
VIRGINIA STATE BUDGET

1997 Session

Budget Bill - HB1600 (Chapter 924)

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Direct Aid to Public Education

Item 152

A. The Board of Education and the Virginia Public School Authority (VPSA) shall provide a program of funding for school construction and renovation through the Literary Fund and through VPSA bond sales. The program shall be used to provide funds, through Literary Fund loans and subsidies, and through VPSA bond sales, to fund a portion of the projects on the Literary Fund waiting list, or other critical projects which may receive priority placement on the waiting list by the Board of Education. Interest rate subsidies will provide school divisions with the present value difference in debt service between a Literary Fund loan and a borrowing through the VPSA. To qualify for an interest rate subsidy, the school division's project must be eligible for a Literary Fund loan and shall be subject to the same restrictions. The VPSA shall work with the Board of Education in selecting those projects to be funded through the interest rate subsidy/bond financing program, so as to ensure the maximum leverage of Literary Fund monies and a minimum impact on the VPSA Bond Pool.

B. The Virginia Public School Authority shall provide an interest rate subsidy program in the Fall of 1996 and the Fall of 1997 for projects that are on the Board of Education's First Priority Waiting List. However, the cost of the subsidy shall not exceed \$10.0 million in fiscal year 1997 and \$10.0 million in fiscal year 1998 including the subsidy payments and related issuance costs.

C. The Board of Education may offer Literary Fund loans from the uncommitted balances of the Literary Fund after meeting the obligations of the interest rate subsidy sales and the amounts set aside from the Literary Fund for Debt Service Payments for Education Technology in Item 140 and for teachers' retirement in Item 139.

D. 1.a. In the event that on any scheduled payment date of bonds of the Virginia Public School Authority (VPSA) authorized under the provisions of a bond resolution adopted subsequent to December 31, 1996, issued subsequent to June 30, 1997, and not benefiting from the provisions of either § 22.1-168 (iii), (iv), and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the sum of (i) the payments on general obligation school bonds of cities, counties, and towns (localities) paid to the VPSA, and (ii) the proceeds derived from the application of the provisions of §15.1-227.61, Code of Virginia, to such bonds of localities, is less than the debt service due on such bonds of the VPSA on such date, there is hereby appropriated to the VPSA, first, from available monies of the Literary Fund and, second, from the general fund a sum equal to such deficiency.

b. Total annual debt service on such bonds of the VPSA shall not exceed \$25 million plus debt service on any refunding bonds that refund bonds benefiting from the provisions of either § 22.1-168(iii), (iv), and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia.

c. The Commonwealth shall be subrogated to the VPSA to the extent of any such appropriation paid to the VPSA and shall be entitled to enforce the VPSA's remedies with respect to the defaulting locality and to full recovery of the amount of such deficiency, together with interest at the rate of the defaulting locality's bonds.

2. The chairman of the Board of Commissioners of the VPSA shall, on or before December 1 of each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds of the VPSA issued and projected to be issued during such

biennium pursuant to the bond resolution referred to in paragraph 1.a. above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1. above.