



COMMONWEALTH of VIRGINIA  
Department of Education

May 30, 2014

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

**SUBJECT: State Direct Aid to Public Education Funds Permitted to be Carried Forward from Fiscal Year 2014 to Fiscal Year 2015**

Section 22.1-100, *Code of Virginia*, requires school divisions to return unexpended state funds to the Commonwealth at the close of each fiscal year. However, Chapter 1, 2014 Special Session I Acts of Assembly (Caboose Bill), permits school divisions that have met required local effort and required local match for fiscal year 2014 to carry forward to fiscal year 2015 any remaining state fund balances that are unexpended as of June 30, 2014. Specifically, the appropriation act language (Item 139 B.24.b.) for fiscal year 2014 reads as follows:

*“Any locality that has met its required local effort for the Standards of Quality accounts for FY 2014 and that has met its required local match for incentive or Lottery-funded programs in which the locality elected to participate in FY 2014 may carry over into FY 2015 any remaining state Direct Aid to Public Education fund balances available to help minimize any FY 2015 revenue adjustments that may occur in state funding to that locality. Localities electing to carry forward such unspent state funds must appropriate the funds to the school division for expenditure in FY 2015.”*

This language permits school divisions to use carry forward funds to address any revenue shortfall related adjustments in state funding to the locality, regardless of the original purpose of such funds. The adopted language requires the state carry forward funds to be reappropriated by the local governing body to the school division's budget for fiscal year 2015.

This provision does not alter the existing requirement that school divisions must spend the fiscal year 2014 required local effort and required local match amounts before the end of fiscal year 2014, which ends on June 30, 2014.

The General Assembly's adopted budget also encourages certain local funds to be carried over into fiscal year 2015 by including the following language (Item 139 B.25.):

*“Localities are encouraged to allow school boards to carry over any unspent local allocations into the next fiscal year.”*

To be eligible to carry forward any local fund balances from fiscal year 2014 to fiscal year 2015, school divisions must meet their required local effort and required local match expenditure obligations in fiscal year 2014.

The General Assembly's adopted budget provides separate carry forward authority (Item 139 C.5.f.4) for the Textbooks account, which reads as follows:

*“Any funds provided to school divisions for textbook costs that are unexpended as of June 30, 2013, or June 30, 2014, shall be carried on the books of the locality to be appropriated to the school division the following year to be used for same purpose. School divisions are permitted to carry forward any remaining balance of textbook funds until the funds are expensed for a qualifying purpose.”*

A school division must first meet all required local effort and required local match obligations in the current fiscal year prior to carrying forward any portion of its state or local funds for Textbooks to the next fiscal year. If a division meets these requirements without spending all or a portion of its local matching funds for Textbooks (i.e., they meet their required local effort and required local match for all other required accounts), then the division is permitted to carry forward both the state and local shares of Textbooks funding.

The Department will notify school divisions regarding carry forward authority in the 2014-2016 biennial budget following enactment of the 2014-2016 budget.

If you have any questions regarding this information, please contact Kent Dickey, deputy superintendent for finance and operations, or budget office staff at (804) 225-2025.

SRS/lmf