



COMMONWEALTH of VIRGINIA

Department of Planning and Budget

DANIEL S. TIMBERLAKE
Director

1111 E. Broad Street
Room 5040
Richmond, VA 23219-1922

November 15, 2012

The Honorable Walter A. Stosch
Chairman
Senate Finance Committee
P.O. Box 396
General Assembly Building
Richmond, Virginia 23218

The Honorable Lacey E. Putney
Chairman
House Appropriations Committee
P.O. Box 406
General Assembly Building
Richmond, Virginia 23218

Dear Messrs. Chairmen:

In accordance with Paragraph B.14 of Item 139, Chapter 3, 2012 Acts of Assembly, Special Session I, I have enclosed the report providing an update on Standards of Quality (SOQ) expenditures.

Because this session will amend the current budget and does not involve the re-benchmarking process, changes in the SOQ costs are limited and primarily include only technical updates. At this time, there are no changes proposed for the sales tax revenues dedicated to public education or to the Lottery Proceeds Fund. Any changes to those revenue estimates will not be available until after the Governor's Advisory Council on Revenue Estimates meets later this month.

In addition, the impact of updates to the fall membership and average daily membership enrollment counts are not available at this time. The Department of Education is still in the process of receiving finalized data submissions by school divisions. These submissions must then be analyzed and verified to determine the impact on the total cost of public education.

Finally, Bedford County and Bedford City have notified the Department of Education that the two school divisions will complete the consolidation process by July 1, 2013. Pursuant to Paragraph A.4.c.1) of Item 139, Chapter 3, 2012 Acts of Assembly, Special Session 1, the newly combined Bedford County school division is eligible to use the lower composite index value of Bedford City to calculate the local share of any state payments adjusted by the composite index. The consolidation of the Bedford County and Bedford City school divisions results in an additional state share of cost of \$6.2 million in fiscal year 2014.

The Honorable Walter A. Stosch
The Honorable Lacey E. Putney

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I hope you find this information useful.

Sincerely,

A handwritten signature in black ink, appearing to read "D. S. Timberlake", written in a cursive style.

Daniel S. Timberlake

Enclosure

c: The Honorable Richard D. Brown, Secretary of Finance
Betsey Daley, Staff Director, Senate Finance Committee
Robert Vaughn, Staff Director, House Appropriations Committee
Patricia I. Wright, Superintendent of Public Instruction

*Annual Report
to the General Assembly on the
Updates to the Standards of Quality*



**Virginia Department of Planning and Budget
November 15, 2012**

Updates to the Standards of Quality

In accordance with Chapter 3, 2012 Acts of Assembly, Special Session I, the Department of Planning and Budget (DPB), in coordination with the Department of Education (DOE), has prepared the annual report on the updates to the Standards of Quality (SOQ), based upon the most current data available for the 2012-2014 biennium. Because this session will amend the current budget and does not involve the re-benchmarking process, changes in the SOQ costs are limited and primarily include only technical updates.

This report does not include revisions to either the sales tax revenues dedicated to public education or the Lottery Proceeds Fund. Any changes to those revenue estimates will not be available until after the Governor's Advisory Council on Revenue Estimates (GACRE) meets on November 19, 2012.

Also not included in this report is the impact of updates to the fall membership and average daily membership enrollment counts, which are not available at this time. The Department of Education is still in the process of receiving finalized data submissions by school divisions. These submissions must then be analyzed and verified before determining the impact on the total cost of public education.

The estimated impact has been determined for the consolidation of the Bedford County and Bedford City school divisions. The divisions have notified the Department of Education that they will complete the consolidation process by July 1, 2013. Pursuant to Paragraph A.4.c.1) of Item 139, Chapter 3, 2012 Acts of Assembly, Special Session 1, the newly combined Bedford County school division is eligible to use the lower composite index value of Bedford City to calculate the local share of any state payments adjusted by the composite index. It is estimated that the consolidation of the Bedford County and Bedford City school divisions will result in an additional state share of cost of \$6.2 million in fiscal year 2014. The use of the lower index value of Bedford City shall remain in effect for a period of fifteen years, unless a lower composite index is calculated in subsequent biennia for the combined division through the process for computing an index figure.

These are the only potential updates to the Standards of Quality (SOQ) that are known at the time of publication of this report. Additional updates, if any, will be included in the Governor's Amended Budget for the 2012-2014 biennium, which is scheduled to be submitted to the General Assembly on Monday, December 17, 2012.