



COMMONWEALTH of VIRGINIA  
Department of Education

December 17, 2015

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

**SUBJECT: Amendments to the Fiscal Year 2016 Direct Aid to Public Education Budget as Proposed by Governor McAuliffe (the “Caboose Bill”)**

Governor McAuliffe’s proposed amendments to the fiscal year 2016 state budget (the “Caboose Bill”) were presented on Thursday, December 17, 2015, before a joint session of the Senate Finance, the House Appropriations, and the House Finance committees. These amendments to the fiscal year 2016 (i.e., July 1, 2015 through June 30, 2016) budget will be considered by the 2016 Session of the General Assembly, which is scheduled to convene on January 13, 2016. The introduced budget bill containing the Governor’s amendments is House Bill 29/Senate Bill 29. The Governor’s proposed changes amend the fiscal year 2016 budget adopted at the 2015 Session (i.e., Chapter 665, 2015 Virginia Acts of Assembly).

The recommendations made by the Governor regarding the Direct Aid to Public Education budget include technical adjustments to the Standards of Quality (SOQ), incentive, categorical, supplemental education, and Lottery-funded accounts. [Attachment A](#) to this memorandum provides a summary of the funding changes proposed by the Governor for fiscal year 2016 that affect the Direct Aid to Public Education budget.

Key changes summarized in Attachment A include technical updates to fall membership and March 31 average daily membership (ADM), revised sales tax and Lottery revenue estimates, and updates to enrollments and participation in various incentive, supplemental education, and categorical programs. [Attachment B](#) to this memorandum provides the estimated state payments for each school division for the SOQ, incentive, categorical, and Lottery-funded accounts for fiscal year 2016 based on the Governor’s proposed amendments. The estimated payments shown in Attachment B are based on the Department of Education’s latest projections of March 31, 2016, average daily membership (ADM). The estimated payments shown in Attachment B do not include the supplemental education grants authorized by the General Assembly that are unique to certain school divisions.

Several of the categorical account payments shown in Attachment B are funded on a reimbursement basis and represent the Department’s latest projected payments; however, final payments on these accounts for fiscal year 2016 will be based on actual, eligible reimbursement requests submitted by school divisions and approved by the Department.

In addition to the estimated payment information contained in Attachment B, a downloadable Excel file has been created to assist school divisions in calculating projected state payments and required local matches for fiscal year 2016 for most Direct Aid programs. This file gives 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.

(Attachment B contains projected state payment information for each school division in .pdf format based on the Department's projected ADM only and cannot be modified.)

Although we have confidence in the accuracy of our ADM projections on a statewide basis, experience has shown that the accuracy of our ADM 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 calculation file 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. Additionally, enrollments provided in the "Enrollment Projections" worksheet for Remedial Summer School, English as a Second Language (ESL), and Virginia Preschool Initiative (VPI) programs are actual fiscal year 2016 enrollments, and cannot be changed.

Also note that sales tax estimates in the Excel calculation file are revenue estimates only. Actual sales tax payments made to school divisions on a semi-monthly basis in fiscal year 2016 will be based on actual sales tax receipts. Pursuant to the appropriation act, the Basic Aid payment calculation is based on the estimated sales tax appropriation only and is not adjusted for actual sales tax revenues received.

The Excel calculation file referenced in this memorandum shows state payments, required local effort for the SOQ accounts, and required local matches for Lottery-funded accounts calculated based on projected March 31, ADM for fiscal year 2016. The Excel file may be downloaded from the following Web address:

[http://www.doe.virginia.gov/school\\_finance/budget/calc\\_tools/index.shtml](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](http://www.doe.virginia.gov/school_finance/filedownload_instructions.shtml).

### **Special Note**

It is important to remember that the information provided in Attachments A and B and in the Excel calculation file relates to the Governor's proposed budget amendments for fiscal year 2016 as introduced. The House of Delegates and the Senate will have the opportunity to amend the Governor's budget proposals during the 2016 General Assembly session. The General Assembly will adopt a final fiscal year 2016 budget before the end of the session, which will be approximately the second week of March, 2016; therefore, the estimated payments contained in Attachment B and in the Excel calculation file are projections only and are subject to change as a result of legislative action by the 2016 General Assembly.

The Department will provide additional information during the General Assembly session as changes to the estimated fiscal year 2016 Direct Aid funding occur. After the conclusion of the session, projected payments based on final General Assembly actions will be sent to you in another Superintendent's Memorandum. Please note, the actual fiscal year 2016 payments will not be finalized until they are recomputed using actual March 31, 2016, ADM and other final program participation information.

If you have any questions or need additional information concerning the Governor's proposed amendments to the fiscal year 2016 budget and the revised Direct Aid estimated payments for fiscal year 2016, please contact Kent Dickey, deputy superintendent for finance and operations, or the budget office at (804) 225-2025 or by e-mail at [DOEBUDGETOFFICE@doe.virginia.gov](mailto:DOEBUDGETOFFICE@doe.virginia.gov).

SRS/cd

Attachment:

A. [Governor's Amendments to the Fiscal Year 2016 Budget](#) (PDF)

B. [Projected Fiscal Year 2016 Payments Based on the Governor's Introduced Amendments](#) (PDF)