



COMMONWEALTH of VIRGINIA
Department of Education

March 16, 2016

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

SUBJECT: Adoption of the Fiscal Year 2016 Caboose Budget and the 2016-2018 Biennial Budget by the 2016 General Assembly

Section 22.1-93, *Code of Virginia*, requires the Department of Education 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 2016, 2017, and 2018 based on final budget actions by the 2016 General Assembly. The General Assembly adopted its final changes to the fiscal year 2016 "caboose budget" and the 2016-2018 biennial budget on March 11, 2016.

The amendments adopted to the Direct Aid to Public Education budget for fiscal year 2016 are mostly technical in nature. The budget bill containing the General Assembly's adopted amendments for fiscal year 2016 is House Bill (HB) 29, which now goes to Governor McAuliffe for review and action. Fiscal year 2016 began on July 1, 2015, and ends on June 30, 2016.

The budget bill containing the General Assembly's adopted amendments for the 2016-2018 biennium is House Bill (HB) 30, which now goes to Governor McAuliffe for review and action. Fiscal year 2017 begins on July 1, 2016, and ends on June 30, 2017. Fiscal year 2018 begins on July 1, 2017, and ends on June 30, 2018.

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 McAuliffe's proposed amendments contained in the introduced versions of HB/SB 29 and HB/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 McAuliffe's amended fiscal year 2016 budget (HB 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 McAuliffe's introduced 2016-2018 budget (HB 30) that impact the Direct Aid to Public Education and the Department of Education Central Office budgets.

[Attachment C](#) to this memorandum lists the projected state payments (and required local matches) for each school division for the Standards of Quality (SOQ), incentive, categorical, and Lottery-funded accounts for fiscal year 2016 based on the funding changes adopted by the General Assembly to Governor McAuliffe's amended fiscal year 2016 budget (HB 29).

[Attachment D](#) to this memorandum lists the projected state payments (and required local matches) for each school division for the Standards of Quality (SOQ), incentive, categorical, and Lottery-funded accounts for fiscal year 2017 and fiscal year 2018 based on the funding changes adopted by the General Assembly to Governor McAuliffe's introduced 2016-2018 budget (HB 30).

The projected Direct Aid payments adopted by the General Assembly in Attachments C and D use the Department of Education's latest projections of March 31 average daily membership (ADM) for each school division for fiscal years 2016, 2017, and 2018. The payments shown in Attachments C and D do not include the direct grants (Financial Assistance for Supplemental Education service area) authorized by the General Assembly that are unique to certain school divisions. Several of the categorical, incentive, and Lottery-funded account payments shown in Attachments C and D are funded on a reimbursement basis and represent the Department's latest projected payments; however, final payments on these accounts in fiscal years 2016, 2017, and 2018 will be based on actual, eligible reimbursement requests submitted by school divisions. Because Attachments C and D show projected payments for each school division (based on the Department's projected March 31 ADM only) in .pdf format only, they cannot be changed to test the impact of different ADM assumptions. If you wish to see the effects of a different ADM on funding for your school division, please use the Excel calculation files described in the next paragraph.

In addition to the projected payment information contained in Attachments C and D, two downloadable Excel files have been created to assist school divisions in calculating projected state payments and required local matches in fiscal years 2016, 2017, and 2018 for most Direct Aid programs based on the budgets adopted by the General Assembly. These two Excel files give 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 we have confidence in the accuracy of our ADM projections on a statewide basis, experience has shown that the accuracy of our projections for individual divisions may vary. When divisions believe that they have more accurate projections of their March 31 ADM, they are encouraged to substitute their estimates for those provided in this memorandum when using the Excel calculation file.

Please note that changing the ADM value in the Excel files only changes the estimated funding for accounts that are funded on the basis of ADM; the estimated funding for all other accounts is unaffected by changing ADM in the Excel file and, therefore, remains the same. The fiscal year 2016 final payments will not be finalized until they are recomputed using actual March 31, 2016, ADM and other final program participation information. The final fiscal year 2016 payments based on actual data will be communicated to you in a separate superintendent's memorandum later this year. Actual fiscal year 2017 and 2018 payments will not be finalized until after a similar process is followed in those years. In addition to ADM, the "Enrollment Projections" worksheet provides, for fiscal years 2017 and 2018, 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 division enrollments for VPI are capped at the number of student slots that are funded for each division in the VPI formula for the 2016-2018 biennium. The option to enter such local enrollment projections is not available for fiscal year 2016 since that enrollment data is now final.

Also note that sales tax estimates in the Excel calculation files are revenue projections only. Actual sales tax payments made to school divisions in fiscal years 2016, 2017, and 2018 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 during the year.

The Excel calculation 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 fiscal years 2016, 2017, and 2018. The Excel files 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 calculation template, please refer to the instructions available at the following link:

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

The General Assembly adopted budgets for fiscal year 2016 and for the 2016-2018 biennium now go to Governor McAuliffe 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 McAuliffe 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 20, 2016. Consequently, unless signed by Governor McAuliffe with no changes, the fiscal year 2016 caboose budget and the 2016-2018 biennial budget as adopted by the 2016 General Assembly will not become final until the Governor signs these budgets into law. If budget changes are made during this process that affect school divisions, you will be notified in another memorandum.

Questions regarding the General Assembly’s adopted amendments to the fiscal year 2016 budget and the 2016-2018 biennial budget and the revised projections of Direct Aid payments for fiscal years 2016, 2017, and 2018 may be directed to Kent C. Dickey, deputy superintendent for finance and operations, or budget office staff at (804) 225-2025 or by e-mail (e-mail addresses available in the [Finance Directory](#)).

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Attachments:

- A. [FY 2016 Caboose Budget General Assembly Amendments](#) (PDF)
- B. [2016-2018 Biennial Budget General Assembly Amendments](#) (PDF)
- C. [Projected State Payments for FY 2016 Based on the General Assembly Amendments](#) (PDF)
- D. [Projected State Payments for 2016-2018 Based on the General Assembly Amendments](#) (PDF)

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