



#325-21

**Commonwealth of Virginia
Virginia Department of Education
Superintendent's Memo #325-21**

DATE: December 17, 2021
TO: Division Superintendents
FROM: James F. Lane, Ed.D., Superintendent of Public Instruction
SUBJECT: **Amendments to the Fiscal Year 2022 Direct Aid to Public Education Budget as Proposed by Governor Northam (the "Caboose Bill")**

Governor Northam's proposed amendments to the fiscal year 2022 budget (the "Caboose Bill") were presented on Thursday, December 16, 2021, before a joint session of the Senate Finance and Appropriations, the House Appropriations, and the House Finance committees. The Governor's amendments to the fiscal year 2022 budget will be considered by the 2022 Session of the General Assembly, which is scheduled to convene on January 12, 2022. The Governor's amendments adjust funding for fiscal year 2022, which began on July 1, 2021, and ends June 30, 2022. The Governor's proposed changes amend the fiscal year 2022 budget adopted at the 2021 Special Session I (i.e., Chapter 552, 2021 Special Session I Virginia Acts of Assembly). The introduced budget bill containing the Governor's amendments is House Bill 29/Senate Bill 29.

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. **Attachment A** to this memorandum provides detailed information on the funding changes proposed by the Governor for fiscal year 2022 that impact the Direct Aid to Public Education and the Virginia Department of Education (VDOE) Central Office budgets.

No changes are proposed for fiscal year 2022 to the employer contribution rates for the Virginia Retirement System from the rates adopted last legislative session in the Chapter 552 budget.

A downloadable Excel file has been created to assist school divisions in calculating projected state payments and required local matches in fiscal year 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 the Department's ADM projections are historically accurate on a statewide basis, the Department cannot anticipate all factors in each locality that may impact enrollment. It may be necessary for divisions to use their own ADM projections instead of the projections provided by the Department. Divisions are encouraged to substitute their estimates for those provided in this memorandum when using the Excel calculation file if the division's ADM estimates reflect more current enrollment information.

Please note that changing the ADM value in the Excel file only changes the estimated funding 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 file and, therefore, remains the same. Also, for each fiscal year, the payment of semi-monthly SOQ account payments is based only on the General Assembly's adopted budget projections of division 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 fiscal year 2022 final payments will be updated and finalized based on actual March 31, 2022, ADM and other final program participation information. The final fiscal year 2022 payments based on actual data will be communicated to school divisions by a separate Superintendent's Memorandum later this year. In addition, 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 2022 enrollments, and cannot be changed.

Also note that sales tax estimates in the Excel calculation file are revenue projections only. Actual sales tax payments made to school divisions in fiscal year 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 calculation 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 fiscal year 2022.

- [Download the Excel calculation template](#)
- [Access online instructions for using the calculation template](#)

It is important to remember that the information provided in the Excel calculation file relates to the Governor's proposed amendments to the 2020-2022 budget as introduced. The House of Delegates and the Senate will have the opportunity to amend the Governor's budget proposals during the 2022 General Assembly session, which is scheduled to begin on January 12, 2022, and projected to end on March 11, 2022. For that reason, the estimated payments contained in the Excel calculation file are projections only and are subject to change as a result of legislative action by the 2022 General Assembly.

The Department 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 you in another Superintendent's Memorandum. Please note, the actual fiscal year 2022 payments will not be finalized until they are recomputed later in the year using actual March 31, 2022, ADM and other final program participation information.

For more information

Questions regarding the Governor's proposed amendments to the fiscal year 2022 budget and the revised estimates of Direct Aid payments for fiscal year 2022 may be directed to Kent Dickey, Deputy Superintendent of Budget, Finance, and Operations, or Ed Lanza, Director, Office of Budget, or Budget Office staff at (804) 225-2025 or by email at DOEBUDGETOFFICE@doe.virginia.gov.

JFL/eml

- A. Attachment: [Governor's Amendments to the Fiscal Year 2022 Budget](#) (DOCX)