



COMMONWEALTH of VIRGINIA
Department of Education

DATE: December 18, 2018

TO: Division Superintendents

FROM: James F. Lane, Ed.D., Superintendent of Public Instruction

SUBJECT: Amendments to the Current 2018-2020 Biennial Budget as Proposed by Governor Northam (HB 1700/SB 1100 as Introduced)

Governor Northam's proposed amendments to the current 2018-2020 biennial budget (i.e., Chapter 2, 2018 Acts of Assembly) were presented on Tuesday, December 18, 2018, before a joint session of the Senate Finance, the House Appropriations, and the House Finance committees. The Governor's amendments to the 2018-2020 budget will be considered by the 2019 Session of the General Assembly, which is scheduled to convene on January 9, 2019. The Governor's amendments adjust funding for fiscal year 2019 (current year) and fiscal year 2020. Fiscal year 2019 began on July 1, 2018, and ends June 30, 2019. Fiscal year 2020 begins July 1, 2019, and ends June 30, 2020. The introduced budget bill containing the Governor's amendments is House Bill 1700/Senate Bill 1100.

The recommendations made by Governor Northam regarding the Direct Aid to Public Education budget include technical updates to the Standards of Quality (SOQ), Incentive, Categorical, and Lottery-funded accounts, along with proposed policy changes. Among the key recommendations in Governor Northam's amended 2018-2020 budget impacting public education funding include:

- Updating the Direct Aid accounts for enrollment changes, program participation, and other technical changes in fiscal years 2019 and 2020;
- Updating Sales Tax and Lottery revenue estimates dedicated to public education in fiscal years 2019 and 2020, and;
- Increasing the Compensation Supplement effective on July 1, 2019, in Chapter 2 from 3.0 percent to 5.0 percent;
- Providing additional state funding for school counselors in fiscal year 2020;

- Providing additional state funding to support students that are educationally at-risk in fiscal year 2019 and fiscal year 2020;
- Increasing the Supplemental Lottery Per Pupil Amount in fiscal years 2019 and 2020;
- Providing state funding to continue support for students enrolled in the federal VPI + program in fiscal year 2020.

No changes are proposed either year to the employer contribution rates for the Virginia Retirement System from the rates adopted last legislative session in the Chapter 2 budget.

[Attachment A](#) to this memorandum provides detailed information on the funding changes proposed by the Governor for fiscal years 2019 and 2020 that impact the Direct Aid to Public Education and the Virginia Department of Education (VDOE) Central Office budgets.

A downloadable Excel file has been created to assist school divisions in calculating projected state payments and required local matches in fiscal years 2019 and 2020 for most Direct Aid programs. This file gives divisions the opportunity to change ADM to test the effect on projected state funding and local match requirements using the Department's projected ADM or a local projection of ADM. Although the Department's ADM projections are historically accurate on a statewide basis, the Department cannot anticipate all factors in each locality that may impact enrollment. It may be necessary for divisions to use their own projections instead of the projections provided by the Department. Divisions are encouraged to substitute their estimates for those provided in this memorandum when using the Excel calculation file.

Please note that changing the ADM value in the Excel file only changes the estimated funding for accounts that are funded on the basis of ADM as described on the "Enrollment Projections" worksheet; the estimated funding for all other accounts is unaffected by changing ADM in the Excel file and, therefore, remains the same. Also, for each fiscal year, the payment of semi-monthly SOQ account payments is based only on the General Assembly's adopted budget projections of division March 31 ADM, pending the recalculation of payments based on final March 31 ADM at the end of each year and subject to available state appropriations. Changing the ADM in the Excel file does not impact the payments that are made to divisions. Payments to divisions for fiscal year 2019 final payments will be updated and finalized based on March 31, 2019, ADM and other final program participation information. The final fiscal year 2019 payments based on actual data will be communicated to school divisions by a separate Superintendent's Memorandum later this year. Actual fiscal year 2020 payments will not be finalized until after a similar process is followed next year. In addition to ADM, the "Enrollment Projections" worksheet provides the option of entering local enrollment projections for the Remedial Summer School, English as a Second Language (ESL), and Virginia Preschool Initiative (VPI) programs. Please note that enrollments for VPI are capped at the number of

student slots that are funded in the VPI formula contained in the Governor's amendments to the 2018-2020 budget.

Also note that sales tax estimates in the Excel calculation file are revenue projections only. Actual sales tax payments made to school divisions in fiscal years 2019 and 2020 on a semi-monthly basis will be based on actual sales tax receipts. Pursuant to the appropriation act, the Basic Aid entitlement calculation is based on the estimated sales tax appropriation only and is not adjusted for actual sales tax revenues received each fiscal year.

The Excel calculation file referenced in this memorandum shows state payments, required local effort for the SOQ accounts, and required local matches for Incentive and Lottery-funded accounts calculated based on projected March 31, ADM for fiscal years 2019 and 2020. The Excel file may be downloaded from the following Web address:

http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml.

For assistance downloading the Excel calculation template, please refer to the instructions available at the following link:

http://www.doe.virginia.gov/school_finance/filedownload_instructions.shtml.

It is important to remember that the information provided in the Excel calculation file relates to the Governor's proposed amendments to the 2018-2020 budget as introduced. The House of Delegates and the Senate will have the opportunity to amend the Governor's budget proposals during the 2019 General Assembly session, which is scheduled to begin on January 9, 2019, and projected to end on February 23, 2019. For that reason, the estimated payments contained in the Excel calculation file are projections only and are subject to change as a result of legislative action by the 2019 General Assembly.

The Department will provide additional information during the General Assembly session as changes to the estimated Direct Aid payments occur. After the conclusion of the session, projected payments based on final General Assembly actions will be sent to you in another Superintendent's Memorandum. Please note, the actual fiscal year 2019 payments will not be finalized until they are recomputed using actual March 31, 2019, ADM and other final program participation information. Actual fiscal year 2020 payments will not be finalized until after a similar process is followed next year.

Questions regarding the Governor's proposed amendments to the 2018-2020 budget and the revised estimates of Direct Aid payments for fiscal years 2019 and 2020 may be directed to Kent Dickey, Deputy Superintendent for Budget, Finance, and Operations, or budget office staff at (804) 225-2025 or by email at DOEBUDGETOFFICE@doe.virginia.gov.

JFL/eml

Attachments

A: [Governor's Amendments to the 2018-2020 Budget](#) (DOCX)