# Summary of Budget Amendments Adopted by the 2020 Special Session I General Assembly to the 2020-2022 Biennial Budget (HB 5005/SB 5015 as Introduced) Affecting the Direct Aid to Public Education and Department of Education Central Office Budgets

This document provides a summary of amendments to the 2020-2022 biennial budget (House Bill (HB) 5005/Senate Bill (SB) 5015 as introduced) that were adopted by the 2020 Special Session I General Assembly on October 16, 2020. The amendments adopted by the 2020 Special Session I General Assembly change the budget introduced by Governor Northam in HB 5005/SB 5015. The adopted changes affect fiscal years 2021 and 2022. FY 2021 began on July 1, 2020, and will end on June 30, 2021. FY 2022 will begin on July 1, 2021, and end on June 30, 2022.

The budget actions proposed by Governor Northam in HB 5005/SB 5015 were communicated in [Superintendent’s Memo 215-20](http://www.doetest.virginia.gov/administrators/superintendents_memos/2020/215-20.docx), dated August 18, 2020. The budget amendments proposed by the Governor were largely adopted by the Special Session I General Assembly, with some changes. The Special Session I General Assembly also adopted some additional budget actions affecting public education as summarized in this attachment.

Information related to the Special Session I General Assembly’s proposals for the Direct Aid to Public Education and the Virginia Department of Education (VDOE) Central Office budgets for 2020-2022 is organized in the following sections:

[**Section A: Amendments to the Direct Aid to Public Education Budget**](#30j0zll)

**[Section B: Amendments to the VDOE Central Office Budget](#2et92p0)**

## A. 2020-2022 DIRECT AID TO PUBLIC EDUCATION BUDGET

#### Update Sales Tax Projections

The Special Session I General Assembly’s adopted budget reflects the most recent estimates of sales tax revenue dedicated to public education for FY 2021 and 2022, as computed by the Department of Taxation. The sales tax estimates adopted are the same as those contained in the Governor’s introduced version of HB 5005/SB 5015. The revised sales tax estimates reflect significant downward revisions based on economic conditions due to the COVID-19 pandemic. The revised sales tax estimates include both the one percent portion and the one-eighth percent portion that are appropriated for distribution to school divisions based on school-age population. The projected sales tax entitlement contained in the Excel template reflects the revised estimates for these two sales tax sources combined as a single revenue line item.

The Department of Taxation’s latest estimate of the one percent and one-eighth percent sales tax revenue is $1,326,400,000 for FY 2021 and $1,354,600,000 for FY 2022. These revised sales tax estimates are approximately $213.8 million lower in FY 2021 and $211.6 million lower in FY 2022 than the estimates contained in Chapter 1289, 2020 Acts of Assembly. As required by the Basic Aid funding formula, estimated payments have been adjusted to reflect the increase in the state’s share of cost resulting from the projected decrease in sales tax revenues.

The amount of the Basic Aid offset depends on each division’s Composite Index. The state’s share of Basic Aid increases approximately $120.1 million in FY 2021 and $118.0 million in FY 2022 due to the revised sales tax estimates. The net change in state funding to school divisions (due to both the estimated sales tax revenue decrease and the Basic Aid offset) is a decrease of $95.2 million in FY 2021 and an decrease of $93.6 million in FY 2022.

#### Replace General Funds with Federal Temporary Assistance for Needy Families (TANF) Funds for the Virginia Preschool Initiative (VPI) Program in FY 2021

The Special Session I General Assembly’s adopted budget replaces $16.6 million in general funds with federal TANF funds within the VPI program for FY 2021. This action is a fund switch and does not affect the total distributions to school divisions for VPI in FY 2021.

#### One-time COVID-19 Local Relief Payments in FY 2021

The Special Session I General Assembly’s adopted budget provides $95.2 million in FY 2021 from the COVID-19 Relief Fund, established in § [2.2-115.1](http://law.lis.virginia.gov/vacode/2.2-115.1/) of the *Code of Virginia*, to be disbursed to school divisions as COVID-19 Local Relief payments to offset the impact of the reduction of sales tax revenue estimates on the local share of Basic Aid. These one-time payments will be distributed to school divisions based on the net reduction of state funds apportioned to school divisions in HB 5005/SB 5015 as introduced at the 2020 Special Session I from those apportioned in Chapter 1289, 2020 Acts of Assembly. Local governing bodies are required to appropriate these one-time funds to school divisions in the same manner that they appropriate sales tax revenues dedicated to public education. The $95.2 million state payment is expected to be updated by the 2021 General Assembly based on subsequent revisions to the sales tax estimates. The amounts distributed under this program will count as a credit towards Required Local Effort for FY 2021.

Please note that this state program is unrelated to federal CARES Act funding and is not subject to the same spending limitations. School divisions should use the funding for qualified expenditures under Basic Aid.

#### Dual Enrollment Tuition Scholarship Grant Eligibility

The Special Session I General Assembly’s adopted budget amends language related to the Dual Enrollment Tuition Scholarship Grant. The new language clarifies that the program is intended for teachers taking courses applicable toward meeting dual enrollment teaching requirements, and is intended to clarify the teachers to be eligible for the grant funding. The current language requires enrollment in an approved teacher preparation program, which is not applicable for teachers seeking to teach dual enrollment courses. This is a language-only amendment and there is no impact to state funding.

#### Flexibility for Textbook Funding in FY 2021

The Special Session I General Assembly’s adopted budget provides flexibility in the use of Textbook funding in FY 2021. The budget language permits school divisions to use Textbook funds to address the costs of providing virtual instruction or reopening schools for in-person instruction. The adopted language also waives the local match requirement for Textbook funds in FY 2021. This amendment does not affect state Textbook payments to school divisions in FY 2021.

#### Updates to State Payments to School Divisions in January 2021

VDOE typically updates the semi-monthly state payments to school divisions each January based on updates to projected average daily membership (ADM) contained in the Governor’s introduced budget in December. The Special Session I General Assembly’s adopted budget prohibits VDOE from making any updates to ADM-based program recurring payments in January 2021. There is no impact to final state payments for the year, as FY 2021 final entitlements will be based on actual March 31, ADM as reported by school divisions in the Spring Student Records Collection. Adjustments to final ADM-based entitlements typically occurs in May with the last several recurring payments for the year.

#### Restore Funding for School Meals Expansion

The Special Session I General Assembly’s adopted budget restores partial funding for the School Meals Expansion program. Funding for this program was unallotted in Chapter 1289. This action restores $2.5 million in FY 2021 and $4.1 million in FY 2022. This program is intended to reduce or eliminate the cost of school breakfast and lunch for students eligible for reduced price meals under the National School Lunch Program and School Breakfast Program. VDOE is authorized to reduce payments proportionately so the state appropriation is not exceeded.

#### Restore Funding to the Virginia Preschool Initiative in FY 2022

The Special Session I General Assembly’s adopted budget restores most funding to the Virginia Preschool Initiative (VPI) in FY 2022. Funding for new VPI initiatives was unallotted in Chapter 1289. This action restores $37.3 million in state funds for VPI in FY 2022. For more information related to the new VPI initiatives, please refer to [Superintendent’s Memo #069-20, Attachment B](https://www.doe.virginia.gov/administrators/superintendents_memos/2020/069-20b.docx).

#### Restore Funding for the At-Risk Add-on Program in FY 2022

The Special Session I General Assembly’s adopted budget restores funding to the At-Risk Add-on program in FY 2022. Additional funding for the At-Risk Add-on program was unallotted in Chapter 1289. This action restores $35.6 million in state funding in FY 2022 by establishing the maximum per pupil add-on at 26.0 percent of the Basic Aid per pupil amount.

#### Restore Funding to Supplemental Education Assistance Programs

The Special Session I General Assembly’s adopted budget restores state funding for several Supplemental Education Assistance Programs. For more information about these programs, please refer to [Superintendent’s Memo #069-20, Attachment B](https://www.doe.virginia.gov/administrators/superintendents_memos/2020/069-20b.docx).

Early Childhood Educator Incentive - $3.0 million in FY 2021

African American History Museum and Cultural Center - $1.3 million in FY 2021

American Civil War Museum - $1.0 million in FY 2021

Jobs for Virginia Graduates - $1.7 million in FY 2021

Emil and Grace Shihadeh Innovation Center - $250,000 in FY 2021

Blue Ridge PBS - $350,000 in FY 2021

#### Salary Increase Incentive in FY 2022 Contingent on Revenues

The Special Session I General Assembly’s adopted budget indicates that if there is no downward revision to the general fund estimate for FY 2022 and the revenue estimate provides sufficient revenue to provide a salary increase incentive for SOQ-funded instructional and support positions, then the Governor will include a salary increase in his introduced budget for consideration by the 2021 General Assembly.

**Authorize Allocation of Federal Coronavirus Relief Funds to School Divisions**

Consistent with the Governor’s recent action to allocate these funds to school divisions, the Special Session I General Assembly’s adopted budget authorizes the allocation of $220.8 million in FY 2021 in federal Coronavirus Relief Funds (CRF) to be distributed to school divisions to assist with costs associated with the COVID-19 emergency, including but not limited to costs associated with implementing social distancing measures, providing distance learning, and providing computer equipment and internet access to students. In expending such funds, school divisions shall comply with federal CARES Act requirements and the most recently published United States Treasury Department guidance for the CRF.

**Remaining Unallotted Items**

Chapter 1289 unallotted state funding for several Direct Aid and Supplemental Education programs. The following items remain unallotted in the 2020 Special Session I General Assembly’s adopted budget:



## B. 2020-2022 VDOE CENTRAL OFFICE BUDGET

#### Virginia Initiative to Support Internet Outside of School Networks (VISION) Program

The Special Session I General Assembly’s adopted budget redirects $8.9 million in federal Governor’s Education Emergency Relief (GEER) funds to support school divisions with shorter-term virtual learning needs under the VISION program. This action increases the total funds available for this program to $26.9 million.

## Remaining Unallotted DOE Central Office Budget Items

Chapter 1289 unallotted state funding for several VDOE Central Office programs. The following items remain unallotted in the 2020 Special Session I General Assembly’s adopted budget:

