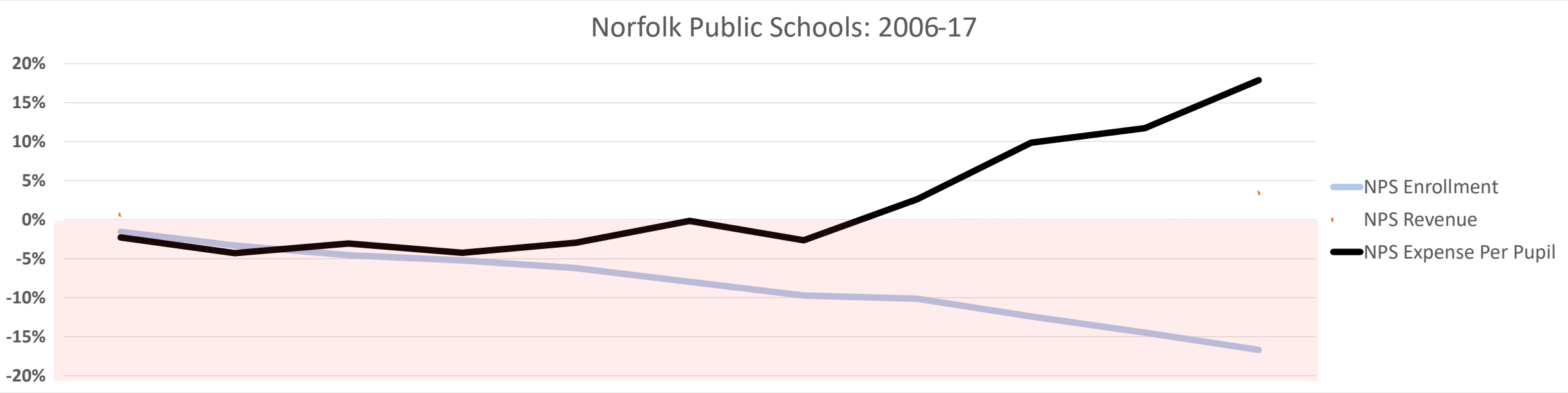

Source: National Center for Educational Statistics

NPS's enrollment, revenue & expense-per-pupil trends history align with other districts serving mid-size cities.

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NPS history

facilities, population & finances

Birth, Housing & Population

Steady population declines despite volume of housing permits issued

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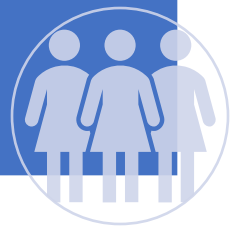
- (480), avg annual city pop decline 2010-2020

census



- (514), avg annual NPS pop decline 2010-2020

NPS

- 3,815, #single-family permits 2010-2020
- 4,369, #multi-family permits 2010-2020

SOCDS

NPS' population decline has paralleled Norfolk City's b/t 2010-2020, each losing ~500 per year despite over 8,000 single- and multi-family building permits issued

NPS Enrollment, Capacity & Utilization

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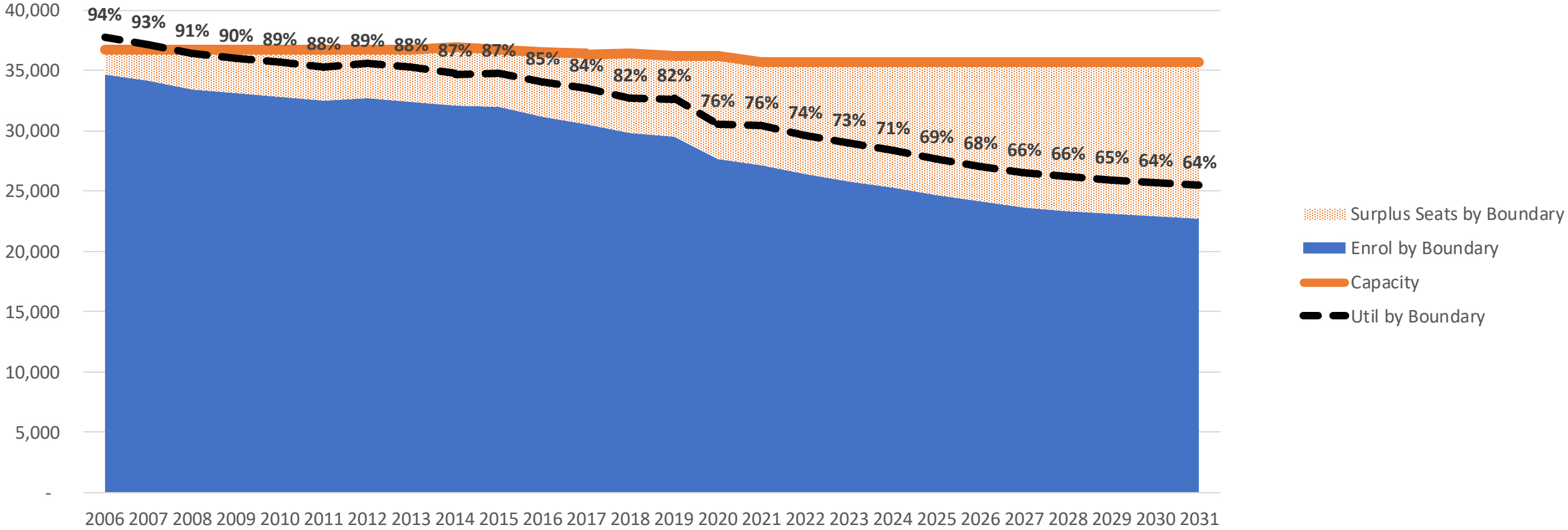
Historical & Projected



Between 2006 and 2022 NPS's surplus capacity increased from 2,049 to 9,244 and is expected to continue increasing to 12,922 by 2031 w/o changes to the current capacity.

NPS Annual Operating Costs

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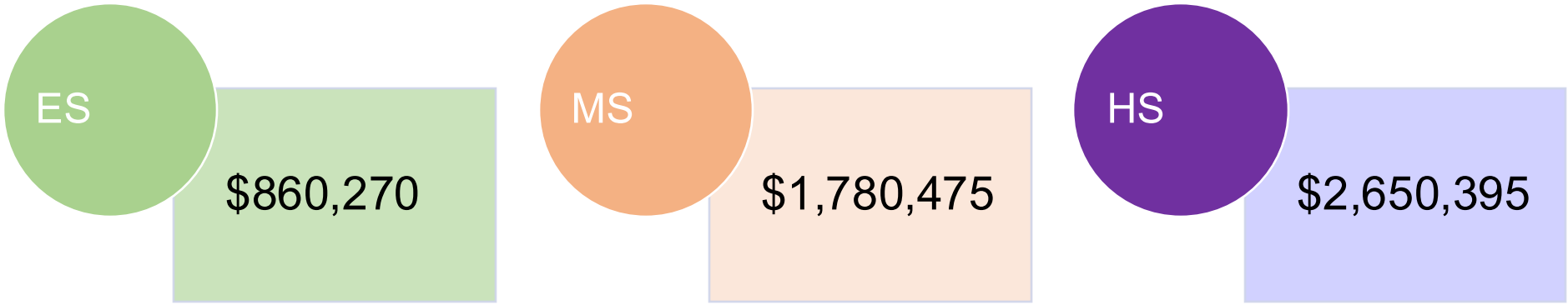

These costs include managerial and support staff positions tied specifically to a school building's operations and do not include teaching staff. Also included are utility costs.

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Under-utilization & opportunity cost

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Number of Surplus Schools Based to 85% Utilization at the Grade Level

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
ES	0	0	0	2	3	5	5	9	9	11
MS	0	0	0	1	1	2	2	4	4	5
HS	0	0	0	0	0	0	0	1	1	1
TOTAL	**0**	**0**	**0**	**3**	**4**	**7**	**7**	**14**	**14**	**17**

Annual Operational Cost Estimate of Carrying Surplus Capacity

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cost	$ -	$ -	$ -	$ 4,101,113	$ 5,823,946	$ 8,490,833	$ 8,440,914	$ 16,748,012	$ 17,168,548	$ 20,284,916

#Surplus schools = if grade level utilization < 85%, divide # surplus seats by average enrollment of a school in that grade level (round down)

Since CS performed a capacity study in 2013, NPS has operated 3-17 surplus schools per year.
Estimate of the total cost of carrying surplus capacity in the past ten years is $81M.

Future operational costs

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	2022-23 Average		# seats to reduce to maintain 85% utilization by Grade Level		# schools to reduce to maintain 85% Utilization by Grade Level		estimated annual budget impact	
Config	Enrollment	Operating Costs	2024	2031	2024	2031	2024	2031
ES	441	$ 860,270	3,932	4,982	9	11	$ 7,742,427	$ 9,462,967
MS	725	$ 1,780,475	1,866	2,127	2	2	$ 3,560,950	$ 3,560,950
HS	1480	$ 2,650,395	808	2,403	0	1	$ -	$ 2,650,395
			6,606	**9,512**	**11**	**14**	**$ 11,303,377**	**$ 15,674,311**

Using a conservative approach of only considering a consolidation at a grade level when the surplus seats exceed the average enrollment of existing schools at the same level & rounding down every number (e.g. 2.9 schools = 2), NPS will operate 14 surplus schools by 2031 at an annual expense of $15.6M ($100M total from 2024-2031).

Note: The above projections are based on enrollments and utilization by boundary whereas the previous page's calculations are based on school-level enrollments & capacities. Boundary-level data is used for future projections as that is how enrollment projections are calculated.

Future capital costs

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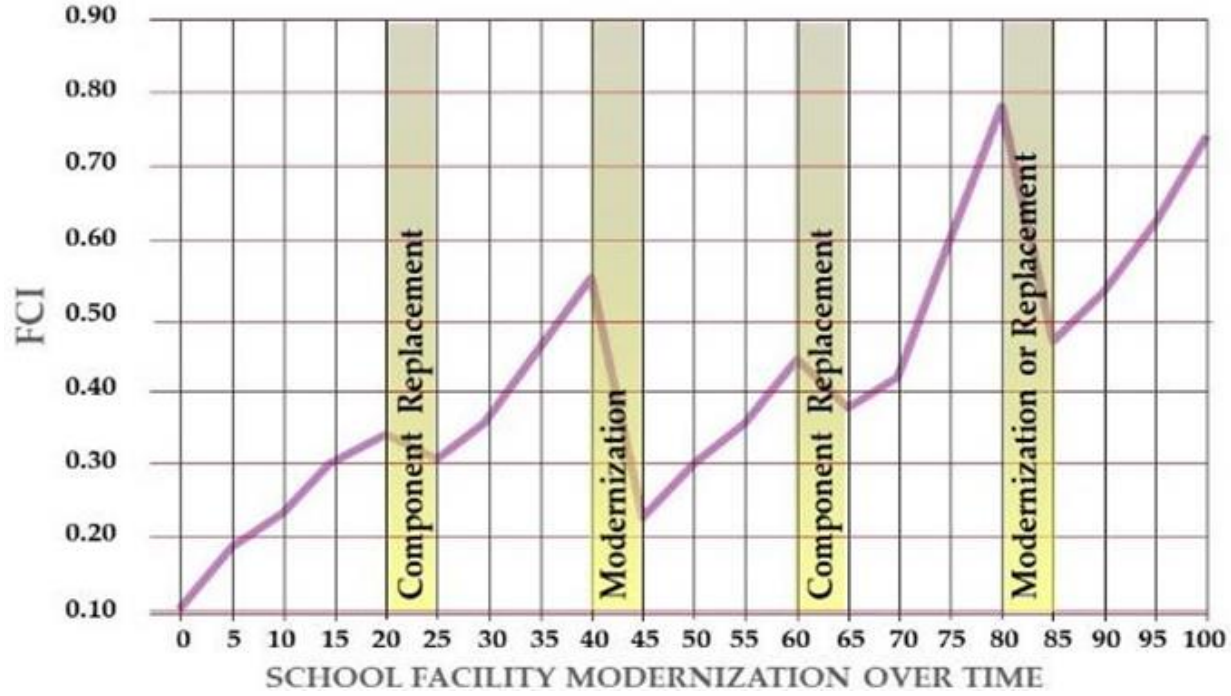
HBA's 2020 Facility Condition Assessment noted $304M in deficiencies anticipated through 2040, or ~$15M per year for 20 years (w/o inflation).

Federal funds have temporarily increased NPS capital funding to the level needed to keep up with capital needs but will sunset after 2024.



HBA's model for capital renewals (right) shows the typical need for major capital investment every 20 years to address system renovation and replacement needs.

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Defining the goal(s)

what to solve for

Board Goals & Priorities

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SCHOOL BOARD GOALS

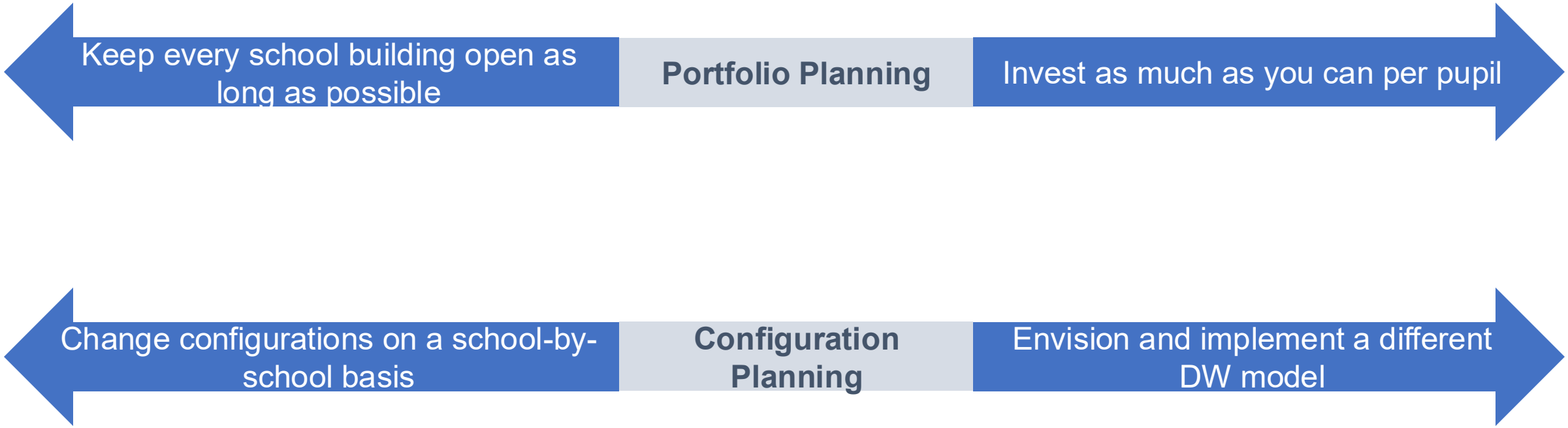
- Improve Student Academic Achievement and Outcomes
- Ensure Safe, Caring, and Healthy Learning Environments
- Strengthen Family and Community Engagement

SCHOOL BOARD PRIORITIES:

1. Increase the percentage of schools earning full accreditation (100% fully accredited by 2024)
2. Increase the percentage of VDOE Continuous Improvement Schools and NPS High Academic Performing Schools
3. Decrease all subgroup achievement gaps (5% or less by 2024)
4. Increase the On-Time graduation (85% by 2024)
5. Provide Educational Equity, Options, and Opportunities
6. Attract and retain highly qualified & effective staff (fully staffed at start of school)
7. Expand Educational Planning and create a Five Year Capital Improvement Plan for facilities and technology
8. Promote a culture of safety, high attendance rates, decreased dropout rate, positive organizational culture, and student behavior
9. Attract and retain community partnerships and strengthen family engagements
10. Strive to Improve Relationships and Increase Governance Capacity (School Board only)

Facility Planning

Considering your goals and priorities, what do you believe is best for students?



Options for future planning

desired and acceptable parameters for change

Educational & Facilities Planning

What do you believe is best for students? **– Keep every school open as long as possible**

Option A

Change configurations on a school-by-school basis

- ***Capital:*** *Deferred maintenance*
- ***Operating:*** *Efficiencies without changes to the portfolio*
- ***Planning Focus:*** *Work internally and with stakeholders to create a plan for boundary & feeder changes and resurrect or discard a plan for changes to start-times*

Option B

Envision and implement a different model District-wide

- ***Capital:*** *same*
- ***Operating:*** *same*
- ***Planning Focus:*** *same + work with the Board initially and stakeholders following to envision a change in the model for DW school configurations*

Educational & Facilities Planning

What do you believe is best for students? **– Invest as much as you can per pupil**

Option C

Change configurations on a school-by-school basis

- ***Capital:*** *Portfolio reduction & rebuilding; moving programs to best-condition facilities*
- ***Operating:*** *Match proximity of families to best condition, optimal capacity buildings*
- ***Planning Focus:*** *Work internally and with stakeholders to create a plan to maintain dominant ES, MS, HS configuration while aiming for the capital and operating goals above*

Option D

Envision and implement a different model District-wide

- ***Capital:*** *same as C*
- ***Operating:*** *same as C*
- ***Planning Focus:*** *same as C + work with the Board initially and stakeholders following to envision a change in the model for DW school configurations*

Next steps

planning based on Board direction

Educational & Facilities Planning

Next steps based on Board direction

After the Board determines the best option to support its goals for students and families, CS will come back to present a proposed plan to implement this strategy. Before we create any further facility/boundary related plans, we need to know the strategic direction the Board wants to go.

Step 1: Board decision on a portfolio & configuration strategy
Step 2: CS/NPS drafts portfolio, configuration & boundary planning process
Step 3: Board approval of the planning process
Step 4: Implement process (1-2 years)