



COMMONWEALTH of VIRGINIA
Department of Education

DATE: February 27, 2019

TO: Division Superintendents

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

SUBJECT: Amendments to the 2018-2020 Biennial Budget Adopted by the 2019 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 2019 and 2020 based on amendments to the 2018-2020 biennial budget adopted by the 2019 General Assembly on February 24, 2019. The adopted changes affect fiscal years 2019 and 2020. Fiscal year 2019 began on July 1, 2018, and ends on June 30, 2019. Fiscal year 2020 begins on July 1, 2019, and ends on June 30, 2020.

The budget amendments adopted by the 2019 General Assembly on February 24, 2019, change the 2018-2020 biennium budget (HB 1700/SB 1100, reference [Superintendent's Memorandum No. 342-18](#), dated December 18, 2018) introduced by Governor Northam. The attachment and links within this memorandum provide information on the changes adopted by the 2019 General Assembly. Unless changes are specifically noted in the attachments, Governor Northam's proposed amendments contained in the introduced versions of HB 1700/SB 1100 were adopted. Please note that the amended 2018-2020 biennial budget adopted by the 2019 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.

[Attachment A](#) to this memorandum provides detailed information on the funding changes adopted by the 2019 General Assembly for fiscal years 2019 and 2020 that impact the Direct Aid to Public Education and the Virginia Department of Education (VDOE) Central Office budgets. 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. 342-18](#), dated December 18, 2018, that described the changes initially proposed by Governor Northam in HB 1700/SB 1100, and [Superintendent's Memorandum No. 039-19](#), dated February 8, 2019, that described the respective changes proposed by the House of Delegates and the Senate.

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 average daily membership (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 division 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 ADM estimates for those provided in this memorandum when using the Excel calculation file if they feel their local projections of enrollment are more accurate.

Please note that changing the ADM values 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 files and, therefore, remain 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 current 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 for fiscal year 2020 only. Please note that enrollments for VPI are capped at the number of student slots that are funded in the VPI formula contained in the amended budget for the 2018-2020 biennium adopted by the 2019 General Assembly.

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 files may be downloaded from the [Direct Aid Payment Calculation Templates website](#).

For assistance downloading the Excel calculation template, please refer to the [File Download Instructions website](#).

The amended 2018-2020 biennial budget adopted by the 2019 General Assembly now goes to Governor Northam 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 Northam. The reconvened session is scheduled for April 3, 2019. Consequently, unless signed by Governor Northam with no changes, the amended 2018-2020 biennial budget adopted by the 2019 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 the 2019 General Assembly’s adopted amendments to the 2018-2020 biennial budget and the revised estimates of Direct Aid payments for fiscal years 2019 and 2020 may be directed to Kent Dickey, Deputy Superintendent of Budget, Finance, and Operations, or budget office staff at (804) 225-2025 or by email at DOEBUDGETOFFICE@doe.virginia.gov.

JFL/eml

Attachment

A: [2019 General Assembly Adopted Amendments to the 2018-2020 Budget](#) (Word)