COMMONWEALTH *of* VIRGINIA
Department of Planning and Budget

MICHAEL D. MAUL
Director

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Richmond, VA 23219-1922

November 1, 2026

The Honorable L. Louise Lucas
Chair, Finance and Appropriations Committee
Senate of Virginia
P.O. Box 700
Portsmouth, VA 23705-0700

The Honorable Luke E. Torian
Chair, Appropriations Committee
Virginia House of Delegates
4222 Fortuna Plaza, Suite 659
Dumfries, VA 22025

Dear Senator Lucas and Delegate Torian:

In accordance with Item 125, Paragraph B.14, Chapter 1, 2026 Acts of Assembly, Special Session I (the 2026 Appropriation Act), I am submitting the enclosed update on the projected costs of the Standards of Quality (SOQ) based on the most current data available.

This report includes two data updates to SOQ funding for fiscal years 2027 and 2028:

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, Department of Planning and Budget 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

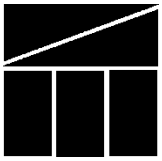
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Enclosure

c: The Honorable Mark D. Sickles
Ms. Anne Oman
Ms. April Kees
Ms. Aimie Gindi

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

[redacted]



Virginia Department of Planning and Budget
November 1, 2026

Overview

In accordance with Item 125, Paragraph B.14, Chapter 1, 2026 Acts of Assembly, Special Session I (the 2026 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 2026-2028 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 data updates to SOQ funding for fiscal years (FY) 2027 and 2028:

1. Update of 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.

As of this time there are no other updates available. Updates to the sales tax estimate and enrollment changes should be available by mid-November.

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, 2025), DOE calculates an increase in state cost of $931,113 in FY 2028.

Lottery Revenue Revisions

The FY 2027 appropriation in the 2026 Appropriation Act of $895.7 million anticipates $887.7 million in transfers to the Lottery Proceeds Fund, of which $877.7 million is estimated FY 2027 profits and $10.0 million is residual profit earned in FY 2026, and an additional $8.0 million from the fund's cash balances. The Virginia Lottery Board recommends a revised estimate of total transfers to the Lottery Proceeds Fund of $901.7 million in FY 2027. Of this amount, $877.7 million is the estimate of FY 2027 profits and $24.0 million is the residual profit earned in FY 2026 that was transferred early in FY 2027. When accounting for the additional $8.0 million appropriated from cash balances, the revised estimate of expected funds available to the Lottery Proceeds Fund for FY 2027 is $909.7 million. This represents an increase of $14.0 million in available Lottery Proceeds for K-12 education in Virginia. The Virginia Lottery Board has maintained its estimate of transfers to the Lottery Proceeds Fund of $877.7 million in FY 2028.

Additional updates that impact SOQ funding for FY 2027 and FY 2028 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 2026 GACRE forecast; and

2. Update of fall membership and average daily membership projections based on preliminary September 30, 2026, 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.