



**COMMONWEALTH of VIRGINIA**  
**Department of Education**

**DATE:** May 17, 2019  
**TO:** Division Superintendents  
**FROM:** James F. Lane, Ed.D., Superintendent of Public Instruction  
**SUBJECT:** **State Direct Aid to Public Education Funds Permitted to be Carried Forward from Fiscal Year 2019 to Fiscal Year 2020**

Section 22.1-100, *Code of Virginia*, requires school divisions to return unexpended state funds to the Commonwealth at the close of each fiscal year. Chapter 854, 2019 Acts of Assembly (i.e., 2019 Amendments to the 2018 Appropriation Act) overrides this *Code* section and permits school divisions that have met required local effort and required local match for fiscal year 2019 to carry forward to fiscal year 2020 any remaining state Direct Aid fund balances that are unexpended as of June 30, 2019. Specifically, the appropriation act language (Item 136 B.24.a.) for fiscal year 2019 reads as follows:

*Any locality that has met its required local effort for the Standards of Quality accounts for FY 2019 and that has met its required local match for incentive or Lottery-funded programs in which the locality elected to participate in FY 2019 may carry over into FY 2020 any remaining state Direct Aid to Public Education fund balances available to help minimize any FY 2020 revenue adjustments that may occur in state funding to that locality. Localities electing to carry forward such unspent state funds must appropriate the funds to the school division for expenditure in FY 2020.*

This language permits school divisions to use carry forward funds to address any revenue shortfall related adjustments in state funding to the locality, regardless of the original purpose of such funds. The adopted language requires the state carry forward funds to be reappropriated by the local governing body to the school division's budget for fiscal year 2020.

This provision does not alter the existing requirement that school divisions must spend the fiscal year 2019 required local effort and required local match amounts before the end of fiscal year 2019, which ends on June 30, 2019.

Chapter 854 also encourages certain local funds to be carried over into fiscal year 2020 pursuant to the following language (Item 136 B.25.):

*Localities are encouraged to allow school boards to carry over any unspent local allocations into the next fiscal year.*

To be eligible to carry forward any local fund balances from fiscal year 2019 to fiscal year 2020, school divisions must meet their required local effort and required local match expenditure obligations in fiscal year 2019.

Chapter 854 provides separate carry forward authority (Item 136 C.5.f.4) for the Textbooks account, which reads as follows:

*Any funds provided to school divisions for textbook costs that are unexpended as of June 30, 2019, or June 30, 2020, shall be carried on the books of the locality to be appropriated to the school division the following year to be used for same purpose. School divisions are permitted to carry forward any remaining balance of textbook funds until the funds are expensed for a qualifying purpose.*

A school division must first meet all required local effort and required local match obligations in the current fiscal year prior to carrying forward any portion of its state or local funds for Textbooks to the next fiscal year. If a division meets these requirements without spending all or a portion of its local matching funds for Textbooks (i.e., they meet their required local effort and required local match for all other required accounts), then the division is permitted to carry forward both the state and local shares of Textbooks funding.

Chapter 854, 2019 Acts of Assembly, contains the same language for the same carry forward of funds from fiscal year 2020 to fiscal year 2021.

If you have any questions regarding this information, please contact Kent Dickey, Deputy Superintendent of Budget, Finance, and Operations, or budget office staff at (804) 225-2025 or by email at [DOEBUDGETOFFICE@doe.virginia.gov](mailto:DOEBUDGETOFFICE@doe.virginia.gov).

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