



COMMONWEALTH of VIRGINIA
Department of Planning and Budget

MICHAEL D. MAUL
Director

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Richmond, VA 23219-1922

November 1, 2022

The Honorable Janet D. Howell
Co-Chair, Finance and Appropriations Committee
Senate of Virginia
P.O. Box 2608
Reston, VA 20195-0608

The Honorable Barry D. Knight
Chair, Appropriations Committee
Virginia House of Delegates
1852 Mill Landing Road
Virginia Beach, VA 23457

The Honorable George L. Barker
Co-Chair, Finance and Appropriations Committee
Senate of Virginia
P.O. Box 10527
Alexandria, VA 22310

Dear Senators Howell and Barker and Delegate Knight:

In accordance with Item 137, Paragraph B.14, Chapter 2, 2022 Acts of Assembly, Special Session I (the Appropriation Act), I am submitting the enclosed report with updates on the projected costs of the Standards of Quality (SOQ) based on the most current data available. This report is due November 1, 2022.

The report includes two types of data updates to SOQ funding for fiscal years 2023 and 2024:

1. Update on the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service for the distribution of sales tax revenues to school divisions; and
2. Update of the Lottery Proceeds Fund estimate based on the Virginia Lottery's most recent forecast.

Additional updates to sales tax revenues for public education and student enrollment projections are expected to be available by mid-November. When available, DPB staff will communicate the projected impact of those updates to the K-12 staff of the House Appropriations Committee and the Senate Finance and Appropriations Committee.

Please let me know if you have any questions concerning this information.

Sincerely,

Michael D. Maul

Michael D. Maul

Enclosure

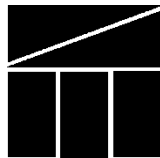
c: The Honorable Stephen E. Cummings

Ms. Anne Oman

Ms. April Kees

Ms. Aimie Gindi

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



**Virginia Department of Planning and Budget
November 1, 2022**

Overview

In accordance with Item 137, Paragraph B.14, Chapter 2, 2022 Acts of Assembly, Special Session I (the Appropriation Act), the Department of Planning and Budget (DPB), in coordination with the Department of Education (DOE), has prepared the annual report on updates to the cost of the Standards of Quality (SOQ) based upon the most current data available for the 2022-2024 biennium. Because this session will amend the current budget and does not involve the rebenchmarking process, changes in the SOQ costs are limited and primarily include only technical updates based on revisions to data used to determine the costs.

This report includes two types of data updates to SOQ funding for fiscal years 2023 and 2024:

1. Update on the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service for the distribution of sales tax revenues to school divisions; and
2. Update of the Lottery Proceeds Fund estimate based on the Virginia Lottery's most recent forecast.

School Age Population Revisions

Sales tax changes result from updating the estimate of school age population used to distribute sales tax revenue to school divisions. Using the revised estimate of school age population provided by the Weldon Cooper Center for Public Service (based on data as of July 1, 2021), the Department of Education calculates a decrease in state cost of \$93,912 in FY 2024.

Revised Lottery Revenue

The Virginia Lottery Board has updated its estimate of transfers to the Lottery Proceeds Fund to \$775.2 million in FY 2023. Of this amount, \$771.7 million is the revised estimate of FY 2023 profits and \$3.5 million is the residual profit earned in FY 2022 that was transferred early in FY 2023. Compared to the current FY 2023 Lottery Proceeds appropriation, this is a decrease of \$9.5 million. The Virginia Lottery Board revised its FY 2024 estimate of transfers to the Lottery Proceeds Fund to \$769.0 million in FY 2024. This estimate increases the Lottery Proceeds Fund by an additional \$4.3 million in FY 2024 beyond the current appropriation. For the biennium, this represents a decrease of \$5.2 million in available Lottery Proceeds for K-12 education in Virginia compared to the current appropriation.

Additional updates that impact SOQ funding for fiscal years 2023 and 2024 are expected to be available by mid-November:

1. Update of sales tax revenues for public education based on the Virginia Department of Taxation's preliminary 2022 GACRE forecast; and
2. Update of fall membership and average daily membership projections based on preliminary September 30, 2022, fall membership data.

When available, DPB staff will communicate the projected impact of these updates to K-12 staff of the House Appropriations Committee and the Senate Finance and Appropriations Committee.