



COMMONWEALTH of VIRGINIA
Department of Education

March 1, 2016

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

SUBJECT: Amendments to the Introduced Fiscal Year 2016 and 2016-2018 Biennial Budgets Proposed by the House of Delegates and by the Senate

On February 21, 2016, the Senate Finance and House Appropriations Committees adopted separate changes to the amended fiscal year 2016 budget (reference [Superintendent's Memorandum No. 299-15](#), dated December 17, 2015) as well as separate changes to the 2016-2018 biennial budget as introduced by Governor McAuliffe (reference [Superintendent's Memorandum No. 300-15](#), dated December 18, 2015). The budget recommendations of the Senate Finance Committee were adopted by the full membership of the Senate, and the budget recommendations of the House Appropriations Committee were adopted by the full membership of the House of Delegates on February 25, 2016. The adopted changes affect fiscal years 2016, 2017, and 2018. Fiscal year 2016 began on July 1, 2015, and ends on June 30, 2016. Fiscal year 2017 begins on July 1, 2016, and ends on June 30, 2017. Fiscal year 2018 begins on July 1, 2017, and ends on June 30, 2018.

The respective budget amendments proposed by the House of Delegates and by the Senate change the fiscal year 2016 budget (HB/SB 29) and the 2016-2018 biennium budget (HB/SB 30) introduced by Governor McAuliffe. The attachments to this memorandum provide information on the changes separately adopted by the House of Delegates and by the Senate. Unless changes are specifically noted in the attachments, Governor McAuliffe's proposed amendments contained in the introduced versions of HB/SB 29 and HB/SB 30 were adopted by both chambers.

[Attachment A](#) to this memorandum provides detailed information on the funding changes proposed by the House of Delegates and by the Senate to Governor McAuliffe's amended fiscal year 2016 budget (HB/SB 29) that impact the Direct Aid to Public Education and the Department of Education Central Office budgets.

[Attachment B](#) to this memorandum provides detailed information on the funding changes proposed by the House of Delegates and by the Senate to Governor McAuliffe's introduced 2016-2018 budget (HB/SB 30) that impact the Direct Aid to Public Education and the Department of Education Central Office budgets.

[Attachment C](#) to this memorandum lists the estimated state payments (and local matches) for each school division for the Standards of Quality (SOQ), incentive, categorical, and Lottery-funded accounts for fiscal year 2016 based on the funding changes proposed by the House of Delegates to Governor McAuliffe's amended 2016 budget (HB 29).

[Attachment D](#) to this memorandum lists the estimated state payments (and local matches) for each school division for the Standards of Quality (SOQ), incentive, categorical, and Lottery-funded accounts for fiscal year 2016 based on the funding changes proposed by the Senate to Governor McAuliffe's amended 2016 budget (SB 29).

[Attachment E](#) to this memorandum lists the estimated state payments (and local matches) for each school division for the Standards of Quality (SOQ), incentive, categorical, and Lottery-funded accounts for fiscal year 2017 and fiscal year 2018 based on the funding changes proposed by the House of Delegates to Governor McAuliffe's introduced 2016-2018 budget (HB 30).

[Attachment F](#) to this memorandum lists the estimated state payments (and local matches) for each school division for the Standards of Quality (SOQ), incentive, categorical, and Lottery-funded accounts for fiscal year 2017 and fiscal year 2018 based on the funding changes proposed by the Senate to Governor McAuliffe's introduced 2016-2018 budget (SB 30).

The revised Direct Aid projected payments proposed by the House of Delegates in Attachments C and E and by the Senate in Attachments D and F use the Department of Education's latest projections of March 31 average daily membership (ADM) for each school division for fiscal years 2016, 2017, and 2018. The payments shown in Attachments C, D, E, and F do not include the direct grants (Financial Assistance for Supplemental Education service area) authorized by the General Assembly that are unique to certain school divisions. Several of the categorical, incentive, and Lottery-funded account payments shown in Attachments C, D, E, and F are funded on a reimbursement basis and represent the Department's latest projected payments; however, final payments on these accounts in fiscal years 2016, 2017, and 2018 will be based on actual, eligible reimbursement requests submitted by school divisions. Because Attachments C, D, E, and F show projected payments for each school division (based on the Department's projected March 31 ADM only) in .pdf format, they cannot be changed to test the impact of different ADM assumptions. If you wish to see the effects of a different ADM on funding for your school division, please use the Excel calculation files described in the next paragraph.

In addition to the projected payment information contained in Attachments C, D, E, and F, four downloadable Excel files have been created to assist school divisions in calculating projected state payments and required local matches in fiscal years 2016, 2017, and 2018 for most Direct Aid programs based on the budgets proposed by the Senate and by the House of Delegates. These four Excel files give 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 we have confidence in the accuracy of our ADM projections on a statewide basis, experience has shown that the accuracy of our projections for individual divisions may vary. When divisions believe that they have more accurate projections of their March 31 ADM, they 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 files only changes the estimated funding for accounts that are funded on the basis of ADM; the estimated funding for all other accounts is unaffected by changing ADM in the Excel file and, therefore, remains the same. The fiscal year 2016 final payments will not be finalized until they are recomputed using actual March 31, 2016, ADM and other final program participation information. The final fiscal year 2016 payments based on actual data will be communicated to you by a separate superintendent's memorandum later this year. Actual fiscal year 2017 and 2018 payments will not be finalized until after a similar process is followed in those years. 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 respective budgets adopted by the House of Delegates and by the Senate for the 2016-2018 biennium.

Also note that sales tax estimates in the Excel calculation files are revenue projections only. Actual sales tax payments made to school divisions in fiscal years 2016, 2017, and 2018 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.

The Excel calculation files referenced in this memorandum show 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 2016, 2017, and 2018. The Excel files 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.

Please note that the budget recommendations proposed by the House of Delegates and by the Senate are not final. A Conference Committee will make final recommendations after resolving the differences between the House and Senate budget proposals. The current legislative calendar indicates that the Conference Committee's recommendations will be presented to each chamber during the week of March 7th for consideration and final adoption.

Final budget action by each chamber will occur before adjournment of the 2016 Session, which is scheduled for March 12, 2016. After the conclusion of the session, the Department will provide you and your governing body with additional information and projected payments based on final General Assembly budget actions in a separate superintendent's memorandum. After adjournment, the adopted budgets for fiscal year 2016 and for the 2016-2018 biennium will be presented to the Governor. The Governor will have several options that include signing the budget with no changes, returning the budget to the General Assembly with amendments, or returning the budget to the General Assembly with some combination of vetoes and amendments. The General Assembly will consider any vetoes or amendments at the reconvened "veto session" scheduled for April 20, 2016.

Questions regarding the Senate's and House of Delegates' adopted amendments to the fiscal year 2016 budget and the 2016-2018 biennial budget and the revised estimates of Direct Aid payments for fiscal years 2016, 2017, and 2018 may be directed to Kent Dickey, deputy superintendent for finance and operations, or budget office staff at (804) 225-2025 or by e-mail (e-mail addresses available in the [Finance Directory](#)).

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Attachments:

- A. [FY 2016 Caboose Bill Senate & House Amendments](#) (PDF)
- B. [FY 2016-2018 Senate & House Amendments](#) (PDF)
- C. [Projected State Payments for FY 2016 Based on the Proposed House Amendments](#) (PDF)
- D. [Projected State Payments for FY 2016 Based on the Proposed Senate Amendments](#) (PDF)
- E. [Projected State Payments for 2016-2018 Based on the Proposed House Amendments](#) (PDF)
- F. [Projected State Payments for 2016-2018 Based on the Proposed Senate Amendments](#) (PDF)