



**#326-21**

**Commonwealth of Virginia  
Virginia Department of Education  
Superintendent's Memo #326-21**

DATE: December 17, 2021  
TO: Division Superintendents  
FROM: James F. Lane, Ed.D., Superintendent of Public Instruction  
SUBJECT: **2022-2024 Biennial Budget as Introduced by Governor Northam**

Governor Northam presented his 2022-2024 biennial budget on Thursday, December 16, 2021, before a joint session of the Senate Finance and Appropriations, the House Appropriations, and the House Finance committees. The Governor's introduced budget will be considered by the 2022 Session of the General Assembly, which is scheduled to convene on January 12, 2022. The Governor's introduced budget for the 2022-2024 biennium covers fiscal year 2023 (which begins on July 1, 2022) and fiscal year 2024 (which begins on July 1, 2023). The introduced budget bill containing the Governor's budget recommendations is House Bill 30/Senate Bill 30.

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 for the most recent funded salary amounts, prevailing support costs, inflation, enrollment projections, and other technical data updates, along with proposed policy changes. Among the key recommendations in Governor Northam's proposed 2022-2024 budget impacting public education funding include:

- Recomputed Composite Indices for the 2022-2024 biennium;
- Updated Sales Tax and Lottery revenue estimates dedicated to public education in fiscal years 2023 and 2024;

- Revisions to the employer rates for fringe benefit contributions paid to the Virginia Retirement System;
- State share for a 5.0 percent Compensation Supplement effective on July 1, 2022, and another 5.0 percent Compensation Supplement effective on July 1, 2023;
- Providing additional state funding for early childhood development in fiscal year 2023 and fiscal year 2024;
- Providing additional hold harmless state funding in fiscal year 2023 and fiscal year 2024 related to pandemic-impacted data used in the biennial rebenchmarking process;
- Providing additional state funding to expand the Early Reading Initiative to fourth and fifth grades in fiscal year 2023 and fiscal year 2024;
- Providing additional state funding to support students that are educationally at-risk in fiscal year 2023 and fiscal year 2024;
- Providing additional state funding to support English Language Learners in fiscal year 2023 and fiscal year 2024, and;
- Providing state funding for school construction grants in fiscal year 2023.

**Attachment A** to this memorandum provides detailed information on the funding changes proposed by the Governor for fiscal years 2023 and 2024 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 2023 and 2024 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 student 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, if the local estimates may be more accurate.

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 appropriation. Changing the ADM in the Excel file does not impact the payments that are made to divisions. Payments to divisions for fiscal year 2023 final payments will be updated and finalized based on March 31, 2023, ADM and other final program participation information in the later part of fiscal year 2023. The final fiscal year 2023 payments based on actual data will be communicated to school divisions by a separate Superintendent's Memorandum. Actual fiscal year 2024 payments will not be finalized until after a similar process is followed in that 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 introduced 2022-2024 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 2023 and 2024 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 2023 and 2024.

[Download the Excel calculation file via our website.](#)

[Please refer to the instructions available online](#) for assistance with the Excel file.

It is important to remember that the information provided in the Excel calculation file relates to the Governor's 2022-2024 biennial budget as introduced. The House of Delegates and the Senate will have the opportunity to amend the Governor's budget proposals during the 2022 General Assembly session, which is scheduled to begin on January 12, 2022, and projected to end on March 11, 2022. 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 2022 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 2023 payments will not be finalized until they are recomputed using actual March 31, 2023, ADM and other final program participation information. Actual fiscal year 2024 payments will not be finalized until after a similar process is followed in that year.

### For more information

Questions regarding the Governor's 2022-2024 biennial budget as introduced and the estimates of Direct Aid payments for fiscal years 2023 and 2024 may be directed to Kent Dickey, Deputy Superintendent of Budget, Finance, and Operations, or Ed Lanza, Director, Office of Budget, or Budget Office staff at (804) 225-2025 or by email at [DOEBUDGETOFFICE@doe.virginia.gov](mailto:DOEBUDGETOFFICE@doe.virginia.gov).

JFL/eml

- A. Attachment: [Governor's Introduced Budget for the 2022-2024 Biennium](#) (DOCX)
- B. Attachment: [Summary of 2022-2024 Biennial Budget Highlights](#) (DOCX)