



COMMONWEALTH of VIRGINIA
Department of Education

February 27, 2015

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

SUBJECT: Amendments to the 2014-2016 Biennial Budget Adopted by the 2015 General Assembly

Section 22.1-93, *Code of Virginia*, requires the Department of Education within fifteen days following final adjournment of the General Assembly to provide "...estimates to be used for budgetary purposes relative to the Basic School Aid Formula..." based upon the budget actions taken by the General Assembly with respect to public education. The revenue estimates provided in this memorandum represent the state funding that is projected to be distributed to school divisions in fiscal years 2015 and 2016 based on amendments to the 2014-2016 biennial budget adopted by the 2015 General Assembly on February 26, 2015. The adopted changes affect fiscal years 2015 and 2016. Fiscal year 2015 began on July 1, 2014, and ends on June 30, 2015. Fiscal year 2015 begins on July 1, 2015, and ends on June 30, 2016.

The budget amendments adopted by the 2015 General Assembly on February 26, 2015, change the amended 2014-2016 biennial budget as introduced by Governor McAuliffe (HB 1400/SB 800, reference [Superintendent's Memorandum No. 328-14](#), dated December 18, 2014). The attachments to this memorandum provide information on the changes adopted by the General Assembly to the amended 2014-2016 biennial budget. Unless changes are specifically noted in the attachments, Governor McAuliffe's proposed budget amendments contained in the introduced version of HB 1400/SB 800 were adopted. Please note that the amended 2014-2016 biennial budget adopted by the General Assembly and the projected state funding for each school division contained in Attachment A to this memorandum are based on the Department's latest projections of March 31 average daily membership (ADM) for those accounts that use ADM to determine the amount of funding.

The attachments to this memorandum include:

- [Attachment A](#) – A summary of changes adopted by the 2015 General Assembly to the amended 2014-2016 budget as introduced by Governor McAuliffe in HB 1400/SB 800. These changes are noted as "Final General Assembly Action" and are highlighted in italicized text. For reference purposes, this attachment also repeats the information presented in [Superintendent's Memorandum No. 328-14](#), dated December 18, 2014, that described the changes initially proposed by Governor McAuliffe in HB 1400/SB 800, and [Superintendent's Memorandum No. 034-15](#), dated February 13, 2015, that described the respective changes proposed by the House of Delegates and by the Senate.
- [Attachment B](#) – A report in .pdf format showing projected state Direct Aid funding and projected required local matches for each school division for fiscal years 2015 and 2016 based on the amended 2014-2016 biennial budget adopted by the General Assembly. The projected state funding and projected required local matches are based on the Department of Education's latest projections of March 31 average daily membership (ADM) for each year for accounts funded on the basis of ADM.

Several of the incentive, categorical and Lottery-funded accounts shown in Attachment B are funded on a reimbursement basis and represent the Department's latest projections of those reimbursements; however, final payments on these accounts in fiscal years 2015 and 2016 will be based on actual qualifying expenses submitted by school divisions to the Department and approved for reimbursement. Because Attachment B shows projected funding for each school division (based on the Department's projected March 31 ADM only) in .pdf format, the projected payments cannot be changed to test the impact of different ADM assumptions. If you wish to see the effects of a different ADM projection on funding for your school division in those accounts where funding is based on ADM, please use the Excel calculation file described in the next paragraph.

In addition to the funding information contained in Attachment B, a downloadable Excel file has been created to assist school divisions in calculating projected state funding and projected required local matches for fiscal years 2015 and 2016 for most Direct Aid programs based on the amended 2014-2016 biennial budget adopted by the 2015 General Assembly. The Excel calculation file containing the state funding estimates for the amended 2014-2016 biennial budget adopted by the 2015 General Assembly is located on the following Web site:

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.

The Excel file gives divisions the opportunity to change projected March 31 ADM to test the effect on projected state funding and projected local match requirements using the Department's projected ADM or a local projection of ADM for those accounts funded on the basis of ADM. (Attachment B contains projected state funding and required local match information for each school division in .pdf format based on the Department's projected ADM only and cannot be modified.) 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 to project state funding and required local matches.

Changing the projected March 31 ADM in the Excel file 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 this file and, therefore, remains the same. The fiscal year 2015 final payments will not be finalized until they are recomputed using actual March 31, 2015, ADM and other final program participation information. The final fiscal year 2015 payments based on actual data will be communicated to you in a separate superintendent's memorandum later this year. Actual fiscal year 2016 payments will not be finalized until after a similar process is followed next fiscal year. In addition to ADM, the "Enrollment Projections" worksheet provides the option of entering local enrollment projections for fiscal year 2016 only for the Remedial Summer School, English as a Second Language (ESL), and Virginia Preschool Initiative (VPI) programs. The fiscal year 2015 enrollments for these three programs are now final and may not be changed in the "Enrollment Projections" worksheet. Please also note that enrollments for VPI are capped at the number of student slots that are included in the VPI formula contained in the amended 2014-2016 biennial budget adopted by the 2015 General Assembly.

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 2015 and 2016 on a semi-monthly basis will be based on actual sales tax receipts. Pursuant to the appropriation act, the Basic Aid payment calculation is based on the estimated sales tax appropriation only and is not adjusted for actual sales tax revenues received during the year.

The amended 2014-2016 biennial budget passed by the 2015 General Assembly now goes to Governor McAuliffe for action. The Governor will have several options that include: signing the budget as presented to him with no changes, returning the budget to the General Assembly with amendments, returning the budget to the General Assembly with vetoes, or returning the budget to the General Assembly with some combination of vetoes and amendments.

After the Governor completes his actions on the budget, a reconvened “veto session” will occur where the General Assembly will consider any amendments or vetoes proposed by Governor McAuliffe. The reconvened session is scheduled for April 15, 2015. Consequently, unless signed by Governor McAuliffe with no changes, the amended 2014-2016 biennial budget adopted by the 2015 General Assembly will not become final until after the reconvened session has concluded and the Governor signs the budget into law. If budget changes are made at the reconvened session that impact school divisions, you will be notified in another memorandum.

Questions regarding either the amended 2014-2016 biennial budget adopted by the 2015 General Assembly or the projections of state Direct Aid funding for fiscal years 2015 and 2016 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](#)).

SRS/cs

Attachments:

- A. [FY 2014-2016 Adopted Amendments](#) (PDF)
- B. [Projected State Payments for 2014-2016 – Adopted Amendments](#) (PDF)

Copy to: local governing bodies