



COMMONWEALTH of VIRGINIA
Department of Education

DATE: March 13, 2020

TO: Division Superintendents

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

SUBJECT: **Adoption of the Fiscal Year 2020 Caboose Budget and the 2020-2022 Biennial Budget by the 2020 General Assembly**

Section 22.1-93, *Code of Virginia*, requires the Virginia Department of Education (VDOE) within fifteen days following final adjournment 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 (FY) 2020, 2021, and 2022 based on final budget actions by the 2020 General Assembly. The General Assembly adopted its final changes to the FY 2020 "Caboose Budget" and the 2020-2022 biennial budget on March 12, 2020.

The amendments adopted to the Direct Aid to Public Education budget for FY 2020 are mostly technical in nature. The budget bill containing the General Assembly's adopted amendments for FY 2020 is House Bill (HB) 29, which now goes to Governor Northam for review and action. FY 2020 began on July 1, 2019, and will end on June 30, 2020.

The budget bill containing the General Assembly's adopted amendments for the 2020-2022 biennium is House Bill (HB) 30, which now goes to Governor Northam for review and action. FY 2021 will begin on July 1, 2020, and end on June 30, 2021. FY 2022 will begin on July 1, 2021, and end on June 30, 2022.

The attachments to this memorandum provide information on the budget changes adopted by the General Assembly. Unless changes are specifically noted in the attachments, Governor Northam's proposed amendments contained in the introduced versions of HB 29/SB 29 and HB 30/SB 30 were adopted by both chambers.

[Attachment A](#) to this memorandum provides detailed information on the funding changes adopted by the General Assembly to Governor Northam's amended FY 2020 budget (HB 29/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 adopted by the General Assembly to Governor Northam's introduced 2020-2022 biennial budget (HB 30/SB 30) that impact the Direct Aid to Public Education and the Department of Education's Central Office budgets.

Two downloadable Excel files have been created to assist school divisions in calculating projected state payments and required local matches in FY 2020, 2021, and 2022 for most Direct Aid programs. These files give divisions the opportunity to change average daily membership (ADM) to test the effect on projected state funding and local match requirements using VDOE projected ADM or a local projection of ADM. Although the VDOE ADM projections are historically accurate on a statewide basis, VDOE 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 VDOE. Divisions are encouraged to substitute their ADM estimates for those provided in this memorandum when using the Excel files if they feel their local projections of enrollment are more accurate.

Please note that changing the ADM values in the Excel files only changes the estimated amount 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. Also, for each fiscal year, the amounts of semi-monthly payments for accounts that are paid using ADM are based only on the General Assembly's adopted budget projections of March 31 ADM, pending the recalculation of payments based on final March 31 ADM and are subject to available state appropriations. Changing the ADM in the Excel files does not impact the current payments that are made to divisions. Final payments to divisions for FY 2020 will be updated and based on March 31, 2020, ADM and other final program participation information. The final FY 2020 payments based on actual data will be communicated to school divisions by a separate Superintendent's Memorandum later this year. Actual FY 2021 and 2022 payments will not be finalized until after a similar process is followed 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 for FY 2021 and 2022. Please note that enrollments for VPI are capped at the number of student slots that are funded in the VPI formula contained in the budget adopted by the General Assembly for the 2020-2022 biennium.

Sales tax estimates in the Excel files are revenue projections only. Actual sales tax payments made to school divisions in FY 2020, 2021, and 2022 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 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 FY 2020, 2021, and 2022.

The Excel files may be downloaded from the following link:

[Website for Downloadable Excel files](#)

For assistance downloading the Excel file, please refer to the instructions available at the following link:

[Website for Download Instructions](#)

The budgets adopted by the General Assembly for FY 2020 and for the 2020-2022 biennium now go to Governor Northam for action. The Governor will have several options that include signing the budgets as presented to him with no changes, returning the budgets to the General Assembly with amendments, returning the budgets to the General Assembly with vetoes, or returning the budgets to the General Assembly with some combination of vetoes and amendments. After Governor Northam completes any actions on the budgets, the General Assembly will consider any vetoes or amendments proposed by the Governor at the reconvened “veto session” scheduled for April 22, 2020. Consequently, unless signed by Governor Northam, the FY 2020 caboose budget and the 2020-2022 biennial budget, as adopted by the 2020 General Assembly, will not become final until after any final actions at the veto session. If budget changes are made during this process that affect school divisions, you will be notified in another Superintendent’s Memorandum.

Questions regarding the General Assembly’s adopted amendments to the 2020 budget and the 2020-2022 biennial budget and the revised estimates of Direct Aid payments for FY 2020, 2021, and 2022 may be directed to Ed Lanza, Director of Budget Office, or Budget Office staff at (804) 225-2025 or by email at DOEBUDGETOFFICE@doe.virginia.gov.

JFL/eml

Attachments

A: [General Assembly Amendments to the Fiscal Year 2020 Budget](#) (Word)

B: [General Assembly Amendments to Governor Northam’s Introduced 2020-2022 Biennial Budget](#) (Word)