# Superintendent’s Memo #325-20


**COMMONWEALTH of VIRGINIA
Department of Education**

DATE: December 16, 2020

TO: Division Superintendents

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

## SUBJECT: 2020-2022 Amended Biennial Budget as Introduced by Governor Northam

Governor Northam presented his amended 2020-2022 biennial budget on Wednesday, December 16, 2020, before a joint session of the Senate Finance and Appropriations, the House Appropriations, and the House Finance committees. The amended budget, known as House Bill 30/Senate Bill 30, will be considered by the 2021 Session of the General Assembly, which is scheduled to convene on January 13, 2021. The Governor’s introduced amended budget for the 2020-2022 biennium covers fiscal year (FY) 2021 (which began on July 1, 2020) and FY 2022 (which begins on July 1, 2021). The base budget against which the Governor’s recommendations are made is the Chapter 56 budget adopted at the 2020 Special Session I, which adjourned in November.

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, enrollment projections, and other technical data updates, along with proposed policy changes. Among the key recommendations in Governor Northam’s amended 2020-2022 budget impacting public education funding include:

* Updating Sales Tax and Lottery revenue estimates dedicated to public education in FY 2021 and 2022;
* State share of a 2.0 percent bonus for SOQ-funded instructional and support personnel effective on July 1, 2021;
* Restoring state funding for various Virginia Preschool Initiative and early childhood initiatives in FY 2022 that were unallotted in the Chapter 1289 budget of the 2020 General Assembly;
* Providing additional state funding for school counselors in FY 2022;
* Providing state funding for a no loss program (compared to Chapter 56, 2020 Special Session I Acts of Assembly) in FY 2021 and FY 2022.

[Attachment A](http://www.doe.virginia.gov/administrators/superintendents_memos/2020/325-20a.docx) provides detailed information on the funding changes proposed by the Governor for FY 2021 and 2022 that impact the Direct Aid to Public Education and the Virginia Department of Education (VDOE) Central Office budgets.

The Governor’s amended 2020-2022 biennial budget includes several considerations for the funding impacts related to the COVID-19 pandemic. These funding decisions preserve state funding in several Direct Aid programs in FY 2022, assuming that student enrollments and program participation normalizes for the 2021-2022 school year. Direct Aid programs affected by these funding decisions include State Operated Programs, Foster Care, Remedial Summer School, Special Education Regional Tuition, and School Breakfast Incentive. School divisions should expect to see lower distribution projections for these programs in the calculation template in FY 2022 compared to the projections in Chapter 56, Special Session I Acts of Assembly. However, additional state funding that is preserved in the Governor’s amended 2020-2022 biennial budget should allow school divisions to receive payments based on actual participation in these programs in FY 2022 as program enrollments normalize.

A downloadable Excel file has been created to assist school divisions in calculating projected state payments and required local matches in FY 2021 and 2022 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 VDOE ADM projections are historically accurate on a statewide basis, VDOE cannot anticipate all factors in each locality 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 estimates for those provided in this memorandum when using the Excel file.

Please note that changing the ADM value in the Excel file only changes the estimated funding for accounts that are paid 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. For each FY, the amount of semi-monthly SOQ account payments is based only on the budget projections of each division’s 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 payments that are made to divisions. Payments to divisions for FY 2021 will be updated and finalized based on March 31, 2021, ADM and other final program participation information. The final FY 2021 payments based on actual data will be communicated to school divisions by a separate Superintendent’s Memorandum later in the FY. Actual FY 2022 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. 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 2020-2022 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 FY 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 FY.

The Excel 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 FY 2021 and 2022. The Excel file may be downloaded from the following Web address:

<http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml>

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

<http://www.doe.virginia.gov/school_finance/filedownload_instructions.shtml>

It is important to remember that the information provided in the Excel file relates to the Governor’s 2020-2022 amended biennial budget as introduced. The House of Delegates and the Senate will have the opportunity to amend the Governor’s budget proposals during the 2021 General Assembly session, which is scheduled to begin on January 13, 2021, and projected to end on February 27, 2021. For that reason, the estimated payments contained in the Excel file are projections only and are subject to change as a result of legislative action.

VDOE 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 divisions in another Superintendent’s Memorandum.

Questions regarding the Governor’s 2020-2022 amended biennial budget as introduced and the estimates of Direct Aid payments for FY 2021 and 2022 may be directed to Budget Office staff at (804) 225-2025 or by email at DOEBUDGETOFFICE@doe.virginia.gov.

JFL/eml

Attachments

A: [Governor’s Amended Budget for the 2020-2022 Biennium](http://www.doe.virginia.gov/administrators/superintendents_memos/2020/325-20a.docx) (Word)