



COMMONWEALTH of VIRGINIA

Department of Planning and Budget

DANIEL S. TIMBERLAKE
Director

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

November 14, 2014

The Honorable Walter A. Stosch
Co-Chairman, Finance Committee
Senate of Virginia
4551 Cox Road, Suite 110
Glen Allen, Virginia 23060-6740

The Honorable Charles J. Colgan, Sr.
Co-Chairman, Finance Committee
Senate of Virginia
10677 Aviation Lane
Manassas, Virginia 20110-2701

Dear Senators Stosch and Colgan:

In accordance with Item 136, Paragraph B.14, Chapter 2, 2014 Acts of Assembly, Special Session 1, I am enclosing an update on the Standards of Quality (SOQ) expenditures based on the most current data available.

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, no changes are proposed for the sales tax revenues dedicated to public education. Such changes will not be available until after the Governor's Advisory Council on Revenue Estimates meets on November 24, 2014. Changes to the estimated revenues from the Lottery Proceeds Fund are available at this time. The Virginia Lottery Board estimates a net income projection of \$529,504,330 in FY 2015 and \$531,667,925 in FY 2016. These estimates will increase the Lottery Proceeds Fund by an additional \$4.5 million in FY 2015 and \$21.7 million in FY 2016 beyond what is appropriated in the current Appropriation Act.

The impact of updates to the fall membership and average daily membership enrollment counts are not available at this time. The Department of Education (DOE) is still in the process of analyzing and verifying the data submissions by school divisions, which must be completed to determine the impact on the total cost of public education. However, based on preliminary findings, the enrollment figures are approximately 1,500 students lower than the projections contained in Chapter 2. The magnitude of any savings from the lower enrollment figures cannot be determined until the school division enrollment data is fully vetted by DOE.

I hope you find this information useful.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Timberlake".

Daniel S. Timberlake

Enclosure

c: The Honorable Richard D. Brown
Ms. Betsey Daley
Mr. Scott Cummings

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DANIEL S. TIMBERLAKE
Director

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

November 14, 2014

The Honorable S. Chris Jones
Chairman, Appropriations Committee
Virginia House of Delegates
Post Office Box 5059
Suffolk, Virginia 23435

Dear Delegate Jones:

In accordance with Item 136, Paragraph B.14, Chapter 2, 2014 Acts of Assembly, Special Session 1, I am enclosing an update on the Standards of Quality (SOQ) expenditures based on the most current data available.

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, no changes are proposed for the sales tax revenues dedicated to public education. Such changes will not be available until after the Governor's Advisory Council on Revenue Estimates meets on November 24, 2014. Changes to the estimated revenues from the Lottery Proceeds Fund are available at this time. The Virginia Lottery Board estimates a net income projection of \$529,504,330 in FY 2015 and \$531,667,925 in FY 2016. These estimates will increase the Lottery Proceeds Fund by an additional \$4.5 million in FY 2015 and \$21.7 million in FY 2016 beyond what is appropriated in the current Appropriation Act.

The impact of updates to the fall membership and average daily membership enrollment counts are not available at this time. The Department of Education (DOE) is still in the process of analyzing and verifying the data submissions by school divisions, which must be completed to determine the impact on the total cost of public education. However, based on preliminary findings, the enrollment figures are approximately 1,500 students lower than the projections contained in Chapter 2. The magnitude of any savings from the lower enrollment figures cannot be determined until the school division enrollment data is fully vetted by DOE.

I hope you find this information useful.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Timberlake", written over a white background.

Daniel S. Timberlake

Enclosure

c: The Honorable Richard D. Brown
Mr. Robert Vaughn
Mr. Scott Cummings

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



**Virginia Department of Planning and Budget
November 15, 2014**

Updates to the Standards of Quality

In accordance with Chapter 2, 2014 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 2014-2016 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 the sales tax revenues dedicated to public education. Any changes to the revenue estimates will not be available until after the Governor's Advisory Council on Revenue Estimates (GACRE) meets on November 24, 2014.

Changes to the estimated revenue from the Lottery Proceeds Fund are available at this time. The Virginia Lottery Board estimates a net income projection of \$529,504,330 in FY 2015 and \$531,667,925 in FY 2016. These estimates will increase the Lottery Proceeds Fund by an additional \$4.5 million in FY 2015 and \$21.7 million in FY 2016 beyond what is appropriated in the current Appropriation Act.

The impact of updates to the fall membership and average daily membership enrollment counts are not available at this time. The Department of Education (DOE) is still in the process of analyzing and verifying the data submissions by school division, which must be completed to determine the impact on the total cost of public education. However, based on preliminary findings, the enrollment figures are approximately 1,500 students lower than the projections contained in Chapter 2. The magnitude of any savings from the lower enrollment figures cannot be determined until the school division enrollment data is fully vetted by DOE.

In addition to the changes noted above, Russell County has indicated that the county reported its average daily membership (ADM) incorrectly in FY 2014. The corrected figures have been submitted to the Department of Education. If the correct figures had been submitted to DOE, the county would have received an additional \$603,144 in FY 2014. This correction will flow through the base enrollment data for Russell County in FY 2015 and FY 2016.

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 2014-2016 biennium, which is scheduled to be submitted to the General Assembly on December 17, 2014.