



COMMONWEALTH of VIRGINIA
DEPARTMENT OF EDUCATION

DATE: December 16, 2022

TO: Division Superintendents

FROM: Jillian Balow, Superintendent of Public Instruction

SUBJECT: **2022-2024 Amended Biennial Budget as Introduced by Governor Youngkin**

Governor Youngkin presented his amended 2022-2024 biennial budget on Thursday, December 15, 2022, 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 1400/Senate Bill 800, will be considered by the 2023 Session of the General Assembly, which is scheduled to convene on January 11, 2023. The Governor's amended budget for the 2022-2024 biennium covers fiscal year (FY) 2023 (which began on July 1, 2022) and FY 2024 (which begins on July 1, 2023). The base budget against which the Governor's recommendations are made is the Chapter 2 budget adopted in June 2022 at the 2022 Special Session I General Assembly.

The recommendations made by Governor Youngkin 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 enrollment projections, program participation, and other technical data updates, along with proposed policy changes. Among the key recommendations in Governor Youngkin's amended 2022-2024 budget impacting public education funding include:

- Updating Sales Tax and Lottery revenue estimates dedicated to public education in FY 2023 and 2024;
- Providing \$45.2 million general funds in FY 2024 for a one-time, one percent retention bonus to instructional and support positions;
- Providing \$50.0 million general funds in FY 2024 for a teacher pay for performance initiative;
- Providing \$7.2 million in FY 2024 for math specialists;

- Increasing College Partnership Laboratory School funding in FY 2023 by \$50.0 million;
- Increasing funding for mixed-delivery preschool in FY 2024 by \$20.0 million;
- Providing \$10.0 million general funds in FY 2024 for Teacher Recruitment Incentives;

Providing \$16.9 million in FY 2024 to expand funding for reading specialists to grades 4 and 5.

Attachment A provides detailed information on the funding changes proposed by the Governor for FY 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 FY 2023 and 2024 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 fiscal year, 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 fiscal 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 2023 will be updated and finalized based on March 31, 2023, ADM and other final program participation information. The final FY 2023 payments based on actual data will be communicated to school divisions by a separate Superintendent's Memorandum later in the fiscal year. Actual FY 2024 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 amended 2022-2024 budget as introduced.

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 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 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 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 file relates to the Governor's 2022-2024 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 2023 General Assembly session, which is scheduled to begin on January 11, 2023, and projected to end on February 25, 2023. 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 2023 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 2022-2024 amended biennial budget as introduced and the estimates of Direct Aid payments for FY 2023 and 2024 may be directed to Budget Office staff at (804) 225-2025 or by email at DOEBUDGETOFFICE@doe.virginia.gov.

JB/eml

Attachment:

- A. [Governor's Amended Budget for the 2022-2024 Biennium](#) (DOCX)