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# VIRGINIA STATE BUDGET

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2001 Session

## Budget Bill - HB1600 (Introduced)

Bill Order » Office of Education » Item 155

Direct Aid to Public Education

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### Item 155

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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 moneys 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 2000 and the fall of 2001 for projects that are on the Board of Education's First Priority Waiting List. However, the cost of the subsidy shall not exceed \$30,000,000 in the first year and \$20,000,000 in the second year 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 *for debt service for programs specified in this item, Debt Service Payments for Education Technology specified in Item 143, the cost of the interest rate subsidy sales and the amounts set aside from the Literary Fund for Debt Service Payments for Education Technology in Item 143 specified in this item, and appropriations for school construction and maintenance supplements specified in Item 143.*

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 June 30, 1997, 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 § 15.2-2659, 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 moneys of the Literary Fund and, second, from the general fund a sum equal to such deficiency.

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

*E.1. The Board of Education shall provide an amount not to exceed \$12,000,000 the second year from the Literary Fund to provide debt service payments for a program conducted through the Virginia Public School Authority (VPSA) to fund public school construction and renovation.*

*2. The Board of Education and the VPSA shall provide a program to fund school construction and renovation through the Literary Fund and bond issues by the VPSA. The program shall be conducted during the 2000-2002 biennium through the VPSA through the issuance of bonds, in one or more series, in an amount not to exceed \$120,000,000. Proceeds of the bonds will be made available to make loans to school divisions with the debt service on such bonds to be paid from the Literary Fund. Any such loans to school divisions will be repaid to the Literary Fund based on the same terms for repaying VPSA bonds; provided, however, that interest payments shall be computed using the rates of interest that the applicable school divisions would have paid for Literary Fund loans; provided further, however, any such loan shall not be considered an asset of the Literary Fund for the purposes of § 22.1-175.*

*3. For the purposes of this program, loans from such VPSA bond proceeds will be made available to school divisions for projects on the Literary Fund's First Priority Waiting List. However, for the purposes of this program, such loan amounts will be made available to the school divisions following the closing of the VPSA bonds. The Virginia Public School Authority in coordination with the Department of Education may issue guidelines for the implementation of this program.*

*4. It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds authorized for this program. In developing future proposed biennial budgets for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make the debt service payments for this program as long as there are bonds outstanding.*

*5. In the event that, on any scheduled payment date of bonds of the VPSA authorized under this program the available moneys in the Literary Fund are less than the appropriations for debt service due on such bonds of the VPSA on such date, there is hereby appropriated to the VPSA from the general fund a sum equal to such deficiency. For purposes of this paragraph E., "available moneys in the Literary Fund" shall mean moneys remaining after the payment, or provision for payment, of debt service on bonds issued prior to July 1, 2000, and payable from the Literary Fund.*

*6. 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 and notes of the VPSA issued and projected to be issued during such biennium pursuant to the resolution referred to in paragraph 5. above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 5. above.*