

**REPORT OF THE  
COMMISSION ON**

**EDUCATIONAL INFRASTRUCTURE  
PURSUANT TO HJR 135 OF 1996**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 75**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1998**



**MEMBERS OF THE  
COMMISSION ON EDUCATIONAL INFRASTRUCTURE**

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The Honorable Alan A. Diamonstein, Chairman (1997)

**House of Delegates**

The Honorable J. Paul Councill, Jr.  
The Honorable C. Richard Cranwell  
The Honorable V. Earl Dickinson  
The Honorable James H. Dillard II  
The Honorable Clifton A. Woodrum

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## I. BACKGROUND OF THE STUDY

House Joint Resolution 135 of 1996 established this 23-member commission, with the following membership: the chairmen of the House Committees on Appropriations, Finance, and Education, and three members of the House of Delegates; the co-chairmen of the Senate Committee on Finance, the chairman of the Senate Committee on Education and Health, and two members of the Senate; eight citizens representing commercial communications technology, educational technology, school design and construction, funding public school and capital construction, school design, the Virginia Municipal League, the Virginia Association of Counties, and the public at large; the Lieutenant Governor; the Secretary of Education; the President of the Board of Education; and the Superintendent of Public Instruction. All members served with full voting privileges (See Appendix A for enabling resolution).

Citing the age of many of Virginia's public schools, the need for public school infrastructure capable of supporting educational technology, the increasingly important role of technology in business and industry, the necessity of planning revisions to adjust to evolving technology, the relationship of technology to student achievement, Virginia's role in communications technology, recent educational technology funding initiatives, and the benefits of a comprehensive examination of the state's educational technology infrastructure, HJR 135 directed the commission to accomplish the following objectives:

- Inventory and evaluate the physical and technical infrastructure needs of public schools throughout the Commonwealth.
- Review current capital construction projects and estimate future public school construction and renovation needs.
- Determine the technological needs of the public schools.
- Recommend appropriate alternative revenue sources for such construction and renovation, including ways to provide a sound and viable educational technology infrastructure for the public schools.
- Determine the level and source of funding required to support the infrastructure, and how to provide computers for all students by the year 2000, integrated instructional technology in the classroom, networking, connection to the Internet, and staff development.
- Communicate and coordinate with the Select Committee on Public School Construction to facilitate consistency and avoid duplication and fragmentation of efforts.

- Develop and recommend, in collaboration with the Select Committee on School Construction, an educational technology master plan which incorporates current networking and funding initiatives and provides a vision for meeting future school construction and educational technology needs as Virginia enters the 21st century.

The commission was directed to complete its work in time to report its findings and recommendations to the governor and the 1997 Session of the General Assembly. The commission's work was, however, continued by HJR 500 to the 1998 Session (see Appendix B for continuing resolution).

## II. SCHOOL CONSTRUCTION ISSUES

In recent years, school construction issues have been paramount in the minds of local school and government officials. Although the Commonwealth and the various local governments share the constitutional responsibility for funding the operation of public schools through the implementation of the Standards of Quality, local capital costs for public education fall squarely and solely on local governments. Localities are estimating school construction investments of **\$4.1 billion** in the next five years which will remedy less than two-thirds of known construction deficiencies of **\$6.2 billion** and will not correct the tendency to defer maintenance needs--a practice which increases long-term costs. Indeed, the picture is grim when one considers that figures obtained through on-site capital improvement surveys indicate that school divisions **underreport capital needs by 54 percent**; therefore the real unmet capital construction need in Virginia's school divisions **could exceed \$8.2 billion**.

Although the Commonwealth of Virginia does not directly fund any school construction, a per pupil maintenance supplement appropriation is provided--currently \$ 15.00 per pupil (as recommended by this commission)--thereby helping every school division. The state also operates two interlinked debt mechanisms for funding school construction--the Literary Fund and the Virginia Public School Authority.

### State Loan Programs

Originally established in 1810 as a statutory mechanism for funding the education of poor children, the Literary Fund was added to the Virginia Constitution in 1869. The Literary Fund endures as Section 8 of Article VIII of the Constitution of Virginia. This "permanent and perpetual school fund" is "held and administered by the Board of Education." The Fund provides direct loans for new construction, building additions or renovations, interest rate subsidies for projects funded through the Virginia Public School Authority, and moneys for other school purposes, such as teacher retirement and debt service on technology equipment notes, i.e., the purchase of computers and related technology.



The Virginia Public School Authority is a bond bank, offering low-cost financing for public education capital projects--thereby providing the localities with a cost-effective method of bond issuance and consistently Aa ratings. Two programs are offered--stand alone and pooled--with the pooled bond program's advantages being access to the bond market, low-cost financing, no requirement for voter referenda, and no limit on loan amounts.

### **Scope of the Problem**

Every other year, the Department of Education conducts the school facility status survey, documenting the condition of Virginia's schools and the estimated need for renovation or new construction. Providing a vehicle for self-reporting of school building conditions, this questionnaire is distributed to every school division in the Commonwealth. The resulting comparative statistical information on the school building deficiencies and capabilities encapsulates information for decision making and funding projections and charts the evolution of the Commonwealth's changing educational infrastructure.

The 1995-1996 school facility status survey shows that:

- Sixty-three percent of Virginia's public schools are over 25 years old and are in need of substantial renovation or replacement.
- 45 percent of school divisions utilize 3,621 mobile classrooms.
- Many schools--30 percent--report overcrowded classrooms.
- Twenty-seven percent of Virginia's classrooms are obsolete in terms of today's technological needs.
- Over the next five years, an estimated 13 percent increase in new classrooms will be needed--approximately 7,900 classrooms.
- Fifty-two percent of the Commonwealth's school divisions report that school maintenance is being deferred.

On the positive side, school divisions report a reduction in environmental concerns and increased building access for students with disabilities. The new data show energy efficiency in 62 percent of schools; air conditioning in 68 percent of schools; and access for the disabled is a reality in 74 percent of schools. In many school divisions, the learning environment, although showing steady improvement, still has many problems:

- Approximately 400 schools in Virginia still have environmental concerns, such as no emergency lighting, structural defects, and no fire alarms.
- Other environmental issues including poor indoor air quality, lead, radon, asbestos, and underground storage tanks are still concerns in certain schools.
- Some school environment problems present a catch 22; for example, energy efficiency is a must for air conditioning, air conditioning is a must for computer

technology and year-round use of buildings, and lack of energy efficiency eats up funds which could be allocated for these improvements.

School construction issues are exacerbated by increases in school construction costs in recent years that have far outpaced the general rate of inflation and by local economic pressures, with demands for services increasing more rapidly than revenue streams. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

As provided in the Virginia Constitution, the General Assembly may use Literary Fund moneys for public school purposes, "so long as the principal of the Fund totals as much as eighty million dollars." The economic exigencies of the early 1990s necessitated diversions of Literary Fund moneys for "other school purposes," with the choices being to maintain funding of the Standards of Quality or to maintain the capacity of the Literary Fund. Thus, funds were transferred for teacher retirement as a means of liberating general funds for other uses. The fiscal disturbances of the early 1990s resulted in sharp reductions in the capacity of the Literary Fund, with no loans being issued in fiscal years 1991, 1992, and 1993, and only \$23.2 million in loans being issued in fiscal year 1994.

In the last several years, the General Assembly has striven to restore the Literary Fund and, thereby, its capacity to fund school construction and renovation. Dependency on Literary Fund diversions has been reduced from a high of \$101.1 million in 1992 to a projected \$23.3 million in 1998. Although fiscal year 1995 began with a first priority waiting list of \$92.2 million, approximately half of which had been waiting for over a year and a number of which had been waiting for nearly two years, \$113.6 million in projects were funded during 1995-1996 and the waiting list time has now been reduced to one year.

The Literary Fund's principal was reported as approximately \$338 million in June of this year. Revenues for 1996-1997 are projected to be \$110.7 million, with \$41 million to be transferred to teacher retirement, \$40.1 million to pay the second year debt service on the technology equipment notes, \$10 million for interest rate subsidy projects valued at approximately \$30 million, and \$50 million for direct loans.

### III. EDUCATIONAL TECHNOLOGY ISSUES

As they head into the 21<sup>st</sup> Century, Virginia's children will be expected to be computer literate and technology savvy. The video-game generation must be prepared to use advanced technology for research, analysis, and communication in the world of work and for recreation, socializing, shopping, banking, and other transactions in their private lives. Terminology such as "assistive technology" and "interactive media" will probably take on a "Brave New World" aura, with

modifications and choices about which we can only speculate. In anticipation of these needs, Virginia's General Assembly has strongly supported educational technology since the 1980s. All major state education commissions since 1985 have recommended investments in educational technology. Since 1988, \$ 225.8 million in state-funded educational technology programs have been initiated, with various activities funded in 1988, 1990, 1994, 1995, and 1996. Local school divisions have also provided additional funding for educational technology.

### **Virginia's Grant Initiatives**

Over the last several years, state educational technology grant initiatives for library automation have greatly increased Virginia schools' access to educational technology. In addition, the 1995 budget directs the Board of Education to dedicate over \$10.8 million from the Literary Fund to provide first-year debt service payments for an equipment grant program through the Virginia Public School Authority, in an amount estimated at \$46.5 million for the purchase of educational technology equipment. This year, the Superintendent of Public Instruction and the State Treasurer will recommend a continuing and stable funding mechanism for educational technology equipment and infrastructure. School divisions will also benefit from an agreement negotiated in the summer of 1996 for reduced telecommunications rates. In the 1996-1997 school year, grant funds, based on an average grant of \$26,300 per school and \$53,000 per school division, are being distributed to eligible schools for retrofitting and upgrading of existing buildings' infrastructure, networking, and equipment purchases. Localities are required to provide a 20 percent local match, 25 percent of which must be dedicated to teacher training.

### **Effects of Educational Technology**

The enthusiasm among students and teachers that can be generated by educational technology is refreshing. Seated in his local classroom, a young student in the far Southwest or Eastern Shore of Virginia can take a tour of the white house or visit a museum or look for reference books in the Library of Congress. Next year, elementary students will be able to travel around the world--through virtual reality--if they have access to the Internet. This voyage will take two years; students will be able to direct the research conducted on this trip while traveling to such exotic destinations as Micronesia, New Zealand, Singapore, England, New York, and San Francisco.

Research on the effectiveness of technology in improving achievement, although not conclusive, has been positive, e.g., demonstrating improvements in attitudes towards school, access to information, and standardized test performance. Quicker mastery of basic skills through use of educational technology than traditional teaching methods has also been demonstrated, including writing, reading, and mathematics. How and when to use educational technology and the

results of using educational technology continue, however, to be issues. A frequently heard caveat to the praise heaped on educational technology is that it is "only as good as the teacher using it." Indeed, the need for teacher training in the use of technology has been recognized in the General Assembly's initiatives. The Board of Education has adopted the Advisory Board on Teacher Education and Licensure Standards for Technology, noting that "many modern jobs require [technology] skills." As school divisions have increased their use of educational technology, many express the need for technical assistance for maintenance of hardware and troubleshooting of software. Thus, continued attention to training and technical support appear crucial to the success of educational technology, because the technology is evolving at such a rapid pace. Computers purchased today may be outmoded or inadequate by next year.

### **Six-Year Plan for Educational Technology**

The Board of Education adopted a revised Six-Year Plan for Educational Technology in 1996 which sets out goals and implementation strategies to equalize access to educational technology. All school divisions in Virginia now have local educational technology plans. But school construction/infrastructure issues are inexorably related to educational technology. School environmental conditions present an educational puzzle; for example, energy efficiency is a must for air conditioning, air conditioning is a must for computer technology and year-round use of buildings, and lack of energy efficiency eats up funds which could be allocated for these improvements. Therefore, the infrastructure needs for effective educational technology are not cheap. Access to the World Wide Web requires adequate wiring and electrical capacity, funding for long-distance telephone rates, equipment purchases, and replacement or upgrades of hardware and software—all high cost items! In 1995, the total implementation costs for the board's plan were estimated to be \$553.6 million, with approximately \$90 million per year over a six-year period. Because of the enormity of the cost estimates for comprehensive implementation, the appropriations for implementation of the board's plan have been, as already described, incremental and targeted.

### **Statutory Law**

Although educational technology activities are healthy and progressing in Virginia, the statutory law related to educational technology is not specific or centrally located; much of the control of educational technology is contained in the budget. Some significant statutory provisions do exist. For example, the Virginia Public School Authority is authorized to make loans and interest rate subsidy payments for school capital projects which are defined in the law to include "motor vehicles and educational technology equipment" (§ 22.1-166.1). The Statewide Electronic Classroom Program is established in § 22.1-212.2; this program has been required to be available to every public high school since July 1, 1990. Having been originally established only in the budget, the initiatives recommended by the

Commission on Equity in Public Education were mirrored in statute in 1995, i.e., § 22.1-199.1. Within the Standards of Quality, no specific requirements for educational technology are stated. Standard 6 (§ 22.1-1-253.13:6), relating to planning and public involvement, requires the Board of Education to develop and revise a statewide six-year improvement plan, with no mention of educational technology. Local boards are also required to have such plans which must include, among other components, technology “consistent with the six-year technology plan for Virginia adopted by the Board of Education . . .” In conflict with this requirement, the electronic classroom law (§ 22.1-212.2) requires the Board of Education to develop a five-year plan for educational technology.

In 1997, educational technology issues focused on promoting access to educational technology for all public school students, a permanent funding mechanism for educational technology capital projects (retrofits, equipment purchases, etc.), public/private partnerships for educational technology, such as the negotiated reduced telecommunications rates and the many projects already being supported in the school divisions by business and industry, teacher training in technology, and clarification of the statutory authorities and responsibilities for educational technology.

#### IV. WORK OF THE COMMISSION

The first of the commission’s four meetings, held on July 16, 1996, was its organizational meeting. The chairman and vice chairman were elected and decisions were made on the direction and structure of the study. In order to begin implementation of the study immediately, this meeting also included background briefings to establish the foundation for the study. This first meeting included a briefing on Virginia law related to school construction and technology and a review of the Virginia School Facility Status Survey as well as presentations on the Commonwealth’s role in financing school construction, the status of the Literary Fund, and the Virginia Public School Authority. During this meeting, the commission requested certain data and analysis including information on the causes or reasons for inflation in the costs of school construction. The commission also reviewed and approved its study objectives and the proposed study plan and schedule.

In accordance with its study plan and schedule, the commission held four meetings which were carefully planned and scheduled to complete its agreed-upon study plan and to provide a progression from background information and technical demonstrations to review of current issues and then decision making. Although the study plan included a fifth meeting—scheduled as a public hearing on the commission’s proposals—this meeting was canceled because of the time constraints of the 1997 Session.

The commission's second meeting (September 10, 1996) focused on educational technology. The agenda covered many educational technology issues, including an historical review of Virginia's Educational Technology Initiatives, a description of the Board of Education's current Six-Year Plan for Educational Technology, an overview of a local educational technology program (Charlotte County School Division), including presentations from the superintendent, a teacher, and three students; a demonstration of accessing the Internet by Charlotte County School Division students; and a review of implementation of the technology standards for instructional personnel then being recommended by the Advisory Board on Teacher Education and Licensure.<sup>1</sup> This complex meeting also included three demonstrations from computer experts, including two vendors. Representatives of IBM and an education technology consultant with Apple Computers demonstrated various instructional technology—all of which was very impressive and informative. In addition, the K-12 Technology Coordinator for the Fairfax County School Division spoke to the commission about the classroom of the future, including the school division's technology standards and guidelines.

The third meeting, held on November 15, 1996, focused on current construction and funding issues. This meeting began with an overview of the study conducted by the Superintendent of Public Instruction and the State Treasurer pursuant to Item 131 G of the 1996 Appropriation Act. The two state officials were directed to "study the feasibility of establishing an elementary and secondary education equipment trust fund with purposes similar to the Higher Education Equipment trust Fund, and make recommendations to the chairmen of the Senate Finance and House Appropriations Committees no later than November 1, 1996."

The recommendations were to include strategies for providing a continuing and stable funding level for the purchase, lease and/or replacement of educational technology equipment and infrastructure in Virginia's public schools, including the feasibility and cost of direct appropriations for replacement costs through the Standards of Quality funding formula; potential sources of security for a financing program; the appropriate structure for administration of a program; appropriate levels of funding anticipated through the year 2000; the impact of a financing program on the Commonwealth's debt capacity and strategies for minimizing such an impact; and the potential state and local costs of such a program.

This third meeting also included expert review of interim financing for school construction, i.e., financing between the time of applying for and receiving a Literary Fund loan or funding through the Virginia Public School Authority. This review was provided by an investment banker from Craigie, Incorporated. Further, two school superintendents presented their strategies for obtaining authority for local general obligation bonds through referenda. These presentations highlighted

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<sup>1</sup> The Board of Education adopted regulations, pursuant to the ABTEL recommendations, on Technology Standards for Instructional Personnel in 1997.

the potential for such authority in a rural county, i.e., Pittsylvania County, and an urban county, i.e., Chesterfield County.

The final presentation of this meeting focused on the relationship between building condition and student achievement and was presented by Dr. Carol S. Cash, Principal, Lee Davis High School, Hanover County Public Schools, who wrote her doctoral thesis on this subject.

The fourth and final meeting of the commission, held on December 17, 1996, was a wrap-up and decision-making meeting, covering a number of areas and issues. The meeting opened with a technology demonstration provided by Consulting Associates, Inc. of the CACTIS MultiPro Podium, a "real-time" interactive learning tool which is wireless, provides connecting links to multiple sites, and can be moved from room to room.

Pursuant to an information request of the commission, the Department of Education conducted a survey of school divisions to determine what kind and how many lease and lease-purchase arrangements were being used to fund technology. This survey was presented during this fourth meeting. Further, a review of local government spending for public education debt was presented to inform the commission about the extent and cost of public education construction/technology debt.

The meeting ended with a review by the commission of various issues and alternative solutions, including draft bills and letters. The commission reviewed and discussed these issues and possible solutions and decided to support twelve of these choices.<sup>2</sup>

## V. FINDINGS

The Commission on Educational Infrastructure received much information, demonstrating the construction and technology needs of Virginia's public schools. Localities are estimating school construction investments of \$4.1 billion in the next five years, which will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion. Figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; therefore the real unmet capital construction needs in Virginia's school divisions could exceed \$8.2 billion. These problems are exacerbated by increases in school construction costs in recent years. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

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<sup>2</sup> Selected materials from the presentations during the four meetings are included in Appendix D of this report.

These are staggering figures, presenting enormous, but not insurmountable, obstacles. The Commission on Educational Infrastructure took some significant steps to improve this situation during the 1997 Session. These problems will, however, require long-term commitment and attention. The Commonwealth operates two construction funding programs which depend on the revenues flowing into the Literary Fund, a constitutionally established, permanent and perpetual fund. The Constitution provides the General Assembly with the authority to use Literary Fund moneys for public school purposes, "so long as the principal of the Fund totals as much as eighty million dollars." The fiscal crises of the early 1990s made it necessary to transfer substantial funds from the Literary Fund and, without these transfers, funding of the Standards of Quality could have been affected. The tough, but fair, decisions that were made over those years of financial strain made it possible for Virginia to thrive in a time of economic exigency.

Recognizing that these accomplishments would not have been possible without the flexibility provided by the Virginia Constitution to use Literary Fund moneys for other school purposes, the Commission on Educational Infrastructure looked at measures other than efforts to restrict the use of these funds. However, the impact of Literary Fund transfers on the capacity of the Fund to make direct loans and the capacity of the Virginia Public School Authority to issue bonds was significant. Therefore, the commission requested the General Assembly to restrain the use of Literary Fund moneys for school purposes other than construction and other capital projects. The economic forecasts are good for 1996 and 1997, with considerable reserves predicted. Thus, it is time for focusing on funding the vital construction and equipment needs of the Commonwealth's public schools.

## VI. RECOMMENDATIONS

The recommendations for the first year study of the Infrastructure Commission were to:

1. Provide the Board of Education with the statutory authority to make Literary Fund loans for purchasing and installing educational technology equipment and infrastructure. This legislation was in support of the initiative to provide long-term funding of educational technology developed pursuant to Item 131 of HB 30 of 1996.

HB 1835 (passed); Chapter 372, effective 7/1/97. See Appendix B.

2. Provide local school boards with the statutory authority to establish, by themselves or with other parties or as regional efforts with other school boards, education technology foundations for the express purpose of implementing a public/private partnership to expand access to and improve the quality of educational technology in school divisions.

HB 2285 (passed); Chapter 863, effective 7/1/97. See Appendix B.



3. Require training for new and existing teachers and other instructional personnel in the use of educational technology.
4. Mandate technical assistance on professional development in education technology designed to seek to ensure that all instructional personnel are proficient in the use of educational technology.
5. Require all local school boards to provide a program of professional development in educational technology for all instructional personnel.
6. Require the public institutions of higher education to establish programs to ensure that all graduates have the technology skills necessary to compete in the 21<sup>st</sup> century and, particularly, that all students matriculating in teacher-training programs receive instruction in the effective use of educational technology.
7. Require the State Council of Higher Education, in consultation with the Virginia Department of Education and the accredited teacher education programs of the Commonwealth's institutions of higher education, to develop guidelines to ensure that all students matriculating in teacher-training programs meet the standards embodied in Virginia's Technology Standards for Instructional Personnel and have the requisite skills for the implementation of the Board of Education's Six-Year Educational Technology Plan for Virginia.
8. Direct the State Council of Higher Education to consult with the Board of Education on its Six-Year Educational Technology Plan for Virginia and to encourage the public institutions of higher education to design programs to include the skills necessary for the successful implementation of the Plan.

HB 1848 (passed); Chapter 827, effective 7/1/97. See Appendix B.

9. Increase the per pupil amount for the School Building Maintenance Fund to \$15 (passed).

Item 140 C 9 in Chapter 924, effective 7/1/97. See Appendix B.

1. Support the Virginia Public School Authority's Technology Resolution/mechanism (passed).

Item 152 D of the Appropriation Act; Chapter 924, 1997. See Appendix B.

11. Support the integrity of the Literary Fund by promoting reductions in the Literary Fund revenue diversions and by requesting the assistance and raising the awareness of state and federal officials concerning the scope of the infrastructure problems.

Item 139, subdivision 5 of Chapter 924; effective 7/1/97. See Appendix B.

HJR 662, expressing the sense of the General Assembly concerning use of Literary Fund moneys (passed). See Appendix B.

Letter to Governor. See Appendix C.

Letters to Chairmen of House Appropriations and Senate Finance Committees. See Appendix C.

Letters to the members of the Virginia Congressional Delegation. See Appendix C.

12. Continue the commission's work to examine the objective listed in HJR 135 of 1996 and to receive information on the feasibility of a one-time direct appropriation for school construction, a possible debt service funding program, and ways to enhance the Commonwealth's commitment to educational technology funding.

HJR 500 (passed); see Appendix C.

Respectfully Submitted,

The Honorable Donald S. Beyer, Jr., Chairman (1996)  
The Honorable Alan A. Diamonstein, Chairman (1997)

The Honorable Warren E. Barry  
The Honorable Joseph E. Brooks  
The Honorable Malvern R. Butler  
The Honorable John H. Chichester  
The Honorable J. Paul Councill, Jr.  
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The Honorable Philip A. Odeen  
The Honorable Beverly H. Sgro  
The Honorable Stanley C. Walker  
The Honorable Mary Margaret Whipple  
The Honorable Clifton A. Woodrum

## **APPENDIX A**

**Enabling Resolution: HJR 135 of 1996**



**HOUSE JOINT RESOLUTION NO. 135**

*Establishing the Commission on Educational Infrastructure.*

Agreed to by the House of Delegates, March 7, 1996  
 Agreed to by the Senate, March 6, 1996

WHEREAS, many of Virginia's public schools were constructed in the 1950s, necessitating millions of dollars for extensive repairs, renovations, and retrofitting to comply with current state building, health, fire, and safety codes; and

WHEREAS, too many public schools are unable to take full advantage of educational technology to enhance instruction because such antiquated buildings cannot adequately support the new technology; and

WHEREAS, school climate should be conducive to learning and the physical facility and surroundings greatly influence the quality of learning; and

WHEREAS, public schools have been asked to assume additional noninstructional responsibilities and to fulfill multiple roles outside their primary mission, such as providing before-school and after-school programs, social and community services for children, and year-round schools; and

WHEREAS, the use of technology has revolutionized information systems and access to the marketplace of ideas; and

WHEREAS, increasingly, proficiency in computer skills and technological applications is a prerequisite by business and industry for persons entering the workforce today; and

WHEREAS, the explosive growth in communications technology compels policy makers to reconsider design and construction of schools to provide functional facilities; and

WHEREAS, long-range planning for educational technology should be modified routinely to ensure compatibility with the exponential growth in technological products and services; and

WHEREAS, the ability to apply computer skills and knowledge is essential to competing successfully in the global marketplace; and

WHEREAS, appropriate use of integrated instructional technology can transform the classroom and facilitate improvement in student achievement, provide enhanced and challenging learning experiences, and promote greater accountability in public education; and

WHEREAS, the Standards of Learning for mathematics, English, social studies, science, and computer skills and technology have recently been revised by the Board of Education to strengthen current standards and provide a more rigorous curriculum for all students; and

WHEREAS, improved instruction, and the evaluation and accountability of students, teachers, and administrators, requires an educational technology infrastructure which is adequate to the task of sustaining the current and future technological demands of the public schools; and

WHEREAS, it is the goal of the United States to provide a computer in the classroom for every student in the public schools of the Commonwealth by the year 2000; and

WHEREAS, the implementation of an educational technology infrastructure which integrates learning systems software, networking, connections to the Internet, and staff development would provide opportunities to motivate students, facilitate access to the information highway, and offer teachers a variety of instructional resources; and

WHEREAS, substantial funding initiatives to promote the use of computer skills and technology in the classroom have been proposed by the Governor and the General Assembly; and

WHEREAS, Virginia is the corporate home of a number of major communications technology industries, such as America-On-Line, Gateway 2000, and Motorola, and the location of more businesses and industry in the Commonwealth in the future will depend on the state's ability to provide a quality educational system to supply the demand for a highly skilled and globally competitive workforce; and

WHEREAS, effective and efficient use of state resources dedicated to the acquisition of technology to provide students and teachers access to the electronic classroom throughout the Commonwealth requires a comprehensive examination of the state's educational technology infrastructure; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Commission on Educational Infrastructure be established. The Commission shall be composed of 23 members to be appointed as follows: the Chairmen of the House Committees on Appropriations, Finance, and Education, and 3 members of the House of Delegates to be appointed by the Speaker of the House; the Co-chairmen of the Senate Committee on Finance and Chairman of the Senate Committee on Education and Health, and 2 members of the Senate to be appointed by the Senate Committee on Privileges and Elections; 8 citizens, 1 each who shall have expertise in commercial communications technology, educational technology, school design and construction, and funding public school and capital construction, 1 licensed architect who specializes in school design, and 1 citizen at-large to be appointed by the Speaker of the House, and 1 representative each of the Virginia Municipal League and the Virginia Association of Counties to be appointed by the Senate Committee on Privileges and Elections; the Lieutenant Governor of Virginia; the Secretary of Education; the President of the Board of Education; and the Superintendent of Public Instruction who shall serve ex officio with full voting privileges.

The Commission shall (i) inventory and evaluate the physical and technical infrastructure needs of public schools throughout the Commonwealth; (ii) review current capital construction projects and estimate future public school construction and renovation needs; (iii) determine the technological needs of the public schools; (iv) recommend appropriate alternative revenue sources for such construction and renovation, including ways to provide a sound and viable educational technology infrastructure for the public schools; (v) determine the level and source of funding required to support the infrastructure, and how to provide computers for all students by the year 2000, integrated instructional technology in the classroom, networking, connection to the Internet, and staff development; (vi) communicate and coordinate with the Select Committee on Public School Construction and the Select Committee on Educational Technology to facilitate consistency and avoid duplication and fragmentation of efforts; and (vii) develop and recommend, in collaboration with the Select Committee on School Construction and the Select Committee on Educational Technology, an educational technology master plan which incorporates current networking and funding initiatives and provides a vision for meeting future school construction and educational technology needs as Virginia embarks upon the 21st century.

The Division of Legislative Services shall provide staff support for the study. The staffs of the House Committee on Appropriations and the Senate Committee on Finance shall provide technical assistance to the Commission. The Commission may also seek the assistance of public and private organizations, business and industry, and such other persons with expertise in school construction, financing, and technology planning, who shall serve in an advisory and voluntary capacity without compensation.

All agencies of the Commonwealth shall provide assistance to the Commission, upon request.

The direct costs of this study shall not exceed \$15,750.

The Commission shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

## APPENDIX B

### 1997 Legislation<sup>1</sup>

HB 1835 (Chapter 372 of 1997)

HB 2285 (Chapter 863 of 1997)

HB 1848 (Chapter 827 of 1997)

Item 140 C 9 of Chapter 924, 1997

Item 152 D of Chapter 924, 1997

Item 139, subdivision 5, of Chapter 924, 1997

HJR 662, as enrolled, 1997

HJR 500, as enrolled, 1997

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<sup>1</sup> This legislation is provided in the order first mention in the list of 1997 recommendations on pages 10, 11 and 12.





HB1835 Purposes of Literary Fund loans.

CHAPTER 372

An Act to amend and reenact § 22.1-146 of the Code of Virginia, relating to purposes for Literary Fund loans.

[H 1835]

Approved March 15, 1997

Be it enacted by the General Assembly of Virginia:

1. That § 22.1-146 of the Code of Virginia is amended and reenacted as follows:

§ 22.1-146. Power of Board to make loans from fund for erection, etc., of school buildings and fueling facilities for school buses.

The Board of Education ~~is authorized to~~ may make loans or, subject to the approval of the General Assembly, loan interest rate subsidy payments from the Literary Fund to the school boards of the several school divisions making application therefor in the manner prescribed by law for the purpose of (i) erecting, altering or enlarging school buildings in such school divisions; (ii) for purchasing and installing educational technology equipment and infrastructure; (iii) for equipping school buses for alternative fuel conversions and for construction of school bus fueling facilities for supplying compressed natural gas or other alternative fuels; and (iii) (iv) for the refinancing or redemption of negotiable notes, bonds, and other evidences of indebtedness or obligations incurred by a locality on behalf of a school division which has an application for a Literary Fund loan for an approved school project pending before the Board of Education. For the purpose of this section, "alternative fuels" means motor fuels other than gasoline and diesel fuel.

## HB1835 Purposes of Literary Fund loans.

Purposes of Literary Fund loans. Provides the Board of Education with the authority to make Literary Fund loans for purchasing and installing educational technology equipment and infrastructure. The report submitted pursuant to Item 131 of HB 30 of 1996 suggested that the Board of Education revise its regulations to allow loans from the Literary Fund for educational technology; however, at this time, the Board's statutory authority does not include this purpose.

HB2285 Educational technology foundations.

CHAPTER 863

An Act to amend and reenact § 11-35 of the Code of Virginia and to amend the Code of Virginia by adding in Article 1 of Chapter 13 of Title 22.1 a section numbered 22.1-212.2:2, relating to authority of local school boards to establish educational technology corporations.

[H 2285]

Approved April 2, 1997

Be it enacted by the General Assembly of Virginia:

1. That § 11-35 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 1 of Chapter 13 of Title 22.1 a section numbered 22.1-212.2:2 as follows:

§ 11-35. Title; purpose; applicability.

A. This chapter may be cited as the Virginia Public Procurement Act.

B. The purpose of this chapter is to enunciate the public policies pertaining to governmental procurement from nongovernmental sources, to include governmental procurement which may or may not result in monetary consideration for either party. This chapter shall apply whether the consideration is monetary or nonmonetary and regardless of whether the public body, the contractor, or some third party is providing the consideration.

C. The provisions of this chapter, however, shall not apply, except as stipulated in the provisions of §§ 11-41.1, 11-49, 11-51, 11-54, 11-56 through 11-61 and 11-72 through 11-80, to any town with a population of less than 3,500 as determined by the last official United States census.

D. Except to the extent adopted by such governing body, the provisions of this chapter also shall not apply, except as stipulated in subsection E, to any county, city or town whose governing body adopts by ordinance or resolution alternative policies and procedures which are based on competitive principles and which are generally applicable to procurement of goods and services by such governing body and the agencies thereof. This exemption shall be applicable only so long as such policies and procedures, or other policies and procedures meeting the requirements of this section, remain in effect in such county, city or town. Such policies and standards may provide for incentive contracting which offers a contractor whose bid is accepted the opportunity to share in any cost savings realized by the locality when project costs are reduced by such contractor, without affecting project quality, during construction of the project. The fee, if any, charged by the project engineer or architect for determining such cost savings shall be paid as a separate cost and shall not be calculated as part of any cost savings.

Except to the extent adopted by such school board, the provisions of this chapter shall not apply, except as stipulated in subsection E, to any school division whose school board adopts by policy or regulation alternative policies and procedures which are based on competitive principles and which are generally applicable to procurement of goods and services by such school board. This exemption shall be applicable only so long as such policies and procedures, or other policies or procedures meeting the requirements of this section, remain in effect in such school division. This provision shall not exempt any school division from any centralized purchasing ordinance duly adopted by a local governing body.

E. Notwithstanding the exemptions set forth in subsection D, the provisions of §§ 11-41 C, 11-41.1, 11-46 B, 11-49, 11-51, 11-54, 11-56 through 11-61 and 11-72 through 11-80 shall apply to all counties, cities and school divisions, and to all towns having a population greater than 3,500 in the Commonwealth. The method for procurement of professional services set forth in subdivision 3 a of § 11-37 in the definition of competitive negotiation shall also apply to all counties, cities and school divisions, and to all towns having a population greater than 3,500, where the cost of the professional service is expected to exceed \$20,000. A school board that purchases educational technology through its educational technology corporation established pursuant to § 22.1-212.2:2 shall be exempt from the provisions of this chapter, except, relative to such purchases, the school board shall comply with the provisions of §§ 11-51, and 11-72 through 11-80.

F. The provisions of this chapter shall not apply to those contracts entered into prior to January 1, 1983, which shall continue to be governed the laws in effect at the time those contracts were executed.

G. To the end that public bodies in the Commonwealth obtain high quality goods and services at reasonable cost, that all procurement procedures be conducted in a fair and impartial manner with avoidance of any impropriety or appearance of impropriety, that all qualified vendors have access to public business and that no offeror be arbitrarily or capriciously excluded, it is the intent of the General Assembly that competition be sought to the maximum feasible degree, that individual public bodies enjoy broad flexibility in fashioning details of such competition, that the rules governing contract awards be made clear in advance of the competition, that specifications reflect the procurement needs of the purchasing body rather than being drawn to favor a particular vendor, and that purchaser and vendor freely exchange information concerning what is sought to be procured and what is offered.

H. Notwithstanding the foregoing provisions of this section, the selection of services by the Virginia Retirement System and the Board of the Virginia Higher Education Tuition Trust Fund related to the management, purchase or sale of authorized investments, including but not limited to actuarial services, shall be governed by the standards set forth in §§ 51.1-124.30 and 23-38.80, respectively, and shall not be subject to the provisions of this chapter.

I. The provisions of this chapter shall apply to procurement of any construction or planning and design services for construction by a Virginia

not-for-profit corporation or organization not otherwise specifically exempted when the planning, design or construction is funded by state appropriations greater than \$10,000 unless the Virginia not-for-profit corporation or organization is obligated to conform to procurement procedures which are established by federal statutes or regulations, whether or not those federal procedures are in conformance with the provisions of this chapter.

J. The provisions of this chapter shall not apply to items purchased by public institutions of higher education for resale at retail bookstores and similar retail outlets operated by such institution. However, such purchase procedures shall provide for competition where practicable.

¶ 22.1-212.2:2. Educational technology corporations.

A. As used in this section:

"Educational technology" means any software, hardware, or other equipment or infrastructure or technical assistance or instruction in the use of such software, hardware or other equipment or infrastructure which may be required to implement a local school board's approved plan for educational technology or the Board of Education's Six-Year Plan for Educational Technology.

"Educational technology foundation" means a nonstock, nonprofit corporation, established for the express purpose of implementing a public/private partnership to expand access to and improve the quality of educational technology in a school division.

B. Any school board may establish an educational technology foundation. Such foundation may be established directly by the school board or by the school board and other organizations or persons, on behalf of the school board by a third party, or through a contract with a corporation as defined in this section. An educational technology foundation may be established as a cooperative regional effort by two or more school boards.

C. Upon establishing or contracting with such corporation, whether or not other organizations, school boards or persons are involved, a school board shall:

1. Review and approve the articles of incorporation and bylaws;

2. Establish a system of accounting to protect public funds;

3. Establish agreement that, upon dissolution of the corporation, any assets remaining after payment of just debts shall be transferred to and become the property of the school board or, if a regional effort, the procedure by which the property may be divided among the school boards;

4. Require, in any instance in which the school board advances, contributes or loans funds to the corporation, that such contract shall

provide for the posting of a bond with surety by the officers of the corporation conditioned to protect the rights of the school board;

5. Establish terms for the allocation of any profits or revenues between the school board and the corporation; and

6. Take such other steps as may be necessary to comply with applicable law.

D. A school board may (i) advance, contribute or loan funds to such foundation and (ii) establish an escrow fund for the purpose of funding various educational technology projects.

HB2285 Educational technology foundations.

Educational technology foundations. Provides local school boards with the authority to establish, by themselves or with other parties or as regional efforts with other school boards, educational technology foundations. These foundations will be for the express purpose of implementing a public/private partnership to expand access to and improve the quality of educational technology in a school division. Certain precautions must be taken, e.g., the school board must review and approve the articles of incorporation and bylaws and establish a system of accounting to protect public funds. Education technology is defined to include any software, hardware, or other equipment, or technical assistance or instruction in the use of any software, hardware or other equipment which is required to implement a local school board's approved plan for educational technology or the Board of Education's Six-Year Educational Technology Plan for Virginia. This bill is a recommendation of the Commission on Educational Infrastructure.





HB1848 Training in educational technology.

CHAPTER 827

An Act to amend and reenact §§ 22.1-253.13:5, 23-9.2:3, 23-9.8, and 23-9.13:1 of the Code of Virginia, relating to training in educational technology. [H 1848]

Approved April 2, 1997

Be it enacted by the General Assembly of Virginia:

1. That §§ 22.1-253.13:5, 23-9.2:3, 23-9.8, and 23-9.13:1 of the Code of Virginia are amended and reenacted as follows:

§ 22.1-253.13:5. Standard 5. Training and professional development.

A. The General Assembly and the Board of Education find that effective educational leadership and personnel and appropriate programs of professional development and training are essential for the advancement of public education in the Commonwealth.

B. Each member of the Board of Education shall participate in in-service programs on personnel, curriculum and current issues in education as part of his service on the Board.

C. The Board of Education shall sponsor, conduct or provide advice on (i) training and professional development of teachers, principals, supervisors, division superintendents and other school staff and (ii) in-service programs for school board members on personnel, curriculum and current issues in education. The Board shall provide technical assistance on professional development to local school boards designed to seek to ensure that all instructional personnel are proficient in the use of educational technology consistent with its Six-Year Educational Technology Plan for Virginia.

D. Each local school board shall require (i) its members to participate annually in in-service programs on personnel, curriculum and current issues in education as part of their service on the local board and (ii) require the division superintendent to participate annually in professional development activities at the local, state or national levels.

E. Each local school board shall provide (i) a program of professional development, as part of the license renewal process, to assist teachers and principals in acquiring the skills needed to work with gifted students and handicapped students and to increase student achievement, and (ii) a program of professional development in educational technology for all instructional personnel, and (iii) a program of professional development for administrative personnel designed to increase proficiency in instructional leadership and management.

¶ 23-9.2:3. Power of governing body of educational institution to establish rules and regulations; offenses occurring on property of institution; state direct student financial assistance.

A. In addition to the powers now enjoyed by it, the board of visitors or other governing body of every educational institution shall have the power:

1. To establish rules and regulations for the acceptance of students except that individuals who have been convicted of violating the federal requirement to register for the selective service shall not be eligible to receive any state direct student assistance; to establish rules and regulations for the conduct of students while attending such institution; and to establish rules and regulations for the dismissal of students who fail or refuse to abide by such rules and regulations.

2. To establish rules and regulations for the employment of professors, teachers, instructors and all other employees and provide for their dismissal for failure to abide by such rules and regulations.

3. To provide parking and traffic rules and regulations on property owned by such institution.

4. To establish guidelines for the initiation or induction into any social fraternity or sorority in accordance with ¶ 18.2-56.

B. Upon receipt of an appropriate resolution of the board of visitors or other governing body of an educational institution, the governing body of a political subdivision which is contiguous to the institution shall enforce state statutes and local ordinances with respect to offenses occurring on the property of the institution.

The governing bodies of the public institutions of higher education shall assist the State Council of Higher Education and the Virginia Student Assistance Authorities in enforcing the provisions related to eligibility for financial aid.

C. In order to improve the quality of the Commonwealth's work force and educational programs, the governing bodies of the public institutions of higher education shall establish programs to seek to ensure that all graduates have the technology skills necessary to compete in the 21st Century and, particularly, that all students matriculating in teacher-training programs receive instruction in the effective use of educational technology.

¶ 23-9.8. Cooperation with State Board of Education.

The Council shall cooperate with the State Board of Education in matters of interest to both the public school schools and the state-supported institutions of higher education, particularly in connection with coordination of the college admission requirements and teacher training programs with the public school program. In accomplishing this responsibility, the Council shall consult with the Board on its Six-Year Educational Technology Plan for Virginia and shall encourage the public

institutions of higher education to design programs which include the skills necessary for the successful implementation of the Plan.

§ 23-9.13:1. Institutes for training teachers, administrators and librarians; guidelines to be developed by the State Council of Higher Education.

A. From such funds as may be appropriated for this purpose and from such gifts, donations, grants, bequests, and other funds as may be received on its behalf, the Council shall establish institutes providing technology training for teachers, administrators and librarians in the elementary and secondary schools of the Commonwealth.

B. The institutes shall be established at no more than three sites, which may include two-year and four-year public institutions of higher education.

C. The State Council of Higher Education shall, in consultation with the Virginia Department of Education and the accredited teacher education programs of the Commonwealth's institutions of higher education, develop guidelines to seek to ensure that all students matriculating in teacher-training programs meet the standards embodied in Virginia's Technology Standards for Instructional Personnel and have the requisite skills for the implementation of the Board of Education's Six-Year Educational Technology Plan for Virginia.



HB1848 Training in educational technology.

Training in educational technology. Requires training for new and existing teachers and other instructional personnel in the use of educational technology. This bill mandates that the Board of Education provide technical assistance to local school boards on professional development in education technology designed to seek to ensure that all instructional personnel are proficient in the use of educational technology; that all local school boards provide a program of professional development in educational technology for all instructional personnel; that the governing bodies of the public institutions of higher education establish programs to ensure that all graduates have the technological skills necessary to compete in the 21st century and, particularly, that all students matriculating in teacher-training programs receive instruction in the effective use of educational technology; and that the State Council of Higher Education, in consultation with the Virginia Department of Education and the accredited teacher education programs of the Commonwealth's institutions of higher education, develop guidelines to ensure that all students matriculating in teach-training programs meet the standards embodied in Virginia's Technology Standards for Instructional Personnel and have the requisite skills for the implementation of the Board of Education's Six-Year Educational Technology Plan for Virginia. The State Council of Higher Education is also directed to consult with the Board of Education on its Six-Year Educational Technology Plan for Virginia and to encourage the public institutions of higher education to design programs to include the skills necessary for the successful implementation of the Plan. This bill is a recommendation of the Commission on Educational Infrastructure.

Item	Item Details(\$)	Appropriations(\$)	
		First Year	Second Year
140 C 9 (last paragraph)	<p>Discovery, Reading Recovery, programs for students who speak English as a second language, and programs related to increasing the success of disadvantaged students in completing a high school degree and providing opportunities to encourage further education and training.</p> <p>c.1) An additional state payment of \$4,142,000 the first year and \$3,500,000 the second year from the general fund shall be disbursed for regional alternative education programs. Such programs shall be for the purpose of educating certain expelled students and, as appropriate, students who have received suspensions from public schools and students returned to the community from the Department of Juvenile Justice.</p> <p>2) Each regional program shall have a small student/staff ratio. Such staff shall include, but not be limited to education, mental health, health, and law enforcement professionals, who will collaborate to provide for the academic, psychological and social needs of the students. Each program shall be designed to ensure that students make the transition back into the "mainstream" within their local school division.</p> <p>3) The Board of Education shall provide assistance for the state share of the incremental cost of regional alternative education program operations based on the composite index of local ability-to-pay.</p> <p>d. An additional state payment of \$141,581 the first year and \$141,581 the second year from the general fund shall be disbursed for the state share of the Virginia Reading Recovery Program to provide intensive individualized reading instruction to first-grade students identified as at-risk of reading failure. Funds shall be used for a Reading Recovery training site, program planning, and development support for local school divisions.</p> <p><i>e. An additional state payment of \$133,000 the second year from the general fund shall be disbursed by the Department of Education to provide \$1,000 to each local school division that certifies to the Superintendent of Public Instruction by October 15, 1997, the formation of a Remediation Program Standards Committee pursuant to the provisions of House Bill 1859, 1997 Session. The Department shall survey local school boards for a determination of the specific requirements of the local programs of remediation, components included in the remediation program, and the number of students projected to be in remediation programs. The Department of Education shall report the results of the survey to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 1997.</i></p> <p>9. Maintenance Supplement</p> <p>a. An additional state payment estimated at <del>\$7,027,106</del> \$7,020,490 the first year and <del>\$6,194,609</del> \$9,287,109 the second year from the general fund shall be disbursed by the Department of Education to local school divisions to support the state share of \$11.50 per pupil in the first year and <del>\$40</del> \$15 per pupil in the</p>		

<b>Item</b>	<b>Item Details(\$)</b>		<b>Appropriations(\$)</b>	
	<b>First Year</b>	<b>Second Year</b>	<b>First Year</b>	<b>Second Year</b>

second year in adjusted daily membership for ongoing maintenance needs or debt service payments. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.

*b. The Virginia Beach School Board and the Virginia Beach City Council are encouraged to continue making progress in implementing the Capital Improvement Plan for the city's older schools.*

**10. Primary Class Size Payments**

a. An additional payment estimated at ~~\$47,953,906~~ \$50,445,232 the first year and ~~\$49,603,913~~ \$56,730,696 the second year from the general fund shall be disbursed by the Department of Education as an incentive payment for reducing class sizes in the primary grades.

b. The Department of Education shall calculate the payment based on the incremental cost of providing the lower class sizes based on the greater of the division average per pupil cost of all divisions or the actual division per pupil cost.

c. Localities are required to provide a match for these funds based on the composite index of local ability-to-pay.

d. By November 1 ~~of each year, 1996~~, school divisions must provide data to the Department of Education that each participating school has a September 30, 1996 pupil/teacher ratio in grades kindergarten through three that meet the following criteria:

<b>Qualifying School Percentage of Students Approved Eligible for Free Lunch</b>	<b>Grades K-3 School Ratio</b>	<b>Individual Class Size</b>
20% but less than 50%	20 to 1	25
50% but less than 70%	18 to 1	22
70% or more	15 to 1	20

*e. By November 1, 1997, school divisions must provide data to the Department of Education that each participating school has a September 30, 1997 pupil/teacher ratio in grades kindergarten through three that meet the following criteria:*

<b>Qualifying School Percentage of Students Approved Eligible for Free Lunch</b>	<b>Grades K-3 School Ratio</b>	<b>Individual Class Size</b>
<i>16% but less than 50%</i>	<i>20 to 1</i>	<i>25</i>
<i>50% but less than 70%</i>	<i>18 to 1</i>	<i>22</i>
<i>70% or more</i>	<i>15 to 1</i>	<i>20</i>

f. School divisions may elect to have eligible schools participate at a higher ratio, with a commensurate reduction of state and required local funds, if local conditions do not permit participation at the established

Item	152	Item Details(\$)		Appropriations(\$)	
		First Year	Second Year	First Year	Second Year
	<p><i>D. Full funding for the operation of The Commonwealth Governor's School in Northeastern Virginia is contingent upon the provision of full Governor's School services and activities by September 30, 1997. Any delay in the provision of full Governor's School services and activities will result in a corresponding reduction in state funding for enrollment. To the extent that full services and activities are not provided by September 30, 1997, an amount not to exceed \$100,000 from the unused enrollment funding may be allocated for final implementation. Funding is also contingent upon satisfaction of the Board of Education's requirements as set forth on January 9, 1997. However, the Board's requirement of approval received from the International Baccalaureate organization shall be met by the Commonwealth Governor's School applying to the International Baccalaureate Program in the first year of the School's operation, and the International Baccalaureate organization grants the School permission to offer International Baccalaureate courses that would result in qualified ninth graders in the class of 2000-2001 receiving the International Baccalaureate upon their graduation.</i></p>				
144.	Not set out.				
145.	Not set out.				
146.	Not set out.				
147.	Not set out.				
148.	Not set out.				
149.	Not set out.				
150.	Not set out.				
151.	Not set out.				
152.	<p>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.</p> <p>B. The Virginia Public School Authority shall provide an interest rate subsidy program in the Fall of 1996</p>				



Item 152 D

Item Details(\$)		Appropriations(\$)	
First Year	Second Year	First Year	Second Year

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.*

Total for Direct Aid to Public Education.....			<b>\$3,257,634,708</b>	<b>\$3,364,236,838</b>
			<b>\$3,275,782,128</b>	<b>\$3,415,705,683</b>
Fund Sources: General.....	\$2,886,670,371	\$2,998,350,901		
	\$2,895,766,099	\$3,048,898,194		
Special.....	\$51,299,237	\$46,220,837		

Item 139, subdivision 5

Item Details(\$)  
 First Year    Second Year  
 Appropriations(\$)  
 First Year    Second Year

3. School Employee Social Security Contributions

This subprogram provides funds to each local school board for the state share of the employer's Social Security cost incurred by it, on behalf of the instructional personnel for subsequent transfer to the Contribution Fund pursuant to Title 51, Chapter 3.1, Code of Virginia.

4. School Employee Insurance Contributions

This subprogram provides funds to each local school board for the state share of the employer's Group Life Insurance cost incurred by it on behalf of instructional personnel who participate in group insurance under the provisions of Title 51, Chapter 3.2, Code of Virginia.

5. Literary Fund Payments

Appropriations for contributions in Paragraphs 2 and 3 above include payments from funds derived from the principal of the Literary Fund in accordance with Article VIII, Section 8, of the Constitution of Virginia. The amounts set aside from the Literary Fund for these purposes are approximately \$41,091,382 the first year and approximately ~~\$22,289,282~~ \$15,526,255 the second year.

140.	Financial Assistance for Public Education (Standards of Quality) (17500).....			\$2,058,691,311	\$2,123,912,67
	Basic Aid Payments (17502).....	\$1,669,059,094	\$1,721,081,632	\$2,074,126,379	\$2,168,811,47
		\$1,672,294,082	\$1,746,913,830		
	Education of the Gifted Payments (17505).....	\$19,452,113	\$19,712,640		
		\$19,436,692	\$19,698,952		
	No Loss/Composite Index Transition (17508).....	\$2,066,663	\$0		
		\$5,882,512			
	Occupational-Vocational Education Payments (17509)....	\$38,759,818	\$39,094,541		
		\$38,736,342	\$34,796,637		
	Special Education Payments (17510).....	\$158,830,231	\$160,692,742		
		\$158,802,930	\$160,303,208		
	Enrollment Loss Payments (17513).....	\$1,819,829	\$1,759,412		
		\$1,950,466	\$1,824,999		
	Remedial Education Payments (17514).....	\$82,272,994	\$82,621,871		
		\$83,608,241	\$84,524,766		
	Maintenance Supplement (17515).....	\$7,027,106	\$6,194,609		
		\$7,020,490	\$9,287,111		
	Primary Class Size Payments (17517).....	\$47,053,906	\$49,603,913		
		\$50,445,232	\$56,730,696		
	Educational Technology Payments (17518).....	\$10,078,755	\$22,802,355		
		\$19,130,447	\$31,487,034		
	At-Risk Four-Year Olds Preschool Payments (17519)....	\$18,392,782	\$18,271,022		
		\$14,873,692	\$15,071,933		
	Truancy/Safe Schools (17520).....	\$2,077,023	\$2,077,023		
		\$1,945,253	\$1,945,253		
	Early Intervention (17521).....	\$0	\$6,227,060		
	Fund Sources: General.....	\$2,046,439,556	\$2,098,937,316		
		\$2,052,822,932	\$2,135,151,445		
	Special.....	\$10,078,755	\$22,802,355		
	Commonwealth Transportation.....	\$2,173,000	\$2,173,000		
	Dedicated Special Revenue.....	\$10,078,755	\$22,802,355		
	Federal Trust.....	\$9,051,692	\$8,684,679		

Authority: Basic Aid Payments (1750200): Article VIII.

HJ662 Use of Literary Fund moneys.

HOUSE JOINT RESOLUTION NO. 662

Expressing the sense of the General Assembly concerning use of Literary Fund moneys.

Agreed to by the House of Delegates, February 4, 1997  
Agreed to by the Senate, February 19, 1997

WHEREAS, Virginia's school divisions have many construction needs, with localities estimating a need for school construction investments of \$4.1 billion in the next five years; and

WHEREAS, this \$4.1 billion investment will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion; and

WHEREAS, figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; and

WHEREAS, the real unmet capital construction needs in Virginia's school divisions, therefore, could exceed \$8.2 billion; and

WHEREAS, these construction problems are exacerbated by increases in school construction costs and the burden of debt service in recent years; and

WHEREAS, the Commonwealth of Virginia operates two construction funding programs that depend on revenue flowing into the Literary Fund, a constitutionally established, permanent and perpetual fund; and

WHEREAS, the Constitution of Virginia authorizes the General Assembly to use Literary Fund moneys for public school purposes, "so long as the principal of the Fund totals as much as eighty million dollars"; and

WHEREAS, the fiscal crises of the early 1990s made it necessary to transfer substantial funds from the Literary Fund and, without these transfers, funding of the Standards of Quality could have been affected; and

WHEREAS, the budget decisions of the early 1990s made it possible for Virginia to thrive in a time of economic exigency; and

WHEREAS, without the flexibility provided by the Constitution of Virginia, these accomplishments might not have been possible; and

WHEREAS, the impact of Literary Fund transfers on the capacity of the Fund to make direct loans and the capacity of the Virginia Public School Authority to issue bonds was significant; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That it is the sense of the General Assembly of Virginia that great restraint must be exercised in using Literary Fund moneys for school purposes other than construction and other capital projects; and, be it

RESOLVED FURTHER, That the General Assembly recognize that because economic forecasts are favorable for 1997, with considerable reserves predicted, it is, therefore, time to focus on funding the vital construction and equipment needs of the Commonwealth's public schools.

HJ500 Study; Commission on Educational Infrastructure continued.

HOUSE JOINT RESOLUTION NO. 500

Continuing the Commission on Educational Infrastructure.

Agreed to by the House of Delegates, February 20, 1997  
Agreed to by the Senate, February 19, 1997

WHEREAS, the Commission on Educational Infrastructure was established pursuant to House Joint Resolution No. 135 (1996) to examine the many difficult issues relating to school construction and educational technology infrastructure; and

WHEREAS, the Commission has received much data during the 1996 interim concerning the need for funds to remedy school building conditions and thereby to improve the achievement of higher standards; and

WHEREAS, localities are estimating school construction investments of \$4.1 billion in the next five years that will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion; and

WHEREAS, in many school divisions, maintenance needs are deferred--a practice that increases the costs of repairs and interacts with other issues; for example, without air conditioning, a school division cannot conduct summer school; and

WHEREAS, school construction issues are exacerbated by increases in school construction costs in recent years and by the large percentage of many school divisions' budgets that must be dedicated to debt services; and

WHEREAS, the Commission also reviewed the Board of Education's revised Six-Year Plan for Educational Technology which sets out goals and implementation strategies to equalize access to educational technology; and

WHEREAS, the Commission has examined various mechanisms for increasing funding of educational technology and the Commonwealth's commitment to this important program; and

WHEREAS, the Commission's 1997 initiatives will provide some steps to assist school divisions with construction and technology issues; and

WHEREAS, although the Commission is committed to making a difference, the scope of the problem is such that additional consideration of the issues and possible ways to remedy the problems are necessary; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Commission on Educational Infrastructure be continued. In accordance with HJR No. 135 (1996), the members of the Commission so appointed shall continue to serve and any vacancies shall be filled as provided therein. In order to provide equal representation between the two chambers of the General Assembly, the leadership of the Commission shall be rotated, with the chairman becoming the vice-chairman and the vice-chairman becoming the chairman. In its 1997 study, the Commission shall continue to examine the objectives established in HJR No. 135 (1996). In addition, the Commission shall request the House Committee on Appropriations and the Senate Committee on Finance to work with it to evaluate (i) the feasibility of a one-time direct appropriation for school construction; (ii) a possible debt service funding program; and (iii) ways to enhance the Commonwealth's commitment to educational technology funding.

The direct costs of this study shall not exceed \$7,350.

The Division of Legislative Services shall provide staff support for the study. The staffs of the House Committee on Appropriations and the Senate Committee on Finance shall provide technical assistance to the Commission. The Commission may also seek the assistance of public and private organizations, business and industry, and such other persons with expertise in school construction, financing, and technology planning, who shall serve in an advisory and voluntary capacity without compensation.

The Commission shall complete its work in time to submit its findings and recommendations to the Governor and the 1998 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

## APPENDIX C

### Letters to Elected Officials

The Governor  
The Honorable George F. Allen

The Chairman of the House Committee on Appropriations  
The Honorable V. Earl Dickinson

The Cochairmen of the Senate Committee on Finance  
The Honorable John H. Chichester  
The Honorable Stanley C. Walker

The Members of the Virginia Senate Delegation  
The Honorable Charles S. Robb  
The Honorable John W. Warner

The Members of the Virginia House of Representatives Delegation  
The Honorable Herbert H. Bateman  
The Honorable Thomas J. Bliley, Jr.  
The Honorable Frederick Boucher  
The Honorable Thomas M. Davis, III  
The Honorable Virgil H. Goode, Jr.  
The Honorable Robert W. Goodlatte  
The Honorable James P. Moran, Jr.  
The Honorable Owen B. Pickett  
The Honorable Robert C. Scott  
The Honorable Norma Sisisky  
The Honorable Frank R. Wolf







# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
Lieutenant Governor

*Office of the Lieutenant Governor*  
*Richmond 23219*

(804) 786-2078  
(804) 786-7514 FAX  
TTY/TDD: 1-800-828-1120  
America Online: LtGovBeyer

January 20, 1997

The Honorable George F. Allen  
P.O. Box 1475  
Richmond, VA 23212

Dear Governor Allen:


As the chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that the Commonwealth apply for any federal funds that may be used for school construction and that you support the development of a recently proposed federal school construction program. An additional \$5 billion federal appropriation has been recommended for a state-administered school construction program to renovate or replace deficient schools.

During the 1996 interim, the Commission has received much information demonstrating the construction and technology needs of Virginia's public schools. Localities are estimating school construction investments of \$4.1 billion in the next five years, which will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion. Figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; therefore the real unmet capital construction needs in Virginia's school divisions could exceed \$8.2 billion. These problems are exacerbated by increases in school construction costs in recent years. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

The Honorable George F. Allen  
January 20, 1997  
Page -2-

These are staggering figures, presenting enormous, but not insurmountable, obstacles. With your help, the Commonwealth can begin to take steps to resolve these problems. I believe, and I hope that you agree, that it is time to provide all possible means to remedy the construction and equipment needs of the Commonwealth's public schools.

Please accept my appreciation for your consideration of this request.

Respectfully,  
  
Donald S. Beyer, Jr.



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America Online: LtGovBeyer

January 20, 1997

The Honorable V. Earl Dickinson  
9549 Fredericks Hall Road  
Mineral, VA 23117

Dear Chairman Dickinson: *Earl*

Over the years, I have watched with respect and admiration the hard work and dedication of the (House Committee on Appropriations/Senate Committee on Finance) in developing the Commonwealth's budget and facilitating consensus on fiscal policy. I am sure that I speak for the citizens of Virginia when I say that you and your fellow committee members perform an invaluable and appreciated service.

I am writing to you today on behalf of the school divisions and children of the Commonwealth to request your help as you proceed with this process in this session and beyond. As a member of the Commission on Educational Infrastructure, you have received much information demonstrating the construction and technology needs of Virginia's public schools. Localities are estimating school construction investments of \$4.1 billion in the next five years, which will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion. Figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; therefore the real unmet capital construction needs in Virginia's school divisions could exceed \$8.2 billion. These problems are exacerbated by increases in school construction costs in recent years. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

These are staggering figures, presenting enormous, but not insurmountable, obstacles. The Commission on Educational Infrastructure will take some significant steps to improve this situation during the coming Session. But, without your help, these problems will not be solved. The Commonwealth operates two construction funding programs which depend on the revenues flowing into the Literary Fund, a constitutionally established, permanent and perpetual fund. The

The Honorable V. Earl Dickinson  
January 20, 1997  
Page -2-

Constitution provides you--the General Assembly--with the authority to use Literary Fund moneys for public school purposes, "so long as the principal of the Fund totals as much as eighty million dollars." We all understand that the fiscal crises of the early 1990s made it necessary to transfer substantial funds from the Literary Fund and that, without the transfers, funding of the Standards of Quality could have been affected. The tough, but fair, decisions that you made over those years of financial strain made it possible for Virginia to thrive in a time of economic exigency.

Recognizing that these accomplishments would not have been possible without the flexibility provided by the Virginia Constitution to use Literary Fund moneys for other school purposes, the Commission on Educational Infrastructure is looking at measures other than efforts to restrict the use of these funds. However, the impact of Literary Fund transfers on the capacity of the Fund to make direct loans and the capacity of the Virginia Public School Authority to issue bonds was significant. Therefore, on behalf of the Commission, I am requesting that you assist us in convincing the General Assembly to restrain the use of Literary Fund moneys for school purposes other than construction and other capital projects. The economic forecasts are good this year, with considerable reserves predicted. I believe, and I hope that you agree, that it is time for focusing on funding the vital construction and equipment needs of the Commonwealth's public schools.

Respectfully,



Donald S. Beyer, Jr.



# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
Lieutenant Governor

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January 20, 1997

The Honorable John H. Chichester  
P.O. Box 904  
Fredericksburg, VA 22404

Dear Chairman Chichester

A handwritten signature in dark ink, appearing to read "John", written over the typed name "Chichester".

Over the years, I have watched with respect and admiration the hard work and dedication of the (House Committee on Appropriations/Senate Committee on Finance) in developing the Commonwealth's budget and facilitating consensus on fiscal policy. I am sure that I speak for the citizens of Virginia when I say that you and your fellow committee members perform an invaluable and appreciated service.

I am writing to you today on behalf of the school divisions and children of the Commonwealth to request your help as you proceed with this process in this session and beyond. As a member of the Commission on Educational Infrastructure, you have received much information demonstrating the construction and technology needs of Virginia's public schools. Localities are estimating school construction investments of \$4.1 billion in the next five years, which will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion. Figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; therefore the real unmet capital construction needs in Virginia's school divisions could exceed \$8.2 billion. These problems are exacerbated by increases in school construction costs in recent years. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

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January 20, 1997  
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Respectfully,



Donald S. Beyer, Jr.



# COMMONWEALTH of VIRGINIA

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January 20, 1997

The Honorable Stanley C. Walker  
100 West Plume St., Suite 750  
Norfolk, VA 23510

Dear Chairman *Stanley* -

Over the years, I have watched with respect and admiration the hard work and dedication of the (House Committee on Appropriations/Senate Committee on Finance) in developing the Commonwealth's budget and facilitating consensus on fiscal policy. I am sure that I speak for the citizens of Virginia when I say that you and your fellow committee members perform an invaluable and appreciated service.

I am writing to you today on behalf of the school divisions and children of the Commonwealth to request your help as you proceed with this process in this session and beyond. As a member of the Commission on Educational Infrastructure, you have received much information demonstrating the construction and technology needs of Virginia's public schools. Localities are estimating school construction investments of \$4.1 billion in the next five years, which will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion. Figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; therefore the real unmet capital construction needs in Virginia's school divisions could exceed \$8.2 billion. These problems are exacerbated by increases in school construction costs in recent years. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

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The Honorable Stanley C. Walker  
January 20, 1997  
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Respectfully,

A handwritten signature in black ink, appearing to read "D. Beyer, Jr.", written in a cursive style.

Donald S. Beyer, Jr.





# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
Lieutenant Governor

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America Online: LIGovBeyer

January 20, 1997

The Honorable Charles S. Robb  
The United States Senate  
Washington, D.C. 20515

Dear Senator Robb:

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

The Educational Infrastructure Commission has received much information demonstrating the construction and technology needs of Virginia's public schools--disturbing information of which you may not be aware. For example, localities are estimating school construction investments of \$4.1 billion in the next five years, which will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion. Figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; therefore the real unmet capital construction needs in Virginia's school divisions could exceed \$8.2 billion. These problems are exacerbated by increases in school construction costs in recent years. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

The Honorable Charles S. Robb  
January 20, 1997  
Page -2-

These are staggering figures, presenting enormous, but not insurmountable, obstacles. With your help, the Commonwealth can begin to take steps to resolve these problems. I believe, and I hope that you agree, that it is time to provide all possible means to remedy the construction and equipment needs of the Commonwealth's public schools.

Please accept my appreciation for your consideration of this request.

Respectfully,  


Donald S. Beyer, Jr.



# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
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Office of the Lieutenant Governor  
Richmond 23219

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America Online: LtGovBeyer

January 20, 1997

The Honorable John W. Warner  
The United States Senate  
Washington, D.C. 20515

Dear Senator Warner:

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

The Educational Infrastructure Commission has received much information demonstrating the construction and technology needs of Virginia's public schools--disturbing information of which you may not be aware. For example, localities are estimating school construction investments of \$4.1 billion in the next five years, which will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion. Figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; therefore the real unmet capital construction needs in Virginia's school divisions could exceed \$8.2 billion. These problems are exacerbated by increases in school construction costs in recent years. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

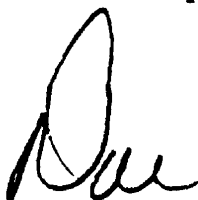
The Honorable John W. Warner

January 20, 1997

Page -2-

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Please accept my appreciation for your consideration of this request.

A handwritten signature in black ink, appearing to read "D. Beyer, Jr.", written in a cursive style.

Donald S. Beyer, Jr.

Respectfully,



# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
Lieutenant Governor

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Richmond 23219

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(804) 786-7514 FAX  
TTY/TDD: 1-800-828-1120  
America Online: LtGovBeyer

January 20, 1997

The Honorable Herbert H. Bateman  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman Bateman,

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

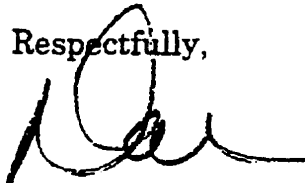
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The Honorable Herbert H. Bateman  
January 20, 1997  
Page -2-

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Please accept my appreciation for your consideration of this request.

Respectfully,

A handwritten signature in black ink, appearing to read 'Donald S. Beyer, Jr.', with a stylized, cursive script.

Donald S. Beyer, Jr.



# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
Lieutenant Governor

Office of the Lieutenant Governor  
Richmond 23219

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America Online: LtGovBeyer

January 20, 1997

The Honorable Thomas J. Bliley, Jr.  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman Bliley:

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

The Educational Infrastructure Commission has received much information demonstrating the construction and technology needs of Virginia's public schools--disturbing information of which you may not be aware. For example, localities are estimating school construction investments of \$4.1 billion in the next five years, which will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion. Figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; therefore the real unmet capital construction needs in Virginia's school divisions could exceed \$8.2 billion. These problems are exacerbated by increases in school construction costs in recent years. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

The Honorable Thomas J. Bliley, Jr.

January 20, 1997

Page -2-

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Please accept my appreciation for your consideration of this request.

Respectfully,

A handwritten signature in black ink, appearing to read 'Donald S. Beyer, Jr.', written in a cursive style.

Donald S. Beyer, Jr.





# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
Lieutenant Governor

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January 20, 1997

The Honorable Frederick Boucher  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman *Rich* Boucher: -

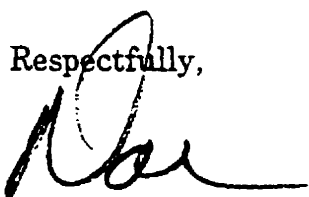
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The Educational Infrastructure Commission has received much information demonstrating the construction and technology needs of Virginia's public schools--disturbing information of which you may not be aware. For example, localities are estimating school construction investments of \$4.1 billion in the next five years, which will remedy less than two-thirds of the known construction deficiencies of \$6.2 billion. Figures obtained through on-site capital improvement surveys indicate that school divisions underreport capital needs by 54 percent; therefore the real unmet capital construction needs in Virginia's school divisions could exceed \$8.2 billion. These problems are exacerbated by increases in school construction costs in recent years. Further, many school divisions report that 11 percent or more of their budgets are being dedicated to debt service and that future debt capacity may be limited.

The Honorable Frederick Boucher  
January 20, 1997  
Page -2-

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Please accept my appreciation for your consideration of this request.

Respectfully,  
  
Donald S. Beyer, Jr.



# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
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America Online: LtGovBeyer

January 20, 1997

The Honorable Thomas M. Davis, III  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman *Tom* Davis: —

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

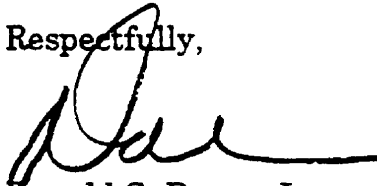
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The Honorable Thomas M. Davis, III  
January 20, 1997  
Page -2-

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Please accept my appreciation for your consideration of this request.

Respectfully,

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Donald S. Beyer, Jr.



# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
Lieutenant Governor

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TTY/TDD: 1-800-828-1120  
America Online: LtGovBeyer

January 20, 1997

The Honorable Virgil H. Goode, Jr.  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman Goode

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

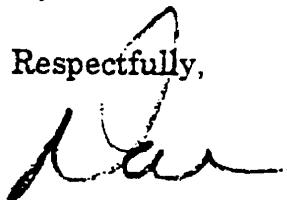
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January 20, 1997  
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These are staggering figures, presenting enormous, but not insurmountable, obstacles. With your help, the Commonwealth can begin to take steps to resolve these problems. I believe, and I hope that you agree, that it is time to provide all possible means to remedy the construction and equipment needs of the Commonwealth's public schools.

Please accept my appreciation for your consideration of this request.

Respectfully,



Donald S. Beyer, Jr.

*We miss you in the Senate.*



# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
Lieutenant Governor

Office of the Lieutenant Governor  
Richmond 23219

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America Online: LtGovBeyer

January 20, 1997

The Honorable Robert W. Goodlatte  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman Goodlatte:

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

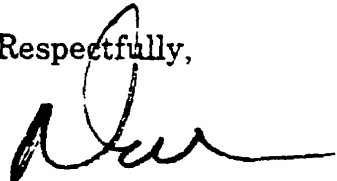
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Donald S. Beyer, Jr.





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Lieutenant Governor

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January 20, 1997

The Honorable James P. Moran, Jr.  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman *Jim Moran*


As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

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Donald S. Beyer, Jr.



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America Online: LtGovBeyer

January 20, 1997

The Honorable Owen B. Pickett  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman *Pickett* —

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

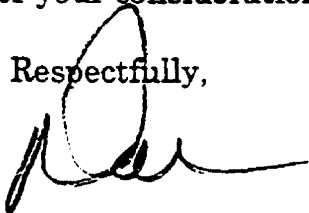
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Donald S. Beyer, Jr.



# COMMONWEALTH of VIRGINIA

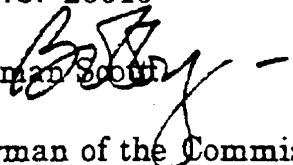
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January 20, 1997

The Honorable Robert C. Scott  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman Scott 

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

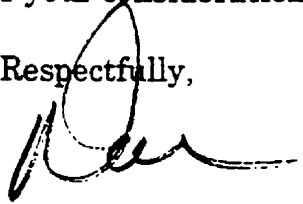
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January 20, 1997

The Honorable Norman Sisisky  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman Sisisky

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

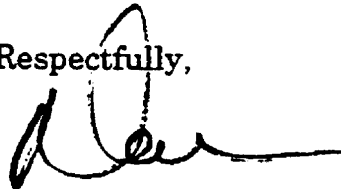
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Donald S. Beyer, Jr.





# COMMONWEALTH of VIRGINIA

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January 20, 1997

The Honorable Frank R. Wolf  
The United States House of Representatives  
Washington, D.C. 20515

Dear Congressman Wolf -

As chairman of the Commission on Educational Infrastructure, I am writing to you today to request, on behalf of the school divisions and children of Virginia, that you work for and support the development of a program and funding for school construction. An additional \$5 billion appropriation has recently been proposed to provide federal funds for a state-administered school construction program to renovate or replace deficient schools. I ask that you also use your resources to encourage and facilitate the Commonwealth to apply for any federal funds that may be used for school construction.

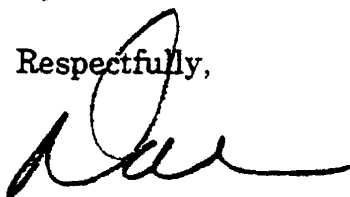
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Donald S. Beyer, Jr.

## **APPENDIX D**

### **Selected Materials**

#### **School Facility Status Survey—1995-1996 Update**

Department of Education

July 1, 1996

#### **The Role of the Commonwealth in Public School Construction**

Senate Finance Committee Staff

July 16, 1996

#### **School Building Condition**

##### **Does It Matter?**

Carol S. Cash, Glen I. Earthman, Eric W. Hines

#### **Elementary & Secondary Education**

##### **Equipment Trust Fund Study**

Susan F. Dewey, State Treasurer

November 25, 1996

#### **Virginia Constitutional and Statutory Law Related to School Construction and Technology**

Norma E. Szakal

Senior Attorney

Division of Legislative Services

#### **Chapter 14 of the 1950 Acts of Assembly**

(Bill implementing Governor Battle's school construction initiative—the only example of a direct appropriation of state funds for school construction to-date in Virginia)

#### **Spending For Public Education**

##### **Debt Service Payments Reported by School Divisions (1995-1996)**

##### **Outstanding Debt for Public Education (1995-1996)**

Senate Finance Committee Staff

December 1997



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**COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF EDUCATION**

**1995-96 SCHOOL FACILITY STATUS SURVEY**

**JULY 1, 1996**



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## **FOREWORD**

This School Facility Status Survey, the third in a series conducted every other year, is intended to document the condition of existing facilities and the need for new or renovated facilities on a statewide basis. The questionnaire used for this survey (see the Appendix) includes information requested in previous years to enable comparisons of responses between surveys and identification of trends with this third set of data points. Additional questions were added to this latest survey to identify facility problems related to the installation and use of technology. The policy of not releasing results of individual school divisions is continued to encourage responses to sensitive questions which would be difficult to obtain without anonymity.

The Department of Education is aware of critical facility needs throughout the state and provides at no cost to any school division a comprehensive capital improvement survey at the request of the division superintendent. Over 50 school divisions have been surveyed in the last six years. The results indicate that for a vast majority, local tax funds cannot meet the projected debt service required to upgrade and replace existing facilities or to build new facilities for increasing enrollments. In some localities, property taxes could double and still not generate the revenue needed to meet projected debt service for a modern school infrastructure. With the introduction of technology, the situation is even more apparent as classrooms, electrical service issues, and space for auxiliary equipment are all deficient and present difficulties in installing technology.

A number of issues are compounding the problem of maintaining and improving public school facilities in the Commonwealth. A weakened economy in many localities has

reduced the ability to finance new debt service. Unusually high inflation rates over the past three years in school construction have increased costs by approximately 40%. The continued practice of deferred maintenance often increases the final cost when the maintenance is eventually completed. Many localities are experiencing growth, especially at the lower grades, which necessitates additional classrooms. The desire to install and use technology as a tool for education has created a need to improve existing conditions to receive the technology infrastructure. And finally, the desire to use new teaching strategies has created additional reasons for major renovations or replacement.

The Commonwealth of Virginia is committed to maintaining high academic standards, testing students for achievement in these standards, and establishing a system of accountability and accreditation based on student academic achievement. The learning environment has an important influence on achievement. Adequate facilities are necessary for students to perform at their best.

In many school divisions, teachers, administrators, and children are forced to accept conditions that are, at best, crowded and uncomfortable—and at worst, dangerous and unhealthy. There is a critical need to improve facilities, a need that is greater than local school division resources. While this survey shows some improvement in addressing health and safety issues (items that can be addressed with limited maintenance funds), the need for additional classrooms, scheduled maintenance, and major renovations is growing at an alarming rate because existing capital development budgets are not adequate.

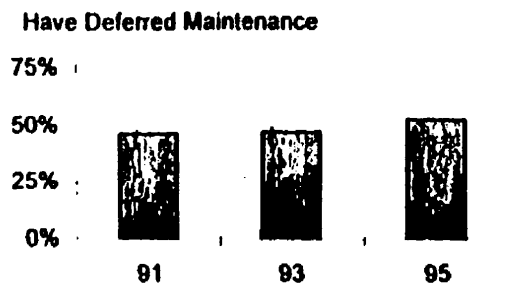
The survey highlights provided below are discussed in greater detail in the body of this report.

## CONTINUING PROBLEMS

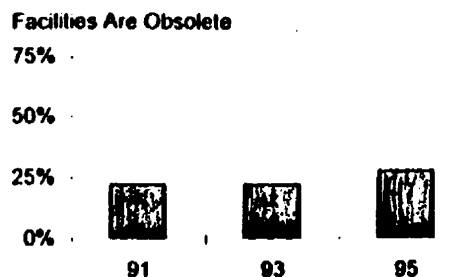
- Over 50% of divisions report deferred maintenance in their schools—a growing concern.
- The number of temporary classrooms used by school divisions is increasing.
- Nearly one third of existing schools have classrooms that are overcrowded.
- 27% of schools have classrooms that are considered to be obsolete—an increase of 23% over the last survey.
- An estimated 7,900 new classrooms are needed over the next five years, equivalent to a 13% increase.

## TRENDS NOTED

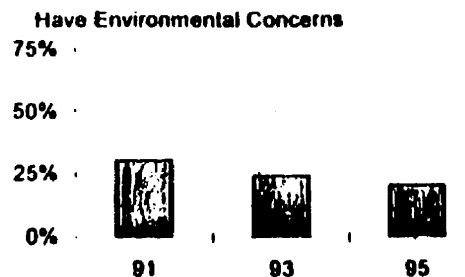
- Deferred maintenance is escalating.



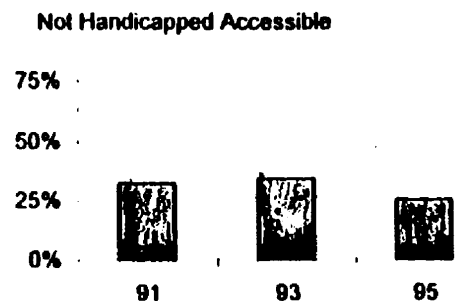
- Localities are viewing more of their buildings as obsolete each year.



- Divisions are addressing more environmental concerns each year.



- Accessibility of buildings by handicapped students, parents, and others is improving.

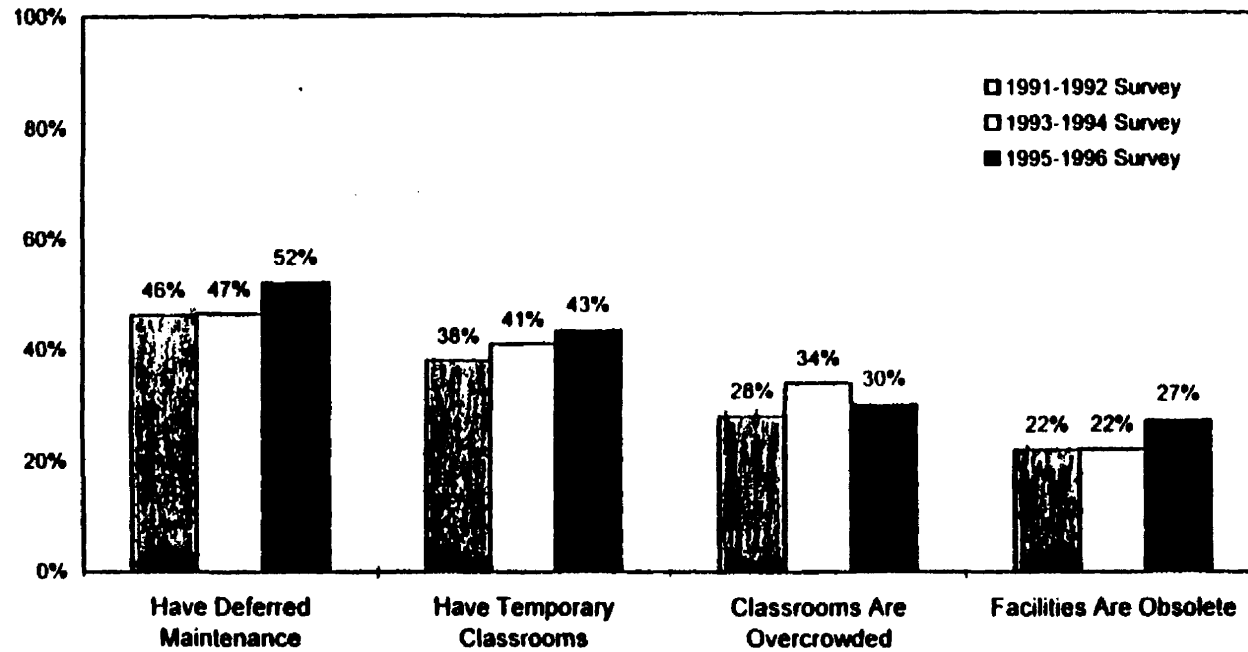


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**SURVEY RESULTS:  
1991-92, 1993-94, & 1995-96**



## **LEARNING ENVIRONMENT: Problems Persist**



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## **LEARNING ENVIRONMENT: Facilities Deteriorate**

### **Status**

- **Deferred maintenance in more than half of Virginia's schools indicates continuing economic distress.**

Survey results reflect significant facility problems in Virginia's schools. Both maintenance and capital outlay funds are needed immediately to enable financially strapped divisions to protect their investment in existing school facilities and to allow for cost-efficient replacement and expansion activities. Delays in rectifying problems have serious consequences. Shortages of funds to address problems when they first occur needlessly increase long-range costs. Poorly maintained buildings are distracting to students and teachers

- **Nearly one third of the school facilities are unable to accommodate present education program needs.**

Many classrooms are crowded or obsolete. Localities are forced to choose high "life-cycle cost" solutions such as mobile classrooms to solve immediate problems.

### **Trends**

- **Deferred maintenance has increased steadily since 1991-92.**

The 1995-96 figures for deferred maintenance are 23% higher than those reported in 1993-94. Currently, deferred maintenance affects 52% of schools statewide. This alarmingly high percentage appears to be escalating.

- **Temporary classroom use is increasing.**

At present, divisions are reporting that 45% of their schools use temporary facilities. A total of 3,621 mobile classrooms are in use statewide.

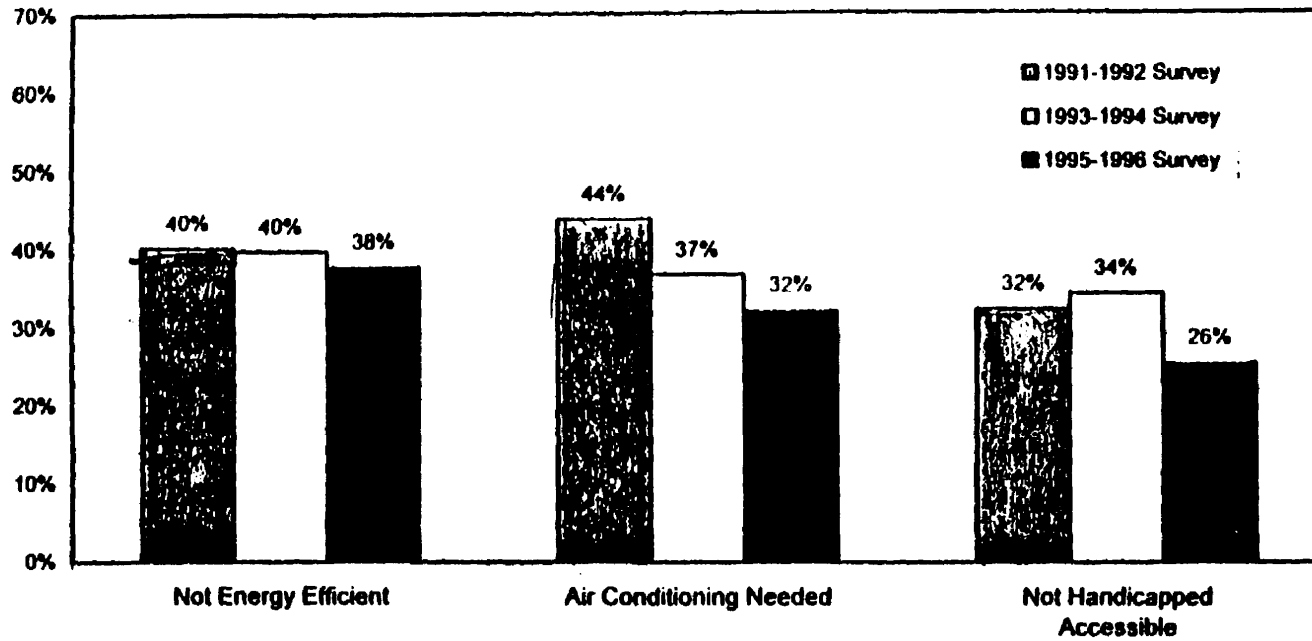
Overcrowding is a serious problem in many school divisions. While some divisions are able to provide new or renovated facilities to address this problem, others must resort to using mobile classrooms. Even with the use of temporary facilities and with increased construction of new schools and additions, overcrowding remains high.

- **Since 1991-92, reports of building obsolescence are up 23%.**

Local officials are increasingly assessing their schools to be obsolete. Technology issues are bringing obsolescence to the forefront.

---

**LEARNING ENVIRONMENT:  
Improvements Noted—Deficiencies Remain High**



---

## **LEARNING ENVIRONMENTS:**

### **Steady Progress in Some Areas**

#### **Status**

- **62% of schools are energy efficient.**

Money used to heat and cool inefficient buildings could be used to improve the education environment if more school facilities were energy efficient. Energy efficiency is a prerequisite for air conditioning.

- **68% of schools are now fully air conditioned.**

Air conditioning enables use of facilities throughout the year thus maximizing a division's large capital outlay. Properly controlled temperature and humidity benefit the learner. Also, air conditioning is recommended with the installation of technology.

- **74% of schools are accessible to the handicapped.**

Some accessibility problems cannot be rectified until buildings are fully renovated or replaced.

#### **Trends**

- **Progress in increasing the energy efficiency of schools is likely due to abandonment of obsolete facilities and the increase in the proportion of new facilities.**

Energy efficiency does not appear to be a high priority even though the costs of improvements can be covered by future energy bill savings. The increase in energy efficient facilities since 1991-92 is only slightly more than 3%.

- **Although levels of need remain high, school divisions have made considerable progress in air conditioning schools.**

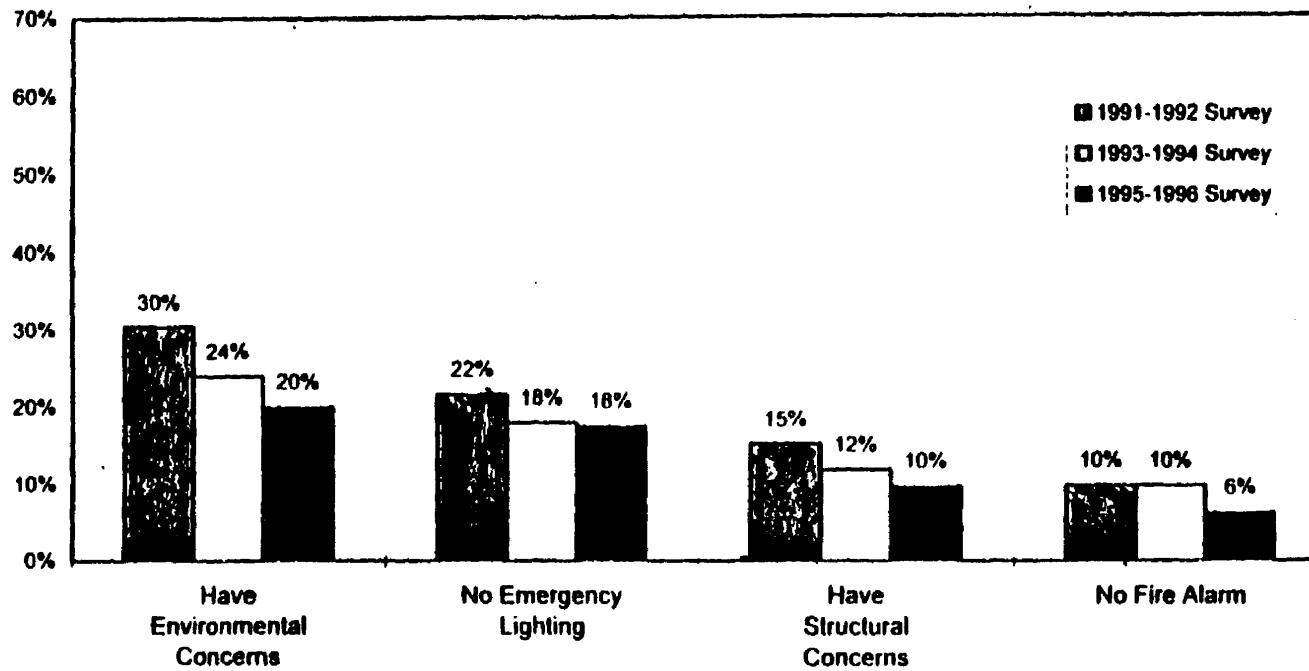
Continued progress in air conditioning buildings is anticipated as old buildings are renovated or replaced.

- **School divisions have made progress in improving facility accessibility for the handicapped.**

In 1993-94, school divisions reported higher numbers of schools as not fully accessible than in 1991-92. Increased requirements in the Americans with Disabilities Act (ADA) are thought to be the cause of this decrease in accessibility. In 1995-96, however, divisions addressed problems in nearly 19% of the schools previously identified as inaccessible.



## **LEARNING ENVIRONMENTS: Progress in Health and Safety Areas**



---

## **HEALTH AND SAFETY: Concerns are Addressed**

### **Status**

Virginia's school children are placed in peril when minimum health and safety standards cannot be met. Since 1991-92, divisions have report progress in addressing four critical areas of health and safety concerns. Some schools still have problems in these areas, however.

- **Divisions have reduced the number of schools with environmental concerns to 20%, fewer than 400 schools.**
- **18% or approximately 300 schools still have no emergency lighting.**
- **Schools with structural concerns have dropped to 10%-- fewer than 200 schools..**
- **6% of schools, about 100, still have no fire alarms.**

Environmental issues include asbestos removal or containment, underground storage tank removal, indoor air quality, lead in water and paint, and radon.

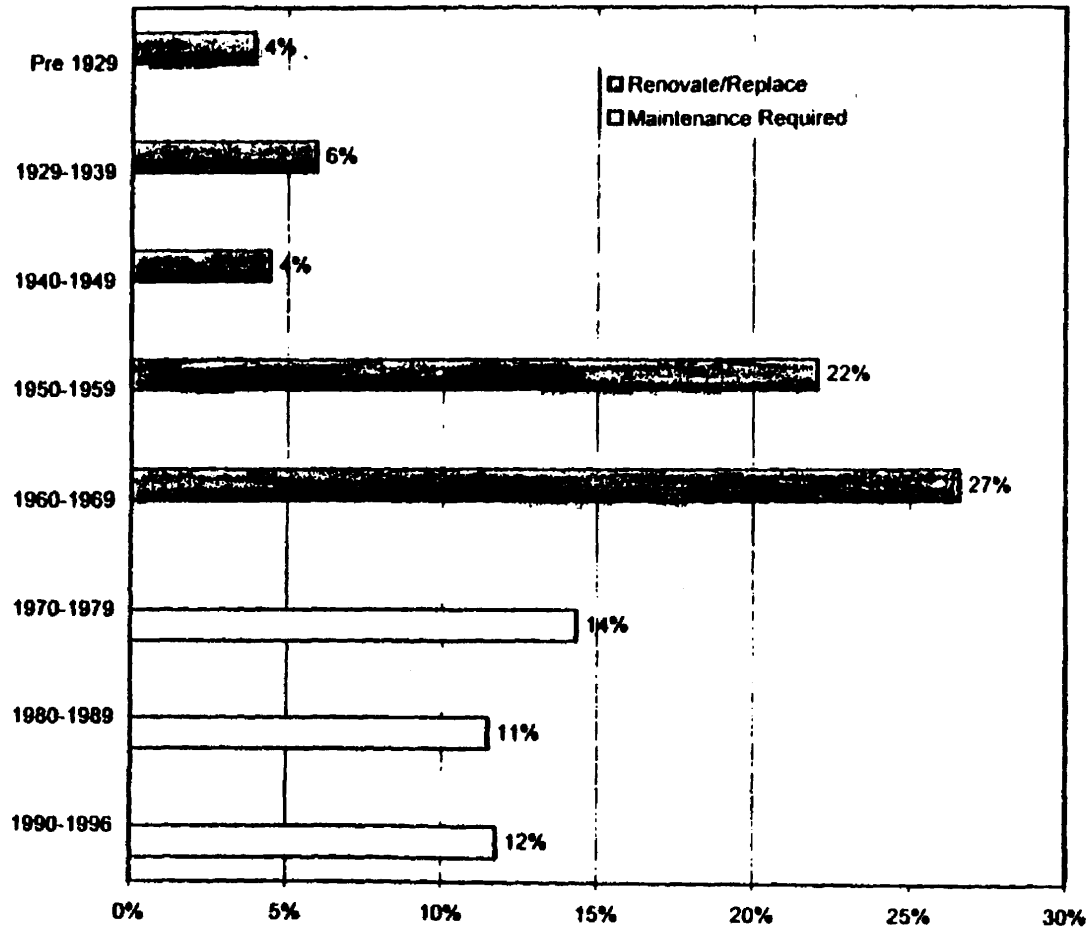
### **Trends**

- **Since 1991, there has been a 33% decrease in the number of schools with identified environmental concerns.**
- **18% of schools with no emergency lighting in 1991 have now rectified this safety problem.**
- **Divisions report a 36% reduction since 1991-92 in the number of schools with structural problems.**
- **Since 1991, there has been a 36% reduction in the proportion of schools with no fire alarms.**

School divisions have had considerable success in reducing radon levels, eliminating underground storage tanks, and removing or containing asbestos. These hazards were covered by state and federal mandates. Efforts to improve indoor air quality and eliminate lead hazards in water and paint have been less successful, however, because these programs are voluntary and unfunded. Any future mandates in these areas would have serious financial implications.

Fire alarm and emergency lighting problems will be eliminated completely only when old buildings are renovated or removed from the system.

## 1995-96 FACILITIES BY AGE (Year built or renovated)



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## **AGE OF SCHOOL FACILITIES**

### **Status**

- ***The majority of Virginia's schools need major renovation or replacement (63%).***

Buildings constructed prior to the 1960s require major renovation to accommodate new technology and to provide an adequate learning environment. Buildings constructed during the 1960s were typically designed for a 30-year life-span, and will also become obsolete in the 1990s.

- ***Cost-effective decision-making will depend on the timely availability of funds and low-cost loans.***

### **Trends**

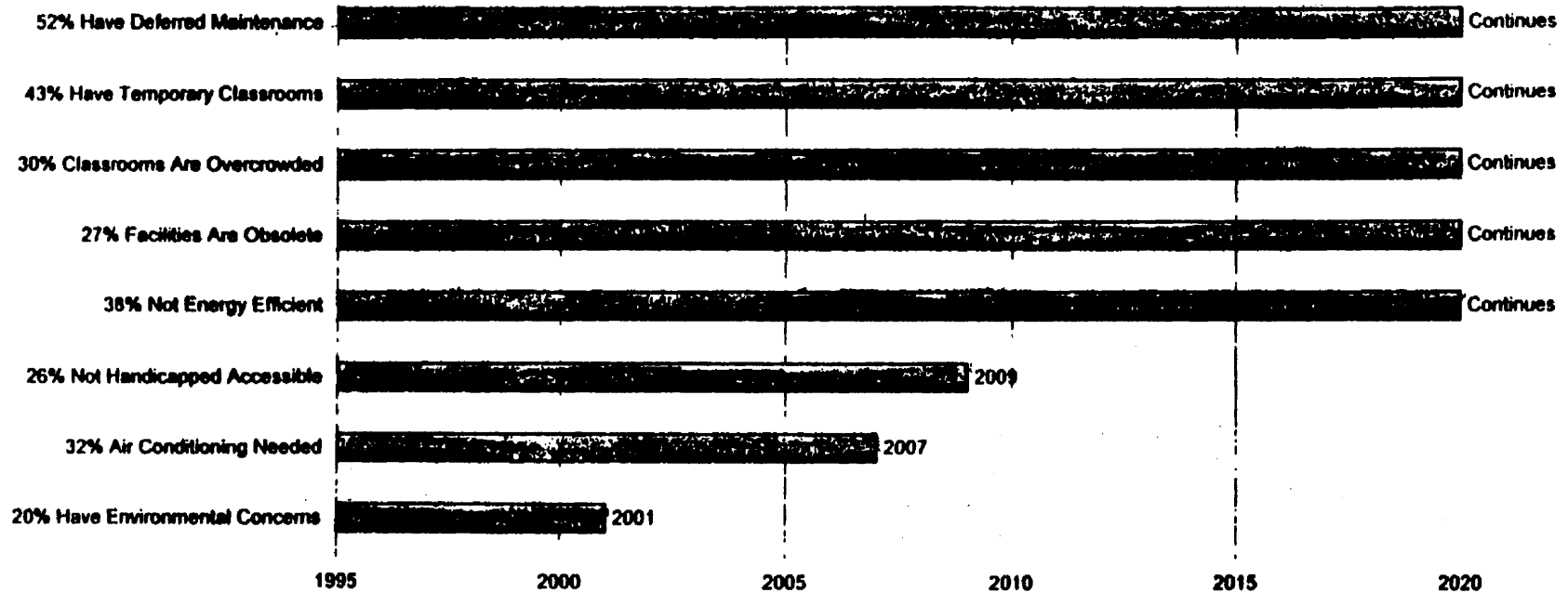
- ***The percent of schools more than 25 years old has increased from 61% to 63% since 1991-92.***

At the current rate of renovation and replacement, the majority of our schools will remain outdated and will not be able to provide the learning environment needed to support education.

- ***Construction costs are escalating at a rate much higher than inflation. This could slow efforts to renovate and replace outdated facilities.***

# THE FUTURE...

## When Might Deficiencies be corrected?



*Note: Deficiencies in emergency lighting, structural concerns, and lack of fire alarms are problems that will be corrected only as major renovations are completed or as buildings are replaced.*

---

## **FOOD FOR THOUGHT:**

### ***A bleak future?***

No one can predict the future accurately based on three data points. The projections provided in this graph represent a "what if" look at the future.

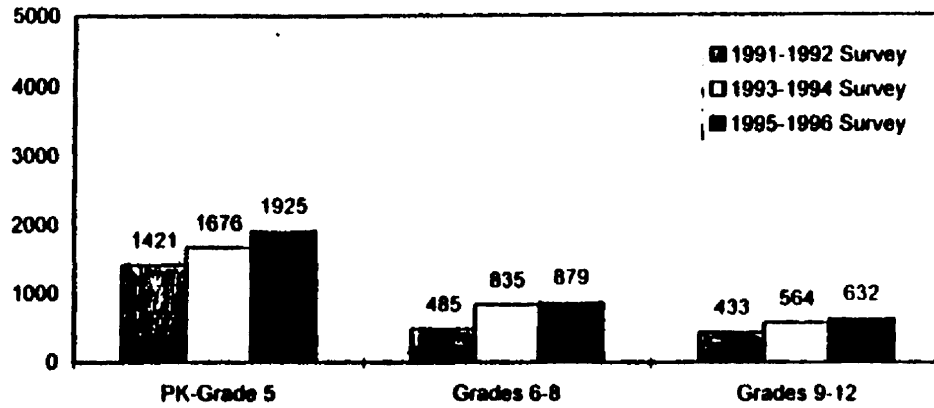
School divisions were able to make progress in a number of problem areas. In other areas, their situations worsened. In this graph, progress made in the past four years is portrayed as the most likely rate of progress to expect over the next 25 years. Essentially, if nothing changes, only handicapped accessibility, air conditioning, and environmental problems will be resolved in the near future.

### ***What can change this outlook?***

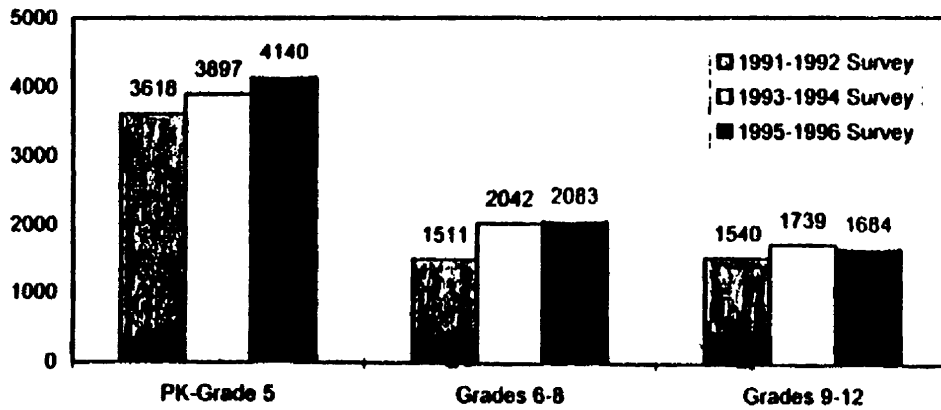
School divisions anticipate a massive infusion of local funds over the next five years. Their projections indicate that \$4.1 billion will be invested in school facilities, resulting in major improvements across the Commonwealth in our educational environment. However, these funds will address less than two thirds of the identified problems. Additional funds from new sources must be found to assist and encourage localities in improving and replacing their school facilities. Full funding of needed improvements would enable economic decision-making and would allow efficient implementation of educational programs. Research has shown that the condition of the educational facility can have a strong positive influence on the effectiveness of teachers and the test scores of students.

# CLASSROOM NEEDS

## Classrooms Needed Immediately



## Total Classrooms Needed Over 5 Years\*



\* Includes immediate need

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## **1995-96 CLASSROOMS NEEDED**

### **Status**

- **Divisions report a total five-year shortage of more than 7,900 classrooms.**

The sum of classroom needs reported in 1995-96 for all grade levels is 7,907 (4140+2083+1684).

7,907 classrooms will accommodate approximately 147,000 students (83,000 elementary, 37,000 middle, and 27,000 secondary).

- **The number and the percentage of classrooms needed is greatest at the elementary level.**

Need percentages are good indicators of relative overcrowding and/or use of temporary facilities. Numbers of classrooms needed provide important cost factors.

- **Statewide, about 13% more classrooms are needed than are presently available.**

A 13% greater need may be thought of as a shortage of 237 schools statewide.

### **Trends**

- **Survey results indicate a dramatic increase in the numbers of classrooms that are needed immediately.**

The need for additional classroom space continues to escalate at the elementary and secondary levels, but has leveled off at the middle school level. Unless funds are made available to meet the needs, the inefficient use of temporary classrooms and problems associated with overcrowding will continue.

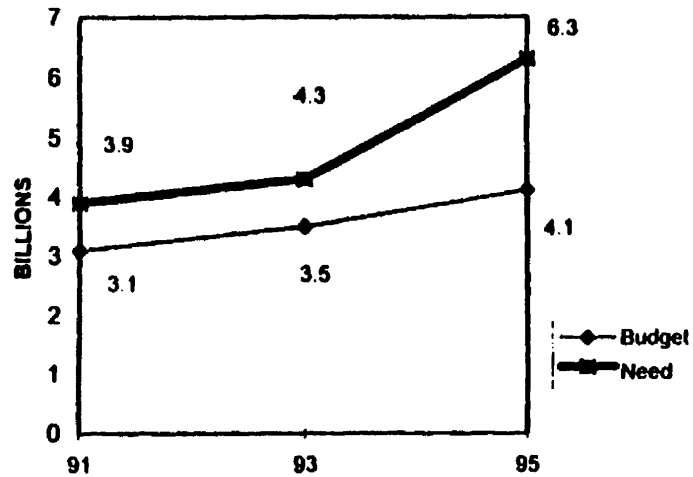
The immediate need for additional classrooms has increased by 34% for elementary, 74% for middle, and 46% for secondary schools in just four years. Immediate need levels are substantiated by division reports of temporary classrooms in use.

- **The future need for classrooms over a 5-year period remains relatively steady at about 4,500.**

Divisions report need increases through 1999-2000 at about 2,200 for elementary, 1,200 for middle, and 1,100 for secondary.



## NEED AND BUDGET GAP GROWS IN 1995-96



## 1995-96 REPORTED UNMET NEED REACHES 35%

1995-1996	NEED	BUDGET	UNMET NEED	% UNMET
MAINTENANCE	1,062,553,036	779,160,209	283,392,827	27%
CAPITAL	5,278,951,258	3,345,817,438	1,933,133,820	37%
<b>TOTAL</b>	<b>6,341,504,294</b>	<b>4,124,977,647</b>	<b>2,216,526,647</b>	<b>35%</b>

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## **MAINTENANCE & CAPITAL IMPROVEMENT UNMET NEEDS**

**• Virginia's school divisions report a 2.1 billion dollar shortfall in funds to meet maintenance and capital improvement needs.**

According to reported figures, nearly one third of all school building maintenance needs will not be met in the next five years.

**• Unmet need reported for capital improvement is 37% of total capital need.**

This high level of unmet capital need indicates that overcrowding and unsafe conditions will continue to exist for many of Virginia's school children.

**• Divisions expect to budget about \$4,100 per current student over the next five years.**

Localities anticipate budgets exceeding four billion dollars over the next five years. Still, they will be unable to meet conservative estimates of maintenance and capital needs.

**• Comparison identifies underreporting of capital need by 54%**

A comparison of the needs identified through on-site capital improvement surveys with needs reported in the present survey indicate substantial underreporting of needs by the 25 school divisions that requested on-site studies in the last three years.

Staff from the Office of Facilities Services contacted one third of the involved school divisions to explore reasons for the differences. School division officials indicated that the figure reported in the present survey reflects need that might be funded in five years rather than total true need. Also, these officials agreed that on-site estimates reflect true need for the division.

Survey reports of need were 54% lower than site-visit levels. If all divisions are reporting only the need that can be addressed in the near term, the true capital need statewide could be as high as 11.5 billion dollars. The unmet need in this instance would exceed 8.2 billion dollars—about \$6,800 per projected student..

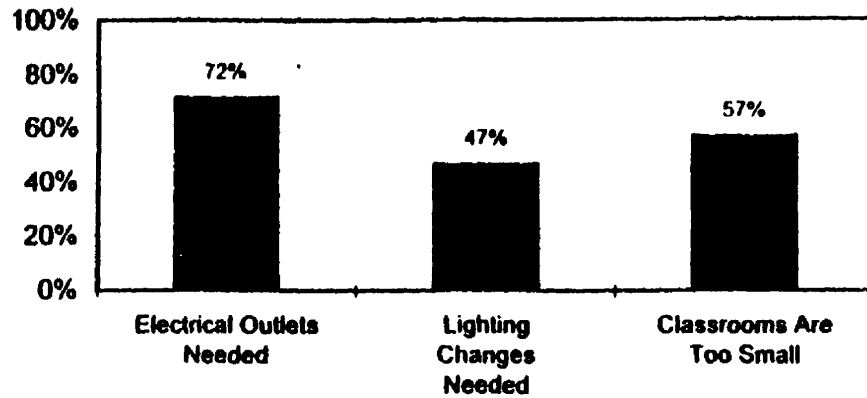
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**TECHNOLOGY READINESS**  
**1995-96 Survey Results**

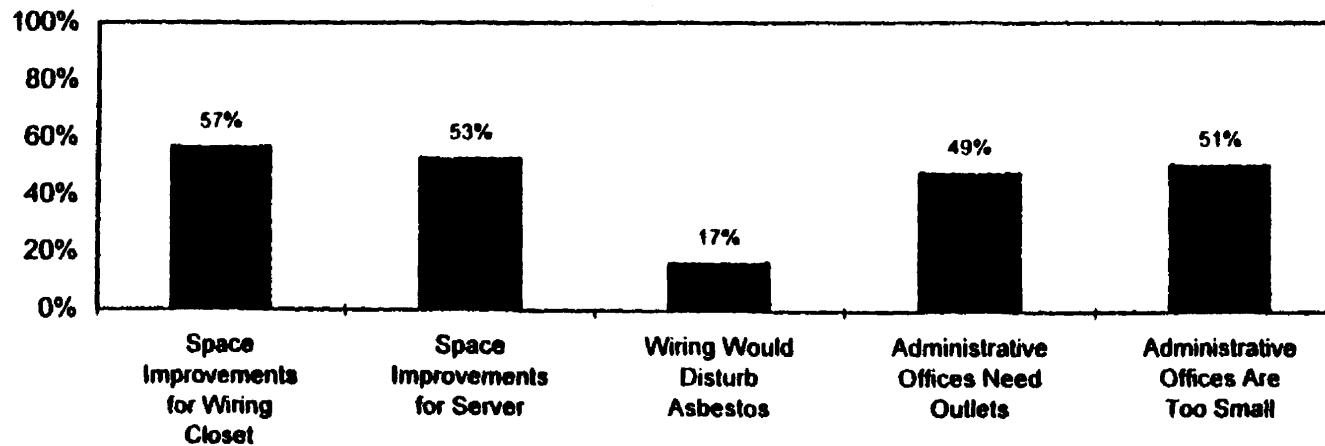


## TECHNOLOGY READINESS

### Schools Needing Classroom Changes



### School and Office Changes Needed



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## **SCHOOL FACILITIES ARE NOT TECHNOLOGY READY**

### **Classroom needs**

- **72% of schools need electrical outlets in classrooms.**

Many classrooms have only one or two outlets. The oldest facilities were not built to accommodate the use of electricity in instruction.

- **Nearly half of all schools would benefit from lighting changes in classrooms.**

Computer monitors require upgraded lighting to reduce reflection and eye strain.

- **57% of schools have classrooms that are too small to accommodate the addition of several computers.**

Given current levels of overcrowding, it is not surprising that space in classrooms is already used to capacity.

### **School and Administrative Needs**

- **About half of all schools need modification to accommodate wiring closets and servers for local area networks.**

Efficient media installation typically requires a centrally located wiring closet. Servers are usually located in a secure space with ample outlets. Older schools were not designed to enable the efficient installation of local area networks. New school plans should include plans for networking needs in line with the expected life-span of the facility.

### **Overall Needs**

- **Divisions estimate a cost of \$185 million to become technology ready.**

Approximately \$185 per student is needed to supplement state technology funds provided for the installation of local area networks and computer equipment. This is equivalent to approximately \$100,000 per school

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**SELECTED DIVISION COMMENTS:**





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**TECHNOLOGY QUESTION:**

***Please note any additional problems or considerations related to your school division including the effect of building replacement plans on technology readiness.***

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## **DIVISIONS HAVE FUNDING CONCERNS**

**"To remedy these [technology readiness] deficiencies requires modifications of electrical circuits and classroom size that are so extensive that they should not be considered in isolation."**

**"Electrical and space modifications are best accomplished during the renewal of buildings; however, funding for renewals is not available and modifications must be made in an other than best method."**

**"The governing body does not realize that the nature of public education has changed and that technology must be incorporated in the schools. To put the technology infrastructure in place will require investment."**

**"Nine of our current buildings do not have sufficient electrical infrastructure to accommodate the technology we are requiring. Eighty to one hundred percent of our current electrical capacity has been used already."**

**"Local funds will continue to be inadequate to fix the infrastructure to accommodate technology. Funds appropriated by the General Assembly are appreciated but only amplifies the infrastructure problem to accommodate technology. Additional funds are needed to replace aging buildings."**

**"The technology initiative from DOE has been a welcome and productive addition to the school system."**

**"Many of our existing buildings will require major updates to support the present electrical and cooling requirements."**

**"The majority of our facilities would require upgraded electrical service to accommodate additional technology. The space required for networking closets and cable plenums does not exist in most facilities and require some reassignment of current space."**

**"Average age of buildings is over 47 years. All facilities require extensive upgrade in order to accommodate technology."**

**"Technology is included in new construction. Older buildings are very difficult to upgrade."**

**"New buildings require the additional costs for wiring for voice, video, and data. A high school costs approximately \$350,000-400,000 under our model."**

**"Electrical costs (on-going and additional circuitry) can easily cost as much as the network itself."**

**"Technology improvements must be considered more than just hardware and software. It must be considered as a package, including the purchase of hardware and software, the platform that the hardware will sit on, training, maintenance, repair and operation of the unit."**

**"Funding to assist upgrading electrical power is needed to successfully implement the State's technology initiative."**

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## ***OTHER CONCERNS & COMMENTS***

**Any comments you may have regarding this survey would be appreciated. Also, any anecdotal information you feel would be of interest to your legislators is welcomed.**

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## ***DIVISIONS EXPRESS CONCERNS***

**"We are concerned about the availability of funding in a timely manner from the Literary Loan. We are also concerned about financial support from the State regarding participation in local school division's Debt Service cost."**

**"Considering the age of many of our buildings, state funds are needed to assist in upgrading."**

**"Each year it becomes more important for the State to develop a better way to fund new school buildings."**

**"The state of Virginia would serve the students of the Commonwealth much better if they would use the literary fund only for construction and if they would expand the amount a school division could borrow."**

**"The long term lack of adequate funding for maintenance and repairs has taken and continues to take a devastating toll upon the general conditions and remaining life expectancy of our facilities."**

**"Building envelopes are deteriorating at an accelerated pace. It is imperative that repairs and deferred maintenance items be addressed in the very near future before these buildings reach the point where as their condition cannot be economically improved - short of replacing the entire building."**

**"We continue to need all assistance possible for new construction. Localities (rural) don't have the resources to build new schools."**

**"Basically we have old buildings that need upgraded in terms of environment and technology. We need ongoing support to maintain facilities and a healthy literary fund for major capital improvements/replacements."**

**"Please consider including funding for consultation. Often the expertise is not available within the staff, and there are no funds available to seek expert help."**

**"In order for the school system to meet the building needs required to move the system into the 21st century, the General Assembly must provide avenues of funding that are not presently available. Our local government will never be able to fund the necessary revenue to meet the system's required building needs."**

**"With increasing student enrollment, expanded programs to better serve all students, ever increasing needs to support instruction with technology and movement towards 4-year old education, it is imperative that localities receive financial support from the state for building and/or expanding facilities."**

**"Literary loan funding needs to be made available as soon as possible. The waiting list needs to be shortened. Funds for the development of architectural plans should be reimbursable immediately. Also, debt service cost for schools should be shared with state."**

**"A Capital Assistance Fund is long overdue and would be a tremendous help with implementing our proposed building program."**

**"State assistance with the funding for capital projects is a must if we are to address adequately the need."**

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## **RESEARCH NOTES**

These data are thought to provide reasonable estimates of state-level needs for all questions involving school and classroom counts. Information on budgets is also presumed to be accurate. Need estimates, however, are thought to underreport actual need levels. Serious underreporting of capital needs was confirmed through an analysis comparing site visit estimates with survey data. No comparison information is available to assess maintenance needs reported.

### ***Data Verification and Correction***

Due to the short turnaround time on the School Facilities Surveys, extensive data verification is not possible. The first two surveys were conducted just prior to the opening of the General Assembly session. When inconsistencies were detected in reported figures, data correction rules were applied. Because the present survey was conducted six months earlier, more time was available for response verification. The timing of the survey enabled closer inspection of responses and editing of inconsistencies based on phone conversations with division officials.

### ***Trends***

Percents graphed were based on data adjusted to maximize comparability across the three surveys. Actual levels of problems are somewhat higher statewide than numbers used to calculate percents. When percents of schools or classrooms experiencing the problems were calculated using all responding school divisions results never differed from reported

percents by more than one point. All divisions reported in 1995-96, two divisions were missing in 1991-92, and one division failed to report in 1993-94. These divisions represent about one percent of the schools in the state. Dollars and classroom counts graphed include all responses for each survey. No trends are available for technology responses. Technology questions are new to the 1995-96 survey.

A minimum of three data points (e.g., three sets of survey information) should be used to support weak trend claims. Because this survey addresses many problems that should decrease and not increase over time, statements regarding the direction of such trends are presumed to be valid. For example, you do not expect an increase in schools with no fire alarms. On the other hand, statements about continuation of change rates into the future are based on hypothetical assumptions of continuing levels of effort and priority. Increases and decreases in funds available or changes in relative priorities would invalidate projections based on past rates.

### ***Questions***

Additional comments and explanatory information are provided throughout the report. Questions regarding this survey may be directed to **David Boddy**, Director of Facilities Services. Copies of this report are available in limited quantities through Facilities Services. Please phone **David Boddy or Cathy Estep at (804) 225-2035**.

**Diane Wresinski**, Consultant



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**APPENDIX:**  
**Questionnaire**





COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF EDUCATION  
P. O. BOX 2120  
RICHMOND, VIRGINIA 23218-2120

SUPTS. MEMO. NO. 17  
April 12, 1996

ADMINISTRATIVE

TO: Division Superintendents

FROM: William C. Boshier, Jr.  
Superintendent of Public Instruction

SUBJECT: Update of Facility Status Survey

Please update and complete the enclosed survey with 1995-96 information. The previous survey that you completed in 1993 is enclosed for your use and should be used as the basis for your updated figures. For those of you that have had a long range capital improvement needs survey completed over the last few years (about 50 school divisions), the total cost estimate in that report may be revised to current year dollars and entered in Item 3 as a 5-year capital improvement need.

Our policy of not releasing any information on a division basis will continue for this update. We will publish a revised state survey and make the information available to the General Assembly and the public on request. There are several joint resolution studies that use information generated by our past surveys and it is apparent that our documented need for funds for both capital improvements and maintenance has been heard. Please do your best to return the survey by May 1, 1996, so the update can be completed by July 1, 1996. Your cooperation and participation in this survey is appreciated.

Please call Mr. David L. Boddy, Director Facilities Services at (804) 225-2035 if you have any questions.

WCBJr:cle

Enclosure



COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF EDUCATION  
DIVISION OF SUPPORT SERVICES

SCHOOL FACILITY STATUS SURVEY  
UPDATE FOR THE 1995-96 SCHOOL YEAR

PLACE DIVISION LABEL HERE

Your responses to the following questions will be used to discuss capital improvement assistance needs with members of the legislature. Both planning and financial needs are addressed.

We have included a copy of your survey submitted in 1993 for your use in updating this questionnaire.

1. Please provide the NUMBER OF SCHOOLS AND CENTERS in your division that have the problems listed:

CURRENT CONDITIONS (1995-96 SCHOOL YEAR)	NUMBER OF SCHOOLS & CENTERS
Overcrowded in 1995-96	
Maintenance has been deferred (maintenance was identified and not performed)	
Obsolete (facilities do not fully accommodate program needs)	
Structural Concerns (in need of repair)	
Not fully air conditioned	
Not fully accessible to handicapped	
Not equipped with emergency lighting	
Not equipped with manual fire alarms	
Environmental concerns not being managed or addressed as quickly as you would like (e.g., asbestos, lead, radon, indoor air quality, underground storage tanks)	
Not energy efficient (substantial improvements necessary)	
Schools with mobile/temporary classrooms	

Total number of mobile/temporary classrooms in division in 1995-96	
--	--

2. Record the NUMBER OF SCHOOLS AND CENTERS that corresponds to the facility age category. A facility's age is your best estimate of the time period during which most of the space used by students was built. If the space was fully updated to the building standards of a later time period, count the school or center in the later time period.

ESTIMATED AGE OF MAIN FACILITIES	NUMBER OF SCHOOLS & CENTERS
PRE 1929	
1929-39	
1940-49	
1950-59	
1960-69	
1970-79	
1980-89	
1990-PRESENT	
RENTED FACILITY, AGE UNKNOWN	
(Use this space to check your total)	

3. Please ESTIMATE your division's CAPITAL IMPROVEMENT NEED in current year dollars for fiscal years 1996 through 2000 (five years beginning July of 1995). Need estimates should reflect true need and should not be restricted by funds available.

<b>5-YEAR CAPITAL IMPROVEMENT NEED CURRENT YEAR DOLLARS</b>
\$

4. Please ESTIMATE your division's DEFERRED MAINTENANCE NEED (1995-96) and ANTICIPATED MAINTENANCE NEED for fiscal years 1996 through 2000 (five years beginning July of 1995). Use current year dollars.

<b>CURRENT DEFERRED MAINTENANCE NEED CURRENT YEAR DOLLARS</b>
\$

+

<b>NEW MAINTENANCE NEED FOR FIVE YEARS CURRENT YEAR DOLLARS</b>
\$

**TOTAL  
= 5-YEAR NEED**

5. Given current funding procedures (Literary Loans, Virginia Public School Authority Bonds, local bonds), please estimate your anticipated budget for the five-year period beginning with fiscal year 1996.

BUDGET CATEGORY	5-YEAR ANTICIPATED BUDGET
CAPITAL IMPROVEMENT	\$
MAINTENANCE	\$

6. Please estimate the NUMBER OF ADDITIONAL CLASSROOMS your division needs for each of the grade groupings listed.

SCHOOL YEAR NEEDED	NUMBER OF ADDITIONAL CLASSROOMS NEEDED BY GRADE LEVEL		
	PK-5	6-8	9-12
1995-96 (CURRENT NEED)			
1999-2000 (ADDITIONAL NEED)			
TOTAL CLASSROOMS NEEDED			

7-a The Six Year Educational Technology Plan calls for increasing the number of classroom computers to achieve a 5 to 1 student to computer ratio, local area networks, internet connections, and administrative computing. Some school divisions have indicated that their buildings are not "technology ready." The following questions have been added to the Facilities Survey this year to assess the school renovations needed to enable the installation of technology infrastructure. Please indicate the number of schools and centers with problems in the areas indicated.

CURRENT CONDITIONS 1995-96 SCHOOL YEAR	NUMBER OF SCHOOLS & CENTERS AFFECTED
<b>CLASSROOMS</b>	
Insufficient electrical outlets for additional computers & peripherals	
Lighting modifications needed for classroom computer use	
Some existing classrooms too small for additional computers & peripherals	
<b>CLASSROOM AND ADMINISTRATION</b>	
Limited secure space available for network wiring closet	
Limited secure space available for network server	
Electrical wiring or network installation would disturb asbestos	
<b>ADMINISTRATION</b>	
Insufficient electrical outlets for administrative computing	
Modifications or expansion needed to accommodate additional administrative computers & peripherals	

School Division \_\_\_\_\_

4 of 4

7-b

Please estimate the number of current classrooms affected by one or more of the above constraints.	
Please estimate the cost of renovations required to remedy both classroom and administration "technology ready" deficiencies noted above using current year dollars. Do not include the technology costs.	\$

7-c Please note any additional problems or considerations related to your school division including the effect of building replacement plans on technology readiness.

8. Any comments you may have regarding this survey would be appreciated. Also, any anecdotal information you feel would be of interest to legislators is welcomed.

Please provide the name and phone number of the person who completed this survey below.

\_\_\_\_\_  
Print Name of Respondent

( ) \_\_\_\_\_  
Phone

Please return survey to:

Va Department of Education  
David L. Boddy, Director Facilities Services  
P.O. Box 2120  
Richmond, VA 23218-2120

FAX Number (804) 225-2831

It is **IMPORTANT** that we receive this survey by **MAY 1, 1996** in order to compile the responses and write a report by July 1, 1996. Thank you for your assistance.

# **The Role of the Commonwealth in Public School Construction**

**Senate Finance Committee Staff  
July 16, 1996**





## **BACKGROUND**

- **The state and localities share responsibility for funding the operating costs of the 136 local school divisions.**

**Since 1870 when a public school system was established in Virginia, the cost of operating the schools has been shared on a cooperative basis between the state and each locality.**

- **The Constitution directs the General Assembly to establish the level of state and local funding required for public education. To fulfill that directive, the General Assembly:**
  - 1) determines the manner in which funds are provided for the costs of the Standards of Quality (SOQ);**
  - 2) apportions the costs between the state and localities -- since 1993 that has been a 55 percent state share of SOQ costs and fringe benefits and a 45 percent local share;**
  - 3) defines the minimum local effort required to fund the educational program; and,**
  - 4) appropriates sufficient state funds to support the state share of the cost of education -- for the 1996-98 biennium the General Assembly appropriated \$6.2 billion in general and special funds for public education.**
- **The responsibility for the construction of public school facilities, however, falls to localities. State law gives the local school divisions the responsibility for controlling, erecting, furnishing, equipping, and maintaining necessary school buildings and appurtenances.**

## **CONSTRUCTION FUNDING OPTIONS**

- There are two principal financing options available to fund the cost of school construction:
  - Cash: Use existing revenues to fund capital outlay;  
or
  - Debt: Raise funds for capital outlay by borrowing from an outside source with repayment over time.
- The high costs associated with most school construction projects and major renovations generally prohibit the use of cash.

## **ISSUANCE OF DEBT**

- Pursuant to the Public Finance Act, Virginia's counties, cities and towns have the authority to issue general obligation debt to finance public school construction.
- General obligation debt is unconditionally secured by the locality's full faith, credit, and taxing power.
- Cities and towns may issue general obligation bonds without a referendum. Debt outstanding at any time may not exceed ten percent of the assessed value of real property in the locality.
- Counties are not subject to any ceiling, but have to submit the issue to referendum, for voter approval.

Pursuant to Article VII, Section 10, of the Constitution, a referendum is not required for general obligation debt sold to the Literary Fund or the Virginia Public School Authority.

- There are three methods by which localities can issue general obligation debt for public school construction purposes:
  - 1) Local Borrowing - Arrange the sale of debt independently in either the public or private markets;
  - 2) Literary Fund Loan - Borrow funds from the Literary Fund, administered by the Board of Education; or
  - 3) Virginia Public School Authority - Borrow the funds needed through the Virginia Public School Authority, administered by the Authority's Board of Commissioners.
  
- In recent years, some localities have turned to the use of local industrial development authorities (IDA's) as financing vehicles for public schools.
  - Local IDA's are similar to the Commonwealth's Public Building Authority. The IDA borrows the funds, constructs the school and leases it to the school division.
  - The issuance of debt for school purposes through an IDA does not, generally, require local referendum.

## Option 1: Local Borrowing

- Local borrowing can be through the sale of a note to a banking institution or through the sale of bonds in the municipal bond market.
  
- There are two major costs associated with a local borrowing:
  - Interest costs: Interest paid to bond or note holders, which must be paid over the life of the bonds; by far the largest cost; and
  
  - Issuance costs: Issuance costs include the cost of designing the bond issue, preparing the documents, and marketing the bonds; can run as high as \$100,000 for a single offering.
  
- The largest factor affecting the interest rate obtained by a locality on a borrowing, beyond general market conditions, is the credit worthiness of the locality.
  
- Other factors which affect the interest rate include:
  - Size of the bond issue
    - The tax law benefits of bank qualification for small/infrequent bond issuers can reduce interest costs
  
    - Access to wider range of purchasers for large bond issues can reduce interest costs
  
  - Market recognition of the credit.

- The two major rating agencies used by Virginia localities are Moody's and Standard & Poor's. In establishing a rating, agencies consider:
  - Economic Factors
  - Administrative Factors
  - Debt Factors
  - Fiscal Factors
  
- Moody's and Standard & Poor's provide bond ratings ranging from triple "A" to "C". "Aaa" bonds are the best quality, and carry very little risk of default on repayment.
  - The farther in the alphabet, the greater the risk.
  - The greater the risk, the higher the interest rate.
  
- All but a handful of Virginia's localities enjoy at least an "A" rating from Standard & Poor's, due to the Commonwealth's "State Aid Intercept" provision for defaulted local general obligation bond payments.
  
- Depending on the rating of a locality, the interest costs of a twenty-year borrowing of \$2.5 million in today's market could range from \$1.8 million for a "Aaa" rated locality to as high as \$2.1 million for an unrated locality.

## Option 2: Literary Fund Borrowing

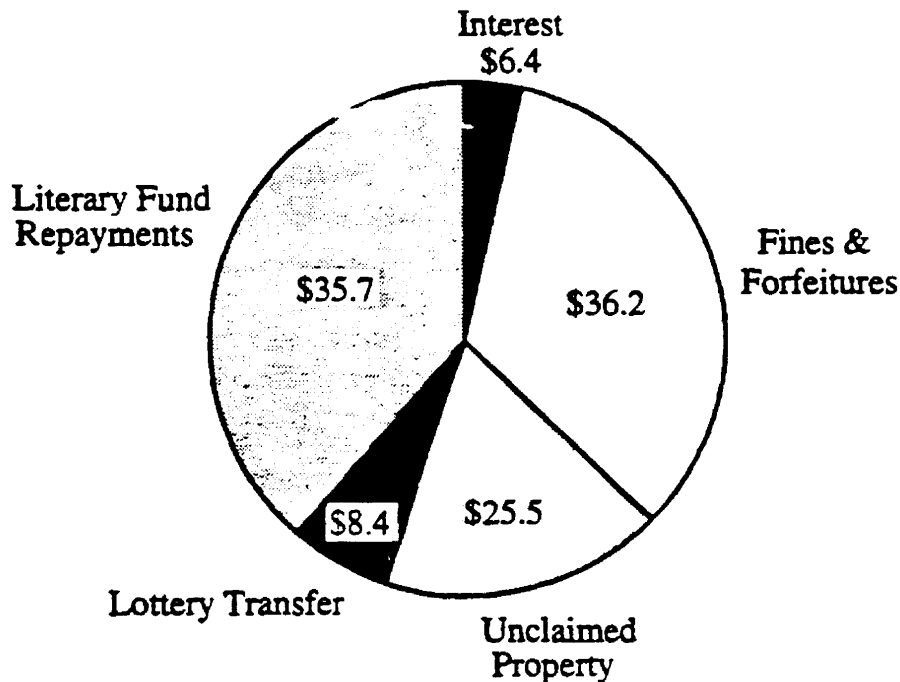
- The Literary Fund is a permanent and perpetual school fund established by the Constitution of Virginia of 1810.

### LITERARY FUND REVENUES

- Revenues to the Literary Fund are derived primarily from criminal fines, forfeitures, unclaimed and escheated property, and repayments of prior Literary Fund loans.
  - In recent years, transfers from unclaimed lottery winnings have been deposited to the Literary Fund.

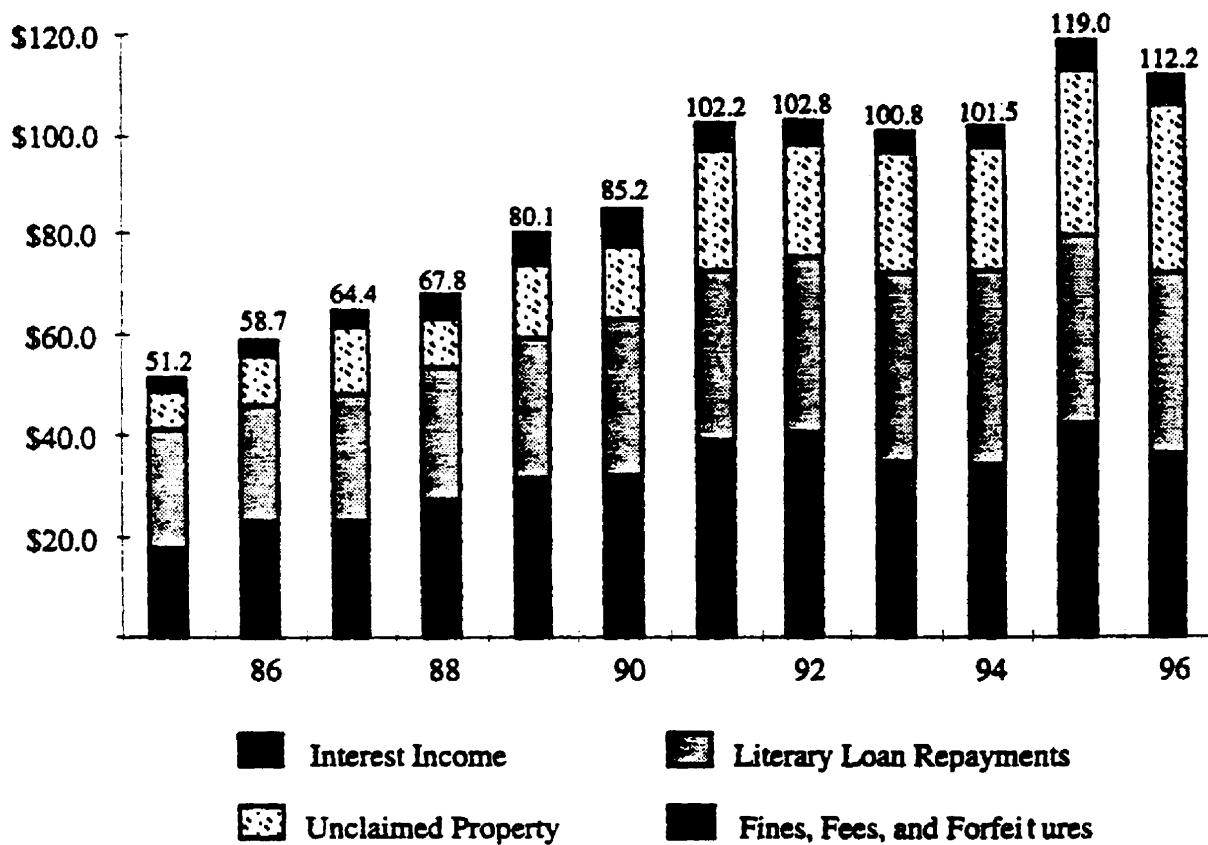
### Literary Fund Revenues, 1995-96

(In millions)



- The Literary Fund is renewed annually, as new funds are received.
- Literary Fund revenues grew rapidly in the late 1980s, stabilized in the early 1990s, then spiked upward again in 1995.

### Growth in Literary Fund Revenues



- The growth in revenues in the 1980s was largely due to:
  - Changes in the unclaimed property law;
  - More aggressive collection of unclaimed property; and
  - Changes in the Commonwealth's fines, fees and forfeitures structure.

- The reduced growth rate during the early 1990s is believed to have resulted from:
  - The Constitutional change in the disposition of revenues from drug seizures;
  - The increased practice of local law enforcement officials to write citations and collect revenues from fines under local law ordinances, rather than state statutes; and
  - The diversion of Literary Fund revenues from the loan program -- resulting in lower revenues from loan repayments in future years.
  
- The spike in revenues in FY 1995 was largely the result of:
  - The Trigon court settlement; and
  - The sale of unclaimed securities.

### **TERMS OF LITERARY FUND LOANS**

- The Literary Fund is used as a source of low-interest loans for the purpose of "erecting, altering, or enlarging school buildings."
  
- The Board of Education has set the maximum loan amount available for a single project through the Literary Fund at \$5.0 million.
  - The minimum loan is \$50,000.
  - Although loans can be made for up to thirty years, current Board policy provides for terms of 5 to 20 years.



- The interest rate charged is based on the school division's Composite Index:

<u>Composite Index</u>	<u>Interest Rate</u>
Between .2 and .2999	2%
Between .3 and .3999	3%
Between .4 and .4999	4%
Between .5 and .5999	5%
.6 and above	6%

- Applications are placed in priorities for funding on a Literary Fund Waiting List as follows:
  - Priority 1: School divisions having a composite index less than .6000, and an outstanding indebtedness to the Literary Fund of less than \$20 million;
  - Priority 2: School divisions having a composite index of .6000 or above, or an outstanding indebtedness of \$20 million or more.
- Applications in Priority 2 are eligible for funding only when the Board determines that all applications, current and anticipated, in Priority 1, and the applications to be added from Priority 2, can be funded within one year.

### THE LITERARY FUND IN THE 1990s

- In the early 1990s, most of the more than \$100.0 million in annual Literary Fund revenues was used for teacher retirement, rather than for new loans.
  - The use of Literary Fund revenue for teacher retirement has the effect of freeing-up general fund revenue.

- No new direct loans were made from the Literary Fund between January, 1991 and March, 1995.

- The 1994-96 biennial budget provided \$94.5 million for a capital construction program which moved toward putting the traditional Literary Fund direct loan and VPSA programs back on track, while providing maximum funding for projects through the use of loans and subsidies.

- The budget provided a combination of direct loans and Literary Fund subsidy grants in each year.

	<u>Direct Loans</u>	<u>Subsidy Grants</u>
FY 95	\$ 23.2 million	\$ 10.1 million
FY 96	48.9 million	12.3 million

- This combination made \$63.9 million in project funding available in FY 95 and \$113.6 million in FY 96.

- Today, the Literary Fund has a First Priority Waiting List of 41 projects, totaling approximately \$114.1 million.

- An estimated \$50.0 to \$70.0 million in new projects will be eligible for funding in each year of the 1996-98 biennium.

- The 1996-98 biennial budget again provides a combination of direct loans and Literary Fund subsidy grants in each year.

	<u>Direct Loans</u>	<u>Subsidy Grants</u>
FY 97	\$ 50.0 million	\$ 10.0 million
FY 98	50.0 million	10.0 million

- This combination should make \$80.0 to \$90.0 million in project funding available in each year, depending on interest rates.

- **The funds for direct loans are to be the last dollars spent from available revenue.**
  - **If revenues are lower than forecast, the amount of construction funds available will be reduced.**

### **Option 3: Virginia Public School Authority**

- **The Virginia Public School Authority ("VPSA") is a bond bank which provides low-cost financing of capital projects for public schools in Virginia localities.**
  - **The VPSA provides financing to localities through the sale of bonds. With the proceeds of its bonds, the VPSA purchases general obligation bonds from localities.**
  
- **The objectives of the VPSA loan program are:**
  - **To provide market access to those communities which do not have ready access; and**
  - **To provide low-cost financing to communities needing assistance.**
  
- **Local costs for bond issuance through the VPSA are significantly lower than the costs of a public offering, consisting primarily of the fees paid to local bond counsel (generally ranging from \$4,000 to \$6,000).**
  - **The VPSA covers most of the administrative costs associated with issuance.**
  - **Localities do not have to submit debt sold to the VPSA to referendum, however, it does count against cities' debt ceilings.**
  
- **The VPSA charges localities ten basis points (0.10%) per coupon to cover administrative costs -- if the VPSA's interest cost is 6.0 percent, the local interest cost is 6.10 percent.**
  
- **The VPSA typically issues in excess of \$150 million in VPSA pooled and stand-alone bonds per year.**

- **VPSA's bonds have consistently received ratings of Aa from Moody's and AA from Standard & Poor's and Fitch Investors Service.**
  
- **The traditional VPSA bonds are secured by the underlying locality bonds and by Literary Fund notes which are held in the VPSA Reserve Fund.**
  
- **The capacity of the VPSA to issue its traditional bonds was, therefore, dependent on the amount of Literary Fund loans converted to permanent loan notes each year.**
  - **Under current coverage requirements of the 1987 Resolution, every \$1 of Literary Funds made into loans ultimately results in an additional \$2 to \$3 of issuing capacity for the VPSA.**
  
  - **The VPSA's financing program has never required the permanent use of any of the monies from payments made on the Literary Fund loan notes.**
  
- **In order to meet increasing demands and the loss in coverage produced by Literary Fund diversions, the VPSA developed options that helped maintain the capacity provided by the Reserve Fund for lower rated localities. These included:**
  - **A stand-alone program wherein the VPSA acts as a conduit for the issuance of bonds for highly rated localities, but does not provide security from the Reserve Fund.**
  
  - **A bond insurance program that provides security for the bond holder from a third party bond insurer, and does not require a senior lien on the Reserve Fund.**

- In spite of these actions, too few Literary Fund loans were made in the early 1990's to replenish the VPSA Reserve Fund and provide additional capacity for the VPSA's traditional loan program.
  - In September, 1993, the VPSA Board declared the traditional loan program closed.
  
- In anticipation of the need for additional security for the VPSA program, given the proposed Literary Fund diversions in the 1992-94 biennium, the 1991 General Assembly passed legislation authorizing the VPSA to issue up to \$500 million in bonds backed by the moral obligation of the Commonwealth. This authorization was subsequently increased to \$800 million.
  - A "Moral Obligation" increases the credit quality of the bonds because it promises bondholders that the Commonwealth accepts a "Moral Obligation" to repay bondholders if a local school bond in the VPSA pool defaults on its payments.

## **SUMMARY**

- **The Commonwealth does play an important role in the financing of school construction.**
  - **Through Literary Fund Loans; and**
  - **Through the Virginia Public School Authority bond bank.**
  
- **Both financing programs seek to ensure the lowest cost in capital financing for public school facilities.**
  - **Through the "lower than market" interest rates available through the Literary Fund and the VPSA, the Commonwealth is providing a subsidy to localities in the financing of their capital needs.**
  
- **During the early 1990s these programs were constrained by the diversion of funds from the Literary Fund for teacher retirement.**
  - **In recent years, reliance on the diversion of Literary Fund revenues has been reduced -- from a high of \$101.1 million in FY 1992 to \$23.3 million in FY 1998.**





**SCHOOL BUILDING CONDITION**

**Does It Matter?**

by

**Carol S. Cash  
Glen I. Earthman  
Eric W. Hines**



## Introduction

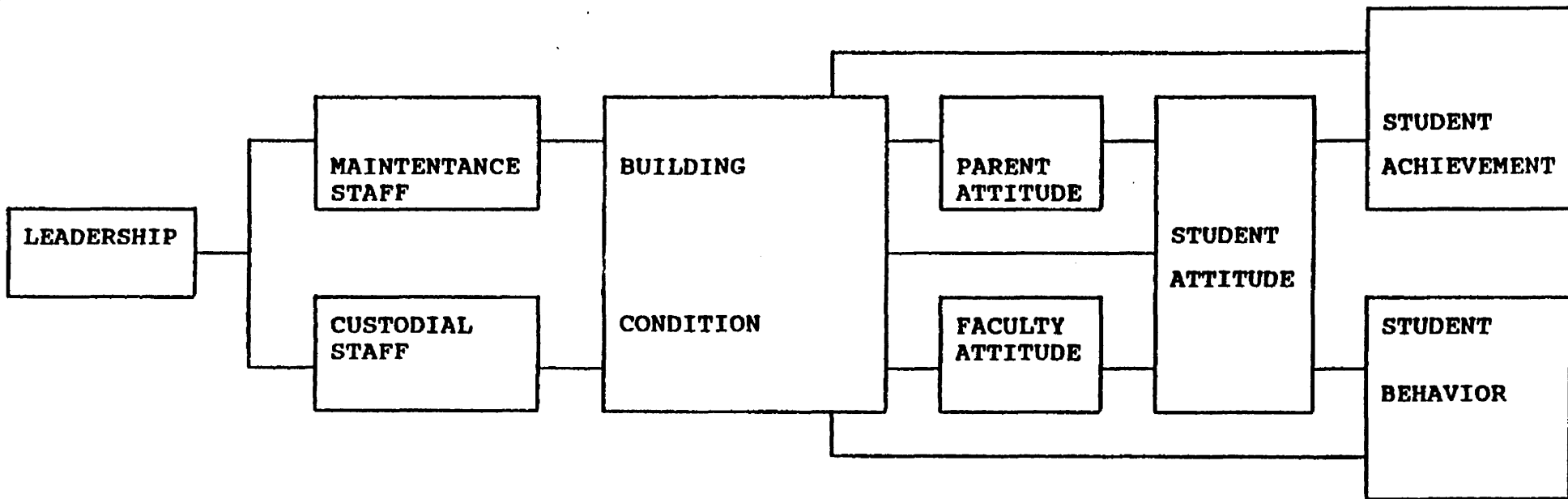
Almost every educator will agree that a well maintained school building is essential for a proper learning environment for students. Yet there is not a great deal of research to the effect that there is a direct relationship between the quality of the built environment and the amount of learning completed by students. The difficulty in properly isolating the variables that influence student learning presents some major methodological problems and makes any research effort in this area tenuous at best. Nevertheless, there have been some studies, especially within the last 15 years, that seemed to generate some findings which give promise. Three very recent studies addressed the possible relationship between selected student variables and the condition of the school building in which the student is housed. These studies investigated this relationship and, in all cases, a positive relationship was found. This research is based upon the theoretical construct that states the condition of the built environment influences how a person works and acts. This translates, as far as an educational organization is concerned, into how students learn and behave in a school building. The exact theoretical construct is contained in Figure 1.

In this model, the condition of a school building is the result of efforts on the part of the school maintenance and operations staff. These staffs are funded and supervised as a result of the efforts of the superintendent and school board in both raising sufficient funds and expecting a high level of work on their part. Consequently, the condition of the building rests ultimately upon the financial ability of the school system and the desire of the school board to have buildings in good shape. If the school board and superintendent deem it important to have all school buildings in good shape, then sufficient funds will be raised to properly staff the maintenance and operations department. At the same time, the school board and superintendent must expect the staff to do those things necessary to keep the building in the kind of shape they desire. On the other end of the construct, the condition of the school building influences the perceptions of both school staff and parents who in turn influence the behavior and achievement of the student. The condition of the building also directly influences students in how they achieve and behave.

To test this construct, three studies looked at both selected student variables, such as academic achievement and behavior, and the reported physical condition of the school building.

Studies as early as 1967 have reported on the relationship between school building condition and student achievement and behavior. The age of the building has been used as a cumulative factor for selected variables concerning the condition of a building. Burkhead, Fox, and Holland (1967) studied a sample of 238 school buildings in large cities. They found that building age was significant in reading score regression. Other studies (Michelson, 1970; Guthrie, 1971; McGuffey and Brown, 1978; Plumley, 1978) reported similar results. Chan (1978) did a follow-up of the McGuffey and Brown study. His findings indicated a statistically significant relationship at the 0.05 level between building age and academic achievement as measured by the composite, mathematics, and vocabulary scores of the Iowa Test of Basic Skills (ITBS). One recent study (Edwards, 1992) researched this same relationship and found a positive relationship between student achievement and building condition. The researcher used a basic building evaluation form and compared those results with student achievement scores.

The population in Edwards' study was the Washington, D. C. public schools. Edwards found that the condition of the school was related to student achievement. The standardized test scores of students in schools rated fair were 5.45 percentage points above those of students in school



MODEL DESIGN  
Figure 1

buildings rated poor. The difference between the scores of students in poor school buildings and students in buildings rated excellent was 10.9 percentage points.

Although there is some contention that achievement scores on standardized tests do not reflect the educational program offered in the school, achievement test scores do provide the best uniformity of data and are recognized by educational organizations as a measure of the performance of students.

### **Research Methodology**

Specifically, the main research question addressed in each of these studies was to determine if there is any relationship between the condition of the school building and selected student variables. The variables in this case were the academic achievement of students and their behavior. Student achievement was measured by the standardized achievement test administered by each state during the eleventh grade. Student behavior was measured by the total number of reported disciplinary incidents per pupil for the year. The condition of the school building was determined by a building evaluation instrument.

The building evaluation instrument was developed by Cash for the first research study and revised for each of the other studies. Each school was sent a building evaluation instrument and the principal, or a central office person, was asked to record the presence or absence of selected building conditions. Each item was worded in such a way that the response would be recorded as either present or absent. The quality of each building item was not included. These conditions ranged from the presence of air conditioning and windows in instructional areas to recency of painting and existence of noisy conditions. Each of the items identifying the building condition used in the survey instrument was obtained through analysis of research. In every case, at least one research study had shown the items to be positively related to student learning in the classroom. Once the building condition instrument was complete, the resulting assessment was used to identify a school building in one of three rankings: above standard (top 25 percent), standard (middle 50 percent), or below standard (bottom 25 percent). In addition, each item was categorized into two categories: cosmetic and structural. The cosmetic items related to how the building looked, such as recent painting, presence of graffiti, and cleanliness. The structural conditions related to parts of the building such as air conditioning, presence of windows, lighting, and condition of lockers. Table 1 shows the division of items into structural and cosmetic categories. The total building condition evaluation resulted from using all items of the evaluation instrument. Thus, there were three categories used in the analysis: overall building condition, cosmetic condition, and structural condition. The three condition categories and the resulting rankings of quality were used to then compare the results of the latest student scores on the standardized achievement test in each building and the number of reported disciplinary incidents.

Analysis of Covariance was used to determine the relationship between the building category and student achievement and student behavior. The achievement and behavior scores were adjusted for socioeconomic status using the percentage of students on free or reduced lunch as a covariate.

**Table 1**

**STRUCTURAL AND COSMETIC ITEMS ON THE  
BUILDING ASSESSMENT INSTRUMENT**

**STRUCTURAL BUILDING ITEMS**

**Building Age  
Windows  
Flooring  
Heating  
Air Conditioning  
Roof Leaks  
Adjacent Facilities  
Locker Condition  
Ceiling Covering  
Science Lab Equipment  
Science Lab Age  
Lighting  
Wall Color  
Exterior Noise  
Student Density  
Site Acreage**

**COSMETIC BUILDING ITEMS**

**Interior Wall Paint  
Interior Paint Cycle  
Exterior Wall Paint  
Exterior Paint Cycle  
Floors Swept  
Floors Mopped  
Graffiti  
Graffiti Removal  
Classroom Furniture  
Grounds**

### **Study One - Small, Rural Virginia Public High Schools**

The first study was done by Cash in 1992. The targeted population of small, rural public high schools in Virginia was identified as schools with senior class populations of less than 100. Further, rural schools were also found outside the eight Metropolitan Statistical Areas and in areas with populations of fewer than 2500. There were 47 schools in 36 school divisions in Virginia which had a population of fewer than 100 seniors and were located outside urban areas during the 1991-92 school year. The entire population of small, rural schools was used in the study.

The standardized test used in Virginia and administered to 11th grade students is the Iowa Test of Academic Proficiency. Behavior information was taken from the number of incidents of crime and violence by students in the high school grades as reported to the school division in compliance with Code of Virginia Section 22.1-280.1, the number of suspensions, and the number of expulsions.

Forty-three of the forty-seven (91%) schools in the population responded, though some responses were incomplete which limited their usefulness.

### **Study Two - Selected Urban Virginia Public High Schools**

This study was done by Hines in 1993 and targeted large urban high schools in the Commonwealth of Virginia. The selected high schools were defined as schools in metropolitan areas with populations of over 100,000 and school division student enrollment of over 25,000. Eighty-eight secondary schools in several cities and counties were identified for inclusion in the study. Data collection was done in the same manner and using the same instruments as in study one; however, the building condition instrument was revised. The intent of each question was not modified, only clarified as recommended by Cash. Sixty-six of the Eighty-eight (75%) schools in the population responded.

### **Study Three - North Dakota Public High Schools**

The state of North Dakota was selected for the third study, done by Earthman, Cash, and VanBerkum, because traditionally students as a whole score among the highest in the nation on the Scholastic Achievement Test. Second, North Dakota has a relatively homogeneous population that is mostly rural. These two facts seemed to make it an excellent site for the logical extension of the Cash research. The achievement test administered to 11th grade students in North Dakota is the Comprehensive Test of Basic Skills. The behavior information was solicited through a chart requesting the same information as was solicited in the first two studies. There are 199 high schools in the state ranging in size from 65 to 1200 students. This constituted the population of the study which was completed in 1994. A response was received from 120 school principals. This represented a 60 percent rate of return of the survey instruments. A follow-up study of the non-respondents indicated there was no difference between the respondent and non-respondent schools, according to geographical distribution, size, and age of school building.

## **Research Findings**

### **Study One - Rural Virginia**

A comparison of the scale score means of substandard buildings and above standard buildings showed an increase in the scores on every subtest and a resulting complete composite score increase from 187 to 190. Because percentile ranks are often used for comparison purposes, the percentile ranks were also determined. The largest increase in percentile rank from substandard buildings to above standard buildings was five percentile points. That occurred in the science subtest and in the complete composite.

Ten questions on the Commonwealth Assessment of Physical Environment (CAPE) addressed cosmetic conditions. They targeted interior and exterior paint, grounds, graffiti, and floor maintenance. These areas were represented in the model design as building conditions which would affect student achievement and student behavior indirectly through student attitude. The schools were divided into lower- and upper-scoring schools based on their responses to the cosmetic items.

In every subtest, except social studies, the mean scale scores were higher in the upper group of buildings. The differences between the groups ranged from a low of one in basic composite to a high of two in every other subtest, except the previously noted social studies.

A comparison of percentile ranks showed the highest percentile rank change was four points in mathematics. The complete composite, science, and reading comprehension means were separated by three percentile ranks.

Sixteen questions on the Commonwealth Assessment of Physical Environment addressed structural conditions, which included windows, heat, air conditioning, acoustics, lighting, wall color, building age, density or crowding, and science lab quality. These areas were represented in the model design as building conditions which would affect student achievement and student behavior directly. The results of analysis of adjusted achievement scale score means between the schools with lower structural condition scores and those with upper structural condition scores identified only small differences between groups -- no more than one point -- and not consistently favoring one or the other group.

Two items on the Commonwealth Assessment of Physical Environment were directed toward science lab adequacy. The first question assessed which facilities were available and functioning in the science lab rooms. The choices were water, gas, sinks, and electricity. If all four facilities were available and functional, the science lab was considered standard; if any of those facilities were unavailable or nonfunctional, the science lab was considered substandard. The adjusted scale score means for the science achievement subtest of the Test of Academic Proficiency were compared for schools with substandard and standard ratings. The adjusted scale score difference of 5 points translated into a percentile rank difference of seven percentile points, with the higher scores associated with standard ratings.

The second science-related item on the Commonwealth Assessment of Physical Environment asked how long ago science equipment was updated to current standards. The choices were: over ten years ago, between five and ten years ago, and fewer than five years ago. The adjusted scale score means for the science subtest of the Test of Academic Proficiency for each of these response groups was calculated, and the difference among the three groups was one mean scale score point, which translated into a difference of two percentile ranks. Again, higher scores were attained under better building conditions.



## Study Two - Selected Urban Virginia Schools

As in study one, the adjusted achievement scale score means for the state-wide Test of Academic Proficiency for grade 11 were compared among the three building condition ratings. A comparison of the scale score means of substandard schools and above standard schools, looking at overall building condition, reflected increases in scores on every subtest. The greatest difference in percentile rank scores was in the mathematics subtest and was seventeen percentile rank points, while the smallest difference, nine percentile rank points, was in both the written expressions and science subtests.

The cosmetic building conditions comparison for test scores also showed higher scale score means in above standard buildings. The differences ranged from less than one point in sources of information to 4 points or 6 percentile ranks for the complete composite.

The comparisons of substandard to above standard buildings in the structural area showed a one percentile rank decline in the above standard building. However, in every other subtest, the scores are higher – from 5 to 9 percentile ranks – for above standard conditions.

Finally, in studying science equipment age and availability, this study also found higher scale score means in better conditions. Buildings with more lab equipment had students who scored 8 percentile ranks higher on the science subtest than buildings with less equipment. While the differences were smaller, newer facilities were associated with similar results.

## Study Three - North Dakota

The comparison between the overall building condition and the thirteen components of the Comprehensive Test of Basic Skills (CTBS) showed percentile ranks scores of students in the above standard schools were higher than the scores of students in the substandard schools in all both one subtest. The difference ranged from one percentile point to nine percentile points. In one test, social studies, there was no difference.

The same comparison was made of the cosmetic condition of the building with the CTBS scores, and the results of this comparison were similar. There were a total of 13 subsets of the achievement test compared. The students in the above standard school buildings scored higher than those in the substandard buildings on twelve of the subtests. The range of difference between the substandard and above standard buildings on these subtests was from 1 to 11 percentile points. There was no difference between the percentile ranks between the substandard schools and above standard schools in Language Mechanics.

Using the structural conditions of buildings as a measure of comparison with achievement scores, the results were not the same as for the overall building and the cosmetic building conditions. In eight of the subtests, the students in the above standard buildings scored above those in the substandard buildings. In four of the subtests, students in the substandard buildings scored higher. Social studies and mathematics were the areas where these differences were found. The range of difference was from 3 to 12 percentage points.

Part of the building evaluation asked for the quality of the science laboratories in terms of age and availability of science equipment. In both cases, comparing age and availability of equipment, students in those school buildings where there was newer science equipment and all three utilities were available scored from 4 to 6 percentile points higher than students in buildings where such equipment was older or not available.

### **COMPARISON AND COMMONALITIES**

In all three studies, students' achievement test scores were higher in the better buildings. The greatest increases were found more often in cosmetic factors. Science subtest scores were positively related to better science lab facilities, defined by equipment availability and age. When the composite achievement scores were related to specific items on the building assessment instrument, lower scores were found in buildings with poor conditions in that particular area. For example, in all three studies, students' complete composite or total scale score means were higher in buildings which had windows in the majority of the instructional classrooms. Other specific examples include buildings with less graffiti, better locker conditions, acoustical ceilings, more science lab equipment, and more recently remodeled science laboratories. Further, two of the three studies found higher scores in buildings with air conditioning and more recently painted exterior walls. It's not surprising to find the North Dakota study is the one in which air conditioning did not seem to be directly related to higher scores.

While all three studies looked at behavioral factors defined by suspensions, expulsions, and incidences of crime and violence, those factors were not consistently related to building condition. The factors used to measure behavior may need to be altered in order to effectively study its relationship to building condition.

### **CONCLUSIONS**

The issue of improved building condition is not whether it should be done, but rather whether it should be done when funds are limited. The educational benefit of fiscal output must be considered. A new building with its associated cost may not be necessary, but air conditioning and attention to locker and furniture maintenance, graffiti removal, and general cleanliness may be needed.

In addition to the issue of cost efficiency, there is the issue of educational value. If educational personnel can make a difference in the achievement of students and choose not to take the necessary steps, one wonders what message is being sent. Adults can fool each other, but the children are watching. They know that they are being treated unequally, and they are responding accordingly. This need not be. It is up to schools to make a difference.

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# **Elementary & Secondary Education Equipment Trust Fund Study**



**Presentation to the  
Commission on Educational Infrastructure**

*Susan F. Dewey  
State Treasurer*

**November 25, 1996**



## **Introduction**

- **Item No. 131(G) of the 1996 Appropriation Act provides that the Superintendent of Public Instruction and the State Treasurer shall study the feasibility of establishing an Elementary and Secondary Education Equipment Trust Fund with purposes similar to the Higher Education Equipment Trust Fund, and make recommendations to the Chairmen of the Senate Finance and House Appropriations Committees no later than November 1, 1996.**
  
- **Language also requests recommendations as to:**
  - 1) **Strategies for providing a continuing and stable funding level for the purchase, lease and/or replacement of educational technology equipment and infrastructure in Virginia's public schools, including the feasibility and cost of direct appropriations for replacement costs through the Standards of Quality (SOQ) funding formula;**
  
  - 2) **Potential sources of security for a financing program;**
  
  - 3) **Appropriate structure for administration of a program;**
  
  - 4) **Appropriate levels of funding anticipated through the year 2000;**
  
  - 5) **Impact of a financing program on the Commonwealth's debt capacity and strategies for minimizing impact; and**
  
  - 6) **Potential state and local costs of a program.**
  
- **\$20,000 provided to cover the costs of the study. Brown & Wood, LLP and Craigie Incorporated assisted in the study.**

## **Costs of Educational Technology Equipment**

- **Study addresses a number of options which fit into three broad categories based on how projects are funded:**
  - **State Funding (Grants);**
  - **Mix of State and Local Funding; and**
  - **Local Funding.**
  
- **Historically, financing capital projects for schools, including equipment, has been a local responsibility.**
  
- **Cost of New Equipment:**
  - **\$556,815,000 through 2002 Biennium.**
  - **Board of Education's Six-Year Technology Plan for Virginia.**
  
- **Cost of Replacement Equipment:**
  - **\$47,000,000 annually.**
  - **Attachment G to Study.**



## **Options for Financing Technology Improvements State Funding (Grants)**

- Program similar to Higher Education Equipment Trust Fund (HEETF).
  - It is not feasible to establish a program with a "structure" similar to the HEETF.
  - HEETF takes back leases from each of the 17 participating institutions.
  - Logistical problems inherent to lease documentation for the 132 operating school divisions in the Commonwealth would cause the program to be inefficient and expensive to administer.
  - A program with "purposes" similar to HEETF is already established through the Virginia Public School Authority (VPSA).
- VPSA Equipment Notes.
  - Proceeds of notes are used to make grants to localities for the purchase of technology equipment.
  - Debt service on five-year notes is paid from Literary Fund appropriations.
  - To date, the Commonwealth has funded approximately \$63.6 million in technology equipment through VPSA equipment notes.
  - Item 140(C)(11)(c) and (e) of the 1996 Appropriation Act directs the VPSA to issue approximately \$55 million and \$46 million of notes in 1997 and 1998, respectively, to finance grants to localities for technology improvements.
  - Literary Fund capacity issues restrict future use.
  - The VPSA could begin issuing notes payable from General Fund appropriations rather than from Literary Fund appropriations; however, such obligations would be considered tax-supported debt.

## **Options for Financing Technology Improvements Mix of State and Local Funding**

- **Funding replacement costs through the SOQ funding formula:**
  - Will ensure that a foundation level of technology equipment is in place to fully implement the Standards of Learning;
  - Requires a local match, based upon the locality's composite index, thereby lessening the disparity among school divisions and leveraging state funding;
  - Ensures that funding is a priority for the Commonwealth; and
  - Requires annual appropriations of approximately \$47 million and \$34 million for a five-year and seven-year replacement cycle, respectively.
- **Literary Fund - Interest Rate Subsidy Program.**
  - The current Subsidy Program funds localities' school construction projects while providing debt service schedules equivalent to what they would have paid had Literary Fund loans been available.
  - A similar program could provide low-cost financing for technology equipment.
  - This would require amending the Literary Fund regulations to allow borrowing for technology.
  - Also, the VPSA is currently not able to issue bonds to support a subsidy program for technology equipment.

## **Options for Financing Technology Improvements Mix of State and Local Funding *(continued)***

- **Literary Fund - Borrowing Program.**
  - The VPSA could issue bonds to fund a one-time cash infusion into Literary Fund.
  - The bond proceeds could be used to make Literary Fund loans. Payments received on the loans and other Literary Fund revenues would be used to repay the VPSA bonds.
  - This would require legislation and possibly a private letter ruling from the IRS.
  - **Benefits:**
    - 1) Provides a large amount of money for direct loans; and
    - 2) Resulting Literary Fund loans provide additional capacity for the VPSA's 1987 Resolution.
  - **Drawbacks:**
    - 1) Encumbers other available Literary Fund revenues for the life of the VPSA bonds;
    - 2) May cause rating agencies to reassess how they view financings supported by the Literary Fund; and
    - 3) No cost savings as compared to current Literary Fund Interest Rate Subsidy Program.

## **Options for Financing Technology Improvements Local Funding**

- **There are two primary options for localities to finance school construction or equipment: Cash or Debt.**
- **There are two primary borrowing options for localities to finance school construction:**
  - **Bonds**
    - **Issue bonds on their own through public or private sale. (General obligation or lease revenue)**
    - **Virginia Public School Authority. (General obligation)**
  - **Literary Fund Loans**
    - **Would require amendment to the Literary Fund regulations to allow borrowing for technology equipment.**

## **Options for Financing Technology Improvements Local Funding**

- **Virginia Public School Authority - Pooled Bond Program**

- **1987 Resolution:**

- a) **May be able to issue long-term bonds under the 1987 Resolution during the 1998-2000 biennium (if appropriations for direct loans from the Literary Fund continue).**
- b) **Could consider issuing short-term notes under the 1987 Resolution to finance equipment.**
- c) **Amount of capacity available for short-term equipment financing would be limited based on available coverage.**
- d) **Not sufficient to meet all of the needs described in the Six-Year Technology Plan.**

- **Other Pooled Bond Resolutions:**

- a) **1991 Resolution (utilizes Commonwealth's moral obligation pledge). Cannot be used for equipment financing due to reserve fund structure.**
- b) **1990 Insured Resolution (includes a bond insurance policy).**
- c) **The VPSA could create a new bond resolution that would not require a bond-funded debt service reserve, thereby enabling it to offer localities a short-term equipment financing program.**

## Conclusions

- There are competing priorities for direct appropriations from the General Fund.
- A number of financing alternatives are available through the Literary Fund or the Virginia Public School Authority.
- Alternatives cannot be considered independently; must examine impact on parallel programs and priorities.
  - For example, the study provides an example of the amount of funding that could be provided through the issuance of VPSA equipment notes given certain assumptions as to the amount of annual appropriations for:
    - 1) Interest rate subsidies;
    - 2) Teacher retirement transfers; and
    - 3) Debt service on VPSA notes.
  - In this scenario, we were able to finance approximately \$301 million of technology projects through fiscal year 2002. However, this amount would change depending on the amount by which any of the above variables changed.
- Recommendations:
  - Fund technology replacement through the SOQ financing formula;
  - Amend Literary Fund regulations to provide for technology equipment loans; and
  - Use Virginia Public School Authority Programs within capacity constraints.

# VIRGINIA CONSTITUTIONAL AND STATUTORY LAW RELATED TO SCHOOL CONSTRUCTION AND TECHNOLOGY

Norma E. Szakal  
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Division of Legislative Services

## I. Section 8 of Article VIII of the Constitution of Virginia: The Literary Fund.

Originally established in 1810 as a statutory mechanism for funding the education of poor children, the Literary Fund has been described as the "beginnings of public education in Virginia."<sup>1</sup> In 1869, the Literary fund was added to the Virginia Constitution.<sup>2</sup> The Literary Fund endures as Section 8 of Article VIII of the Constitution of Virginia. Section 8 establishes the Literary Fund as a "permanent and perpetual school fund" which is "held and administered by the Board of Education in such manner as may be provided by law," i.e., in accordance with statutory law.<sup>3</sup> Please note that the Constitution does not confine the Literary Fund to any specific "school" use, but assigns that determination to the General Assembly to delineate in statutory law. The Literary Fund revenues are generated from the proceeds of:

- all public lands donated by Congress for free public school purposes
- all escheated property
- all waste and unappropriated lands
- forfeited property, except for property seized and forfeited for drug control act violations (a Supreme Court decision has rendered drug violation forfeitures uncertain)
- interest on the Fund
- any moneys appropriated by the General Assembly

Pursuant to Section 8, the principal of the Fund includes assets repayable to the Fund (Virginia Public School Authority holdings). Section 8 also authorizes the General Assembly to "set aside all or any part of additional moneys received" by the Literary Fund, "so long as the principal of the Fund totals as much as eighty million dollars." The \$80 million is commonly referred to as the "floor" or the "ceiling." Over the past 30 years or more, controversy has often arisen concerning this minimum principal (\$80 million) required by the Constitution to remain in the Fund and the use of the Literary Fund moneys for "other school purposes."

At the time of the constitutional revision of 1969, \$20 million in loan applications had been approved, but no money was available in the Literary Fund. Approximately \$9 million was being deposited to the Fund per year. During the constitutional debates, there was much discussion of the "ceiling" amount and whether it would be adequate for school construction demands. During these

discussions, the origin of the "ceiling" and of using Literary Fund moneys for other school purposes, specifically teacher retirement, was described as follows. In 1942, there was not enough money in the Literary Fund to meet the need for school buildings; therefore, \$11 million was transferred from the sinking fund<sup>4</sup> to the Literary Fund. Because the Literary Fund was constitutionally established as "permanent and perpetual," there was then no way to repay the sinking fund. Therefore, the Constitution was amended in 1944 to put a "ceiling" or "floor" on the amount of principal required in the Fund and to allow the legislature to use any other moneys for "school purposes." The concept was to provide a way to repay the sinking fund; therefore, from 1944 to 1966, the General Assembly transferred approximately \$1.5 million per year from the Literary Fund as teacher retirement money in order to repay the sinking fund for the transfer of the \$11 million in 1942. In 1968, the custom of transferring money for teacher retirement from the Literary Fund to the general fund continued even though the \$11 million had been repaid.<sup>5</sup>

Thus, the practice of transferring Literary Fund moneys for "other school purposes" has been used often. Fiscal crises experienced by the Commonwealth in the late 1980s and the 1990s necessitated the use of the Literary Fund moneys to support teacher retirement contributions and other education programs. Over the years, this practice has had substantial effects on the lending capacity of the Literary Fund and the bond issues of the Virginia Public School Authority.

## **II. Section 10 of Article VII of The Constitution of Virginia: Local Debt Restrictions.**

Section 10 of Article VII controls the extent to which local governments may incur debt, with cities and counties treated differently.<sup>6</sup> In municipalities, bonds and other interest-bearing obligations cannot exceed 10 percent of the assessed value of real estate subject to local taxes. However, certain kinds of debts are not included in this limitation, e.g., short term debts and bonds for revenue-generating activities. In counties, most debt must be submitted to the "qualified voters . . . on the question of contracting such debt." However, bonds for school capital projects which are sold to the Literary Fund, the Virginia Supplemental Retirement System, or other State agency (which includes the Virginia Public School Authority) are not required to go to referenda. Counties may elect, with the consent of the voters, to be treated as cities for the "purposes of issuing its bonds under this section."

## **III. Chapter 10 (§ 22.1-142 et seq.) of Title 22.1 of the Code of Virginia: Literary Fund.**

While repeating some of Section 8 of Article VIII of the Constitution, this chapter puts flesh on the skeleton of the law; however, the Literary Fund procedures are controlled by language in the current budget and by Board of Education regulations. The Board of Education is vested, in this chapter, with the



authority to recover any moneys owed to the Fund, with interest, and to appoint agents to collect any claim, fine or debt owed through the sale of estate property (§22.1-144). The Board is also authorized to invest moneys of the Fund in securities "that are legal investments under the laws of the Commonwealth for public funds" (§ 22.1-145).

Section 22.1-146 provides the basis for the Board's primary duty with respect to the Literary Fund. This section authorizes the Board to "make loans or, subject to the approval of the General Assembly, loan interest rate subsidy payments from the Literary Fund to the school boards" for three purposes: (i) erecting, altering, or enlarging school buildings; (ii) equipping school buses for alternative fuel conversions and constructing school bus fueling facilities for supplying compressed natural gas or other alternative fuels; and (iii) refinancing or redeeming negotiable notes, bonds, and other evidences of indebtedness or obligations incurred by a locality on behalf of a school division which has an application for a Literary Fund loan for an approved school project pending before the Board of Education. Loan applications must be in writing on the Board's forms (§ 22.1-153). Each applicant must file (i) an abstract with the clerk of the circuit court having jurisdiction, demonstrating that the real estate title of the land on which the school building has been or will be erected has been examined and approved by an attorney and (ii) a certificate from such attorney, showing that either the school board or the governing body has a fee simple title to the land or (iii) in lieu of an abstract and certificate, a title insurance policy (§ 22.1-154). The application must be accompanied by certification from the clerk of circuit court having jurisdiction in the school division applying for the loan that a title search has been conducted and that a fee simple title is held by the school board or governing body (§ 22.1-155). The application and certificate of title must be submitted to and approved by the Attorney General before Board action (§ 22.1-156).

The Board is authorized to limit the maximum loan to \$5 million (§ 22.1-147) and is prohibited from making any loan under \$500 (§ 22.1-148). The law makes it clear that no loan can exceed 100 percent of the cost of the project. The Board is charged with making a judgment on whether the locality can afford the loan and may refuse to make a loan to any defaulting school board. Obtaining alternative financing to begin or complete an approved project cannot be the sole reason for loan denial or delay (§ 22.1-148). The annual interest rate must be between two and six percent (§ 22.1-150). Evidence of a Literary Fund loan must be in bonds or notes payable, executed or signed by the school board chairman and attested by the school board clerk (§ 22.1-151). A lien must be recorded in the appropriate circuit court (§ 22.1-151) and insurance must be maintained for the benefit of the Literary Fund (§ 22.1-157). Payments are to be made to the State Treasurer over 5 to 30 years (§ 22.1-152). Several sections reinforce that Literary Loans are obligations of the localities and that the local governing bodies have a duty to levy taxes sufficient to pay the loans. Payments may be anticipated, i.e., paid in advance (§ 22.1-160). Failure by the governing body to pay the loan is "deemed a cause for removal of the

members thereof from office on motion before the circuit court" (§ 22.1-158). The loans are liens on the funds and income of the relevant jurisdiction for the amount owed (§ 22.1-161).

The Board is authorized to sell school-board bonds and other evidences of indebtedness for investment of the trust funds of the Virginia Retirement System when "no sufficient balance is left in the Literary Fund from which to make additional loans" (§ 22.1-149).

**IV. Chapter 10.1 (§ 22.1-161.1 et seq.) of Title 22.1 of the Code of Virginia: Borrowing by School Boards from Virginia Retirement System.**

Previously located in the local government statutes (Title 15.1 of the Code of Virginia), this chapter authorizes school boards to contract to borrow from the Virginia Retirement System (VRS) for capital projects--with the approval of the governing body. The Board of Trustees of VRS is authorized to lend the money as provided in this chapter (§ 22.1-161.1). Resolutions approved by the various responsible bodies provide the mechanism for local and VRS approval (§ 22.1-161.2). The authority to issue and the details of the process of issuing bonds are set out in § 22.1-161.3; the bond proceeds are to be deposited and accounted for as separate from all other funds (§ 22.1-161.4). Section 22.1-161.5 allows a school board to invest the bond proceeds pending the "application of the proceeds . . . to the purpose for which such bonds have been issued"; the investments must mature or be redeemable by the time payments for the "purpose" are required. The governing body of the locality issuing the bonds is required to collect funds sufficient to pay the principal and interest (§ 22.1-161.7). The bonds purchased by VRS are negotiable instruments in which public officers and bodies may invest; these bonds may be sold to financial institutions and fiduciaries (§ 22.1-161.8).

**V. Chapter 11 (§ 22.1-162 et seq.) of Title 22.1 of the Code of Virginia: Virginia Public School Authority.**

The Virginia Public School Authority (VPSA) is a bond bank established in 1962 for the purpose of funding public school capital projects. The VPSA is created as "a public body corporate . . . a political subdivision and an agency and instrumentality of the Commonwealth" (§ 22.1-163). The VPSA is governed by a Board of Commissioners which includes the State Treasurer, the State Comptroller, the Superintendent of Public Instruction and five Governor's appointees, one of whom is designated by the Governor as the chairman (§ 22.1-164). Literary Fund moneys or obligations may be and are transferred to the VPSA (§ 22.1-165).

The VPSA is authorized to purchase and sell local school bonds and to lend money to school boards for "acquiring and installing capital projects for school purposes for which loans from the Literary Fund are not immediately available"; local school boards are authorized to borrow money from the VPSA (§§ 22.1-166 and

22.1-166.1). Local governing bodies are obligated to raise enough money to pay off these obligations (§ 22.1-166.1). The VPSA is authorized to issue bonds (coupon or registered, definitive and temporary), which are payable from the funds of the Authority and are not debts of the Commonwealth, i.e., not backed by the faith or credit of Virginia or any political subdivision of Virginia (§ 22.1-167). All VPSA bonds are tax-free investments in Virginia (§ 22.1-172) and appropriate investments for local governments, financial institutions, and fiduciaries (§ 22.1-173).

Section 22.1-167.1 relates to refunds of bonds and the pass-through of any savings realized to the local school bond issuers, with savings defined as a "net reduction in debt service." No pass-through will occur if an interest rate subsidy has been paid or the relevant bonds carry below market interest rates. If an interest rate subsidy is paid to the Literary Fund for the bond, the savings are also paid to the Literary Fund. Literary Fund assets remain Literary Fund moneys; however, Literary Fund assets may be used as though they were the property of the VPSA (§ 22.1-170). Amounts in excess of the principal and interest and trust indentures or resolutions are to be repaid to the Literary Fund on January 10 of each year (§ 22.1-170). Notes bearing fixed maturity dates are transferred to the VPSA twice a year--January 1 and July 1 (§ 22.1-175).

Section 22.1-168.1 grants VPSA the discretion to secure any bonds by a trust indenture and to create a reserve fund or funds; subsection D establishes the moral obligation bond limit at \$800 million.<sup>8</sup> The VPSA Board is authorized to invest the trust indenture funds. The usual powers are granted, i.e., collect debts, pay employees; issue and refund bonds, notes and other obligations; adopt regulations; etc. (§ 22.1-171). The Circuit Court of the City of Richmond has exclusive jurisdiction for Virginia suits against VPSA (§ 22.1-174).

**VI. Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1 of the Code of Virginia: Virginia Public School Construction Grants Program and Fund.**

This chapter, enacted in 1995, authorizes the Board of Education to make grants for public school buildings and facilities and establishes a revolving fund for this purpose, consisting of any appropriated funds, gifts, donations, grants, bequests, etc. The Department of the Treasury is charged with administering and managing the grants, subject to the authority of the Board of Education. No funds have been appropriated or donated; therefore, this program is not operational.

**VII. Chapter 7 (§ 11-35 et seq.) of Title 11 of the Code of Virginia: Virginia Public Procurement Act.**

Although school divisions may elect to adopt their own procedures for certain procurement practices, all school boards are subject to certain requirements of this chapter. For example, construction may only be procured by competitive sealed bidding, except under narrow circumstances when competitive sealed bidding is not

“practicable or not fiscally advantageous to the public” (§ 11-41 C). Competitive negotiation may be used by school divisions for renovation or demolition which will cost \$500,000 or less. Although the Commonwealth has had authorization to use competitive negotiation for design-build or construction management contracts, localities have always had to come to the General Assembly and obtain authorization through an amendment to § 11-41.2:1, specifically describing projects for design-build or construction management contracts; however, as of January 1, 1997, this section is repealed and a new mechanism will be established for local authority to use competitive negotiation for design-build or construction management contracts.

During the 1996 Session, several bills relating to new or recycled school construction concepts emerged. House Bill 336 created the Design-Build/Construction Management Review Board which is authorized to review and approve requests by public bodies other than the Commonwealth to enter into design-build or construction management contracts (§ 11-41.2:3). In other words, a local school board will be able to petition this new Board for permission to enter into design-build or construction management contracts. Once this authority is obtained, the school board has the legal authority to enter into a contract encompassing design-build and build-lease provisions. Implementation of these new mechanisms will present some interesting issues related to long-term actual costs and the use of the state maintenance supplements--the only direct appropriation of funds for capital costs.

Two bills--HB 986 and SB 613--authorize local school boards to lease school buildings. This leasing authority will allow school boards to enter into contracts with private entrepreneurs to build and lease school buildings (§ 22.1-79). This authority also opens the way for the use of operating funds, i.e., rent, for obtaining new school buildings. The leasing authority also interacts with HB 336, the bill creating the new Design-Build/Construction Management Review Board.

### **VIII. Statutory Laws Relating to Educational Technology**

The law related to educational technology is not so specific or centrally located in statute as the law related to school construction; much of the regulation of educational technology is contained in the budget. Some significant statutory provisions do exist. For example, the VPSA is authorized to make loans and interest rate subsidy payments for school capital projects which are defined in the law to include “motor vehicles and educational technology equipment” (§ 22.1-166.1). The Statewide Electronic Classroom Program is established in § 22.1-212.2; this program has been required to be available to every public high school since July 1, 1990. The Board of Education is authorized in this statute to “utilize the services of the Commonwealth’s five educational television stations and earth satellite stations as well as any other appropriate technology for” the electronic classroom. The electronic classroom must be used for educational purposes,

including instruction in subjects that are not available, and in-service training for personnel. This statute requires the Department of Education to develop a five-year plan for educational technology (Please note: the Plan is currently a six-year plan.).

In 1995, the 1994 Initiatives supported by the Commission on Equity in Public Education were mirrored in statute. Section 22.1-199.1 establishes "[p]rograms designed to promote educational opportunities," including the educational technology initiative. Subsection B of § 22.1-199.1 states the legislative intent--"educational technology is one of the most important components, along with highly skilled teachers, in ensuring the delivery of quality public school education throughout the Commonwealth . . ." The Board of Education is charged with awarding grants to expand access to educational technology. School boards qualifying for the grants must have individualized technology plans for integrating technology into the classroom and the instructional programs, which must be approved by the Superintendent of Public Instruction. In the 1994 biennium, the grants were prioritized for automating the library media centers and for providing network capabilities in all schools to ensure access to the statewide library and other networks. The grants could have been used, if the school had already developed the library and networking capabilities, for other educational technologies, i.e., multimedia and telecomputing packages, integrated learning systems laptop computer loan programs, vocational technology laboratories and techniques to enhance education and facilitate teacher training in and implementation of instructional technology. These funds were also used to purchase electronic reference materials for the statewide automated reference system.

The 1996 biennium initiatives are referenced in this statute (subdivision B2) and required to be consistent with the Board of Education's revised six-year technology plan. These initiatives, which are described in the budget and will be addressed at the next meeting, are focused on grants to provide technology improvements to school infrastructure, networking, and for purchasing technology equipment. Section 22.1-199.1 also directs the Departments of Education, Information Technology, and General Services to coordinate master contracts for the purchasing of educational technologies and reference materials by local school boards.

Within the Standards of Quality, educational technology is not mentioned. Standard 2 of the Standards of Quality (§ 22.1-253.13:2) relating to required support services, requires the Department of Education to provide local school divisions with technical assistance for the operation and maintenance of the public schools. This technical assistance must include development of appropriate facility plans which include technology. Local school boards are required, under this law, to have management information systems. Further, Standard 6 (§ 22.1-1-253.13:6), relating to planning and public involvement, requires the Board of Education to

develop and revise a statewide six-year improvement plan. Although this plan does not specifically relate to educational technology, it does mention the Board's six-year technology plan and does require the local school boards to have divisionwide six-year improvement plans which must include, among other components, a technology component (§ 22.1-253.13:6 C). This component must be "consistent with the six-year technology plan for Virginia adopted by the Board of Education . .

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## Notes

<sup>1</sup> Proceedings and Debates of the Senate of Virginia Pertaining to Amendment of the Constitution (Richmond, Virginia, 1971). Comments of Senator Adelard L. Brault at 238-241.

<sup>2</sup> Howard, A.E. Dick. Commentaries on the Constitution of Virginia (Charlottesville, 1970), p. 941.

<sup>3</sup> Article VIII, § 8. The Literary Fund.

The General Assembly shall set apart as a permanent and perpetual school fund the present Literary Fund; the proceeds of all public lands donated by Congress for free public school purposes, of all escheated property, of all waste and unappropriated lands, of all property accruing to the Commonwealth by forfeiture except as hereinafter provided, of all fines collected for offenses committed against the Commonwealth, and of the annual interest on the Literary Fund; and such other sums as the General Assembly may appropriate. But so long as the principal of the Fund totals as much as eighty million dollars, the General Assembly may set aside all or any part of additional moneys received into its principal for public school purposes, including the teachers retirement fund.

The General Assembly may provide by general law an exemption from this section for the proceeds from the sale of all property seized and forfeited to the Commonwealth for a violation of the criminal laws of this Commonwealth proscribing the manufacture, sale or distribution of a controlled substance or marijuana. Such proceeds shall be paid into the state treasury and shall be distributed by law for the purpose of promoting law enforcement.

The Literary Fund shall be held and administered by the Board of Education in such manner as may be provided by law. The General Assembly may authorize the Board to borrow other funds against assets of the Literary Fund as collateral, such borrowing not to involve the full faith and credit of the Commonwealth.

The principal of the Fund shall include assets of the Fund in other funds or authorities which are repayable to the Fund.

<sup>4</sup> A sinking fund consists of assets to support the repayment of bonds.

<sup>5</sup> Proceedings and Debates of the Senate of Virginia (1970), pp. 238-241.

<sup>6</sup> Article VII, § 10. Debt.

(a) No city or town shall issue any bonds or other interest-bearing obligations which, including existing indebtedness, shall at any time exceed ten per centum of the assessed valuation of the real estate in the city or town subject to taxation, as shown by the last preceding assessment for taxes. In determining the limitation for a city or town there shall not be included the following classes of indebtedness:

(1) Certificates of indebtedness, revenue bonds, or other obligations issued in anticipation of the collection of the revenues of such city or town for the then current year; provided that such certificates, bonds, or other obligations mature within one year from the date of their issue, be not past due, and do not exceed the revenue for such year.

(2) Bonds pledging the full faith and credit of such city or town authorized by an ordinance enacted in accordance with Section 7, and approved by the affirmative vote of the qualified voters of the city or town voting upon the question of their issuance, for a supply of water or other specific undertaking from which the city or town may derive a revenue; but from and after a period to be determined by the governing body not exceeding five years from the date of such election, whenever and for so long as such undertaking fails to produce sufficient revenue to pay for cost of operation

## Notes

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and administration (including interest on bonds issued therefor), the cost of insurance against loss by injury to persons or property, and an annual amount to be placed into a sinking fund sufficient to pay the bonds at or before maturity, all outstanding bonds issued on account of such undertaking shall be included in determining such limitation.

(3) Bonds of a city or town the principal and interest on which are payable exclusively from the revenues and receipts of a water system or other specific undertaking or undertakings from which the city or town may derive a revenue or secured, solely or together with such revenues, by contributions of other units of government.

(4) Contract obligations of a city or town to provide payments over a period of more than one year to any publicly owned or controlled regional project, if the project has been authorized by an interstate compact or if the General Assembly by general law or special act has authorized an exclusion for such project purposes.

(b) No debt shall be contracted by or on behalf of any county or district thereof or by or on behalf of any regional government or district thereof except by authority conferred by the General Assembly by general law. The General Assembly shall not authorize any such debt, except the classes described in paragraphs (1) and (3) of subsection (a), refunding bonds, and bonds issued, with the consent of the school board and the governing body of the county, by or on behalf of a county or district thereof for capital projects for school purposes and sold to the Literary Fund, the Virginia Retirement System, or other State agency prescribed by law, unless in the general law authorizing the same, provision be made for submission to the qualified voters of the county or district thereof or the region or district thereof, as the case may be, for approval or rejection by a majority vote of the qualified voters voting in an election on the question of contracting such debt. Such approval shall be a prerequisite to contracting such debt.

Any county may, upon approval by the affirmative vote of the qualified voters of the county voting in an election on the question, elect to be treated as a city for the purposes of issuing its bonds under this section. If a county so elects, it shall thereafter be subject to all of the benefits and limitations of this section applicable to cities, but in determining the limitation for a county there shall be included, unless otherwise excluded under this section, indebtedness of any town or district in that county empowered to levy taxes on real estate.

<sup>7</sup> Unless stated otherwise, all title, chapter and section references are to the Code of Virginia.

<sup>8</sup> In 1995, the limit on the moral obligation bonds issued pursuant to § 22.1-168.1 was raised from \$500 to \$800 million, pursuant to the recommendation of the Select Committee on School Construction and the Department of the Treasury (Chapters 188 and 233, 1995 Acts of Assembly).



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**CHAPTER 14**

*AN ACT to provide for State aid to counties and cities in the construction of public school buildings; to appropriate funds therefor; and to provide the terms and conditions for the expenditure of the funds appropriated.*

[ H 96 ]

Approved February 11, 1950

Be it enacted by the General Assembly of Virginia:

1. § 1. In order to assist the counties and cities in the construction of needed public school buildings and to meet the emergency existing because of the inadequacy of public school facilities there is hereby appropriated from the general funds of the State treasury the sum of forty-five million dollars. Of this amount the sum of thirty million dollars shall be available for immediate allocation and expenditure as provided in this Act and the sum of fifteen million dollars shall be allocated and made available for expenditure in accordance with the terms of this Act during the fiscal year beginning July 1, 1951, and ending June 30, 1952.

§ 2. Of the amounts hereby appropriated ninety percent shall be allocated among the counties and cities of the Commonwealth on the basis of the actual enrollment of school children of school age, not including those attending kindergarten, existing in the public school system of the several counties and cities on December 1, 1949, in the case of the first thirty million dollars hereby appropriated and on December 1, 1950, as to the fifteen million dollars appropriated for the fiscal year beginning July 1, 1951, the share of each county and city to be in the same ratio which the actual school enrollment therein bears to the total school enrollment in the State. Towns constituting a separate school district for the purpose of being operated as a separate school district shall be entitled to receive their proportionate share of the amounts allocated under this section to the county or counties in which the towns are located, to be determined as between the counties and towns concerned on the same basis of distribution used by the State in making the allocation of such funds to the counties and cities.

§ 3. Of the amounts hereby appropriated ten percent, less such amount as is expended for buildings and equipment for aiding the development of vocational education as provided in

§ 6 of this Act, shall constitute an equalization fund to be made available to those counties and cities where the need is greater and in which a reasonable effort has been made by the local authorities to meet their own needs. The equalization fund shall be allocated among those counties and cities which satisfy the State Board of Education in the manner provided by the rules and regulations adopted by it pursuant to this Act that:

(a) they have projected a well-planned school building construction program through June 30, 1954, satisfactory to the State Board of Education; and that

(b) they are expending, or have expended from local sources for current school operation, exclusive of capital outlay and debt service, an amount equivalent to a tax levy of seventy cents per one hundred dollars of true valuation of locally taxed wealth within such counties or cities as determined by the State Department of Taxation. For the allocation of the equalization fund set apart from the first thirty million dollars appropriated by this Act, the school year 1949-1950 shall be used in determining the amount expended or being expended from local sources for current school operation. For the allocation of the equalization fund set apart from the fifteen million dollars appropriated for the fiscal year beginning July 1, 1951, the school year 1951-1952 shall be used in determining the amount expended or being expended from local sources for current school operation; and that

(c) the true value of locally taxed wealth within such counties or cities per pupil in actual enrollment, not including those attending kindergarten, is less than the combined average of locally taxed wealth per pupil in all the counties and cities of the State. For the allocation of the equalization fund set apart from the first thirty million dollars appropriated by this Act, the actual enrollment existing on December 1, 1949, shall be used. For the allocation of the equalization fund set apart from the fifteen million dollars appropriation for the fiscal year beginning July 1, 1951, the actual enrollment existing on December 1, 1951, shall be used.

The equalization funds herein provided for shall be distributed on the basis of six hundred dollars per pupil in actual elementary enrollment and eight hundred dollars per pupil in actual secondary enrollment for whom the State Board of Education is satisfied that new construction is needed, less any funds allocated to the county or city under § 2 of this Act; provided, however, if the amount of the appropriation is insufficient to meet the entire needs of those counties and cities which qualify for allocations from the equalization funds, the amount of the equalization funds shall be distributed to such counties and cities

on a pro rata basis. But no county or city shall receive in excess of 5% of such equalization fund.

§ 4. For the purpose of making the distributions as provided in §§ 2 and 3 of this Act, a pupil residing in one county or city but attending school in another county or city under an arrangement whereby the county or city in which the pupil resides pays tuition to the county or city in which the pupil attends school shall be considered enrolled only in the county or city in which the pupil resides.

§ 5. If any city or town annexes any part of a county after the effective date of this Act, the court entering the order providing for the annexation shall provide in the order for an equitable distribution between county and the city or town concerned of the funds which said county, city or town is entitled to receive under §§ 2 and 3 of this Act.

§ 6. The State Board of Education, with the approval of the Governor, may provide that an amount not to exceed ten percent of the sum which would otherwise be expended as a part of the equalization fund provided for in § 3 of this Act shall be expended for buildings and equipment for aiding the development of vocational education wherever such assistance may be needed without regard to the factors governing the expenditure of other funds under this Act.

§ 7. The amounts hereby appropriated shall be expended on warrants of the Comptroller issued upon vouchers signed by the Superintendent of Public Instruction or by such person or persons as may be designated by him for that purpose. No locality shall receive its share of the 90 percent of the funds herein appropriated and referred to in § 2 of this Act, until such locality shall have satisfied the State Board of Education and the Governor of Virginia:

(a) That it has projected a well-planned school building construction program, through June 30, 1954, which is necessary to the proper educational facilities of such locality, and

(b) That the plans and specifications for the particular building, or buildings, or particular work of repair, renovation or improvement of existing buildings for which an application is made for funds under this Act are suitable and adequate and do not involve expenditures which are excessive for the purpose intended, and

(c) That such locality is financially able to and will complete the particular building, or buildings, or particular work of repair, renovation or improvement of existing buildings for which an application is made for funds under this Act in the event the amount allocated to the locality under this Act is not sufficient, or

(d) That such locality has complied with the provisions of § 9 of this Act by having met its school construction needs, in which event it shall receive its allocation of said funds, or such part thereof as may be necessary to pay its existing indebtedness incurred for the construction of school buildings as provided for in said section, and the residue, if any, shall be held in trust pursuant to § 9 of this Act.

The State Board of Education, with the approval of the Governor first obtained, shall prescribe the procedure governing the application for and the actual payment of any funds appropriated by this Act to the locality, and shall require that such funds are used only for the purposes of this Act. In the event the locality shall use said funds for purposes other than set forth in this Act, so much thereof as is improperly so used shall be deducted from current allocation of State revenues to such locality, for school purposes. Such reports as may be required to be submitted to the State Board of Education under this Act shall be certified as correct by a resolution of the school board of the county or city concerned.

§ 8. Except as provided in § 9 of this Act, all of the funds appropriated by this Act shall be expended for the construction of or addition to new public school buildings. For the purposes of this Act, new public school buildings shall not include any school buildings for which the county or city concerned has authorized the issuance of bonds, not including notes for temporary loans, or has issued a Literary Fund note or notes pursuant to an application for a loan from the Literary Fund prior to making application for funds under this Act. If the State Board of Education finds that the situation so requires, it may consider the repair, renovation and improvement of existing buildings as the construction of new public school buildings. The purchase price of land upon which to erect new buildings shall not be included in the cost of construction of new public school buildings.

§ 9. Whenever the State Board of Education finds that any county or city has met its existing school construction needs, the State Board of Education shall authorize the payment to such county or city of the amounts allocated to such county or city under the provisions of this Act to be used by the county or city to pay any existing school indebtedness or school obligation of the county or city incurred for the construction of public school buildings.

If any county or city which the State Board of Education finds has met its existing school construction needs has no existing school indebtedness or school obligations, the amounts allocated to such county or city under the provisions of this Act shall be held by the State in trust until such time as further

school construction may become necessary in such county or city. All interest received on the amounts so held in trust shall accrue to the general fund of the State.

§ 10. From any decision of the State Board of Education on any matter arising under this Act the county or city concerned may appeal to the Governor and his decision shall be controlling and final.

§ 11. The appropriation of funds hereunder is for the purpose of meeting the emergency need for school construction caused by the cessation of building during the recent war, the increase in the birth rate, and other special problems. The General Assembly hereby declares that nothing herein contained shall be construed as establishing a policy of State grants to aid the localities in meeting normal public school construction needs or as imposing on the General Assembly any obligation beyond the limits herein set out.

2. . An emergency exists and this Act is in force from its passage.

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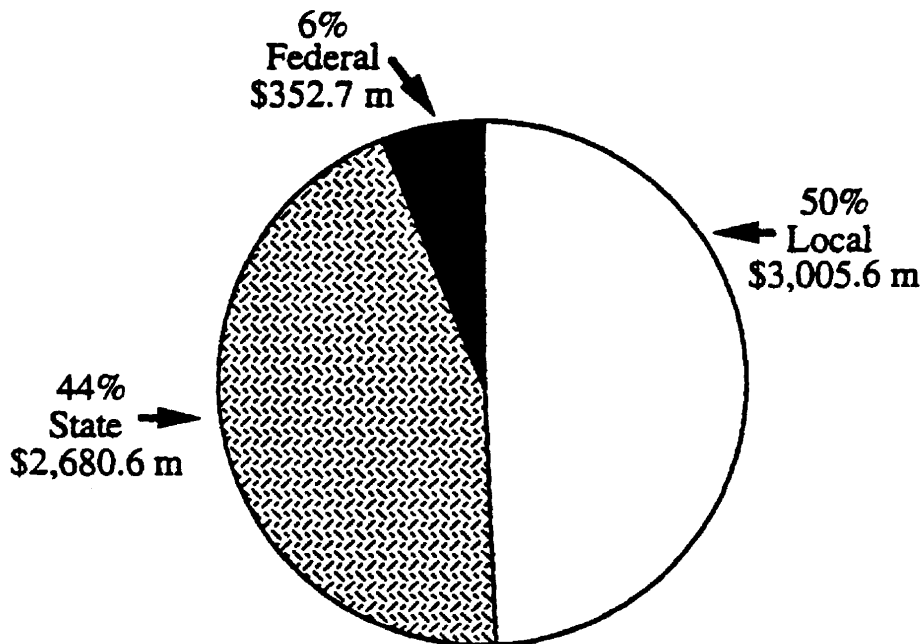


## Spending For Public Education

- In 1995-96, a total of \$6.0 billion was spent supporting the operational costs of public education.
  - Sources of support for public education were:

Local Funds	50%
State Funds	44%
Federal Funds	6%

### Sources of Support Public Education Operations (1995-96)



- An additional \$958.3 million was spent on facilities, debt service, and capital outlay additions.
  - Those expenditures are supported by local funds.

## Debt Service Spending

- In FY 1995-96, local school divisions in Virginia reported spending a total of \$362.8 million on the annual payment of principal and interest on debt associated with public schools.
  - The average per pupil expenditure was \$339.13.
  - Per pupil expenditures ranged from a low of \$0 per pupil in nine localities to a high of \$1,148.68 per pupil in Falls Church.
  
- In FY 1994-95, school divisions reported spending a total of \$341.3 million on debt associated with public schools.
  - The average per pupil expenditure was \$283.54.
  - Per pupil expenditures ranged from a low of \$0 per pupil in nine localities to a high of \$1,242.32 per pupil in Falls Church.

## Outstanding Debt

- In FY 1995-96, total outstanding debt associated with public schools was \$3.8 billion, and ranged from a low of \$0 in a number of localities to a high of \$574.5 million in Fairfax.
  - On a per capita basis, the outstanding debt ranged from a low of \$0 to a high of \$1,970.04 in Falls Church.
  - The average outstanding debt per capita for education was \$552.33.



## Debt Service Payments Reported by School Divisions (1995-96)

Division	Total Debt Service	Unadjusted ADM	Debt Service Per Pupil
ACCOMACK	\$ 574,770	5,408	\$ 106.28
ALBEMARLE	6,941,011	10,970	632.73
AMELIA	714,417	1,740	410.58
AMHERST	1,500,839	4,660	322.07
APPOMATTOX	322,301	2,318	139.04
ARLINGTON	7,882,853	16,993	463.89
AUGUSTA	2,858,378	10,629	268.92
BATH	-	870	-
BEDFORD	4,039,475	9,976	404.92
BLAND	182,015	1,005	181.11
BOTETOURT	1,391,624	4,478	310.77
BRUNSWICK	249,217	2,546	97.89
BUCHANAN	514,048	5,190	99.05
BUCKINGHAM	482,900	2,208	218.70
CAMPBELL	2,316,237	8,380	276.40
CAROLINE	1,915,893	3,652	524.61
CARROLL	-	3,969	-
CHARLES CITY	970,507	1,029	943.16
CHARLOTTE	633,575	2,183	290.23
CHESTERFIELD	27,220,513	48,972	555.84
CLARKE	719,467	1,820	395.31
CRAIG	181,277	706	256.77
CULPEPER	1,731,473	5,131	337.45
CUMBERLAND	116,807	1,193	97.91
DICKENSON	740,988	3,168	233.90
DINWIDDIE	1,086,737	3,914	277.65
ESSEX	315,239	1,549	203.51
FAIRFAX	67,169,593	139,674	480.90
FAUQUIER	5,805,238	8,888	653.15
FLOYD	704,302	1,861	378.45
FLUVANNA	568,330	2,588	219.60
FRANKLIN	1,993,715	6,727	296.38
FREDERICK	5,780,807	9,559	604.75
GILES	506,274	2,567	197.22
GLOUCESTER	2,721,020	6,528	416.82
GOOCHLAND	243,904	1,873	130.22

## Debt Service Payments Reported by School Divisions (1995-96)

<u>Division</u>	<u>Total Debt Service</u>	<u>Unadjusted ADM</u>	<u>Debt Service Per Pupil</u>
GRAYSON	321,059	2,262	141.94
GREENE	1,078,195	2,239	481.55
GREENSVILLE	627,668	2,734	229.58
HALIFAX	751,068	6,361	118.07
HANOVER	8,581,870	14,007	612.68
HENRICO	13,882,323	37,106	374.13
HENRY	1,455,749	9,066	160.57
HIGHLAND	-	380	-
ISLE OF WIGHT	2,967,704	4,643	639.18
KING GEORGE	31,398	2,800	11.21
KING QUEEN	819,231	874	937.34
KING WILLIAM	734,245	1,600	458.90
LANCASTER	1,064,325	1,613	659.84
LEE	855,483	4,262	200.72
LOUDOUN	7,531,180	19,855	379.31
LOUISA	2,872,033	3,907	735.10
LUNENBURG	416,482	2,102	198.14
MADISON	133,626	1,927	69.34
MATHEWS	919,295	1,271	723.29
MECKLENBURG	366,670	5,048	72.64
MIDDLESEX	682,864	1,347	506.95
MONTGOMERY	1,838,456	8,931	205.85
NELSON	973,271	2,065	471.32
NEW KENT	786,684	2,118	371.43
NORTHAMPTON	1,122,488	2,472	454.08
NORTHUMBERLAND	925,335	1,543	599.70
NOTTOWAY	652,815	2,477	263.55
ORANGE	1,214,264	3,791	320.30
PAGE	1,150,221	3,516	327.12
PATRICK	301,122	2,595	116.04
PITTSYLVANIA	884,302	9,333	94.75
POWHATAN	1,641,966	2,779	590.85
PRINCE EDWARD	924,384	2,603	355.12
PRINCE GEORGE	493,176	5,462	90.29
PRINCE WILLIAM	14,911,846	46,608	319.94
PULASKI	459,360	5,102	90.04

## Debt Service Payments Reported by School Divisions (1995-96)

Division	Total Debt Service	Unadjusted ADM	Debt Service Per Pupil
RAPPAHANNOCK	329,911	1,037	318.14
RICHMOND	202,773	1,299	156.10
ROANOKE	4,256,324	13,721	310.21
ROCKBRIDGE	1,283,814	2,985	430.09
ROCKINGHAM	5,001,103	10,203	490.16
RUSSELL	1,290,638	4,696	274.84
SCOTT	844,816	3,865	218.58
SHENANDOAH	4,014,745	5,242	765.88
SMYTH	331,556	5,225	63.46
SOUTHAMPTON	1,848,319	2,861	646.04
SPOTSYLVANIA	11,923,805	15,222	783.33
STAFFORD	11,087,324	16,528	670.82
SURRY	1,007,725	1,273	791.61
SUSSEX	39,552	1,519	26.04
TAZEWELL	1,542,204	8,025	192.17
WARREN	1,073,545	4,580	234.40
WASHINGTON	1,694,578	7,520	225.34
WESTMORELAND	326,542	2,053	159.06
WISE	845,625	7,817	108.18
WYTHE	971,763	4,329	224.48
YORK	4,820,349	10,746	448.57
ALLEGHANY	149,025	3,056	48.76
ALEXANDRIA	-	9,976	-
BRISTOL	585,741	2,514	232.99
BUENA VISTA	39,750	1,051	37.82
CHARLOTTESVILLE	-	4,400	-
COLONIAL HEIGHTS	57,500	2,748	20.92
COVINGTON	-	964	-
DANVILLE	2,943,591	8,198	359.06
FALLS CHURCH	1,682,814	1,465	1,148.68
FREDERICKSBURG	-	2,194	-
GALAX	58,969	1,219	48.37
HAMPTON	2,309,404	23,600	97.86
HARRISONBURG	3,572,499	3,515	1,016.36
HOPEWELL	1,332,333	4,071	327.27
LYNCHBURG	3,509,887	9,399	373.43

## Debt Service Payments Reported by School Divisions (1995-96)

<u>Division</u>	<u>Total Debt Service</u>	<u>Unadjusted ADM</u>	<u>Debt Service Per Pupil</u>
MARTINSVILLE	186,184	2,817	66.09
NEWPORT NEWS	7,911,808	30,845	256.50
NORFOLK	8,902,506	35,059	253.93
NORTON	147,726	791	186.76
PETERSBURG	-	6,125	-
PORTSMOUTH	1,789,363	17,635	101.47
RADFORD	155,588	1,506	103.31
RICHMOND CITY	1,141,772	26,690	42.78
ROANOKE CITY	2,669,890	12,987	205.58
STAUNTON	282,003	2,911	96.88
SUFFOLK	3,567,444	10,018	356.10
VIRGINIA BEACH	27,750,095	75,898	365.62
WAYNESBORO	-	2,989	-
WILLIAMSBURG	3,751,754	7,291	514.57
WINCHESTER	1,520,806	3,239	469.53
FRANKLIN CITY	455,299	1,804	252.38
CHESAPEAKE	542,517	34,886	15.55
LEXINGTON	303,959	689	441.16
SALEM	898,185	3,833	234.33
POQUOSON	-	2,436	-
MANASSAS	3,783,230	5,645	670.19
MANASSAS PARK	353,467	1,560	226.58
COLONIAL BEACH	140,496	672	209.07
WEST POINT	136,456	744	183.41
	<u>\$362,836,974</u>	<u>1,069,907</u>	<u>\$ 339.13</u>

## Outstanding Debt for Public Education (1995-96)

<u>Locality</u>	<u>Outstanding Education Debt</u>	<u>Population</u>	<u>Education Debt Per Capita</u>
Accomack	\$ 22,294,149	32,600	\$ 683.87
Albemarle	50,751,870	75,500	672.21
Alleghany	246,750	12,900	19.13
Amelia	5,726,074	9,700	590.32
Amherst	14,002,078	29,900	468.30
Appomattox	3,079,202	12,900	238.70
Arlington	97,886,186	178,400	548.69
Augusta	39,043,316	60,300	647.48
Bath	5,209,382	5,100	1,021.45
Bedford	41,444,979	52,800	784.94
Bland	-	6,800	-
Botetourt	10,035,571	27,400	366.26
Brunswick	2,890,639	16,400	176.26
Buchanan	14,009,201	30,300	462.35
Buckingham	3,817,745	13,900	274.66
Campbell	16,796,640	49,000	342.79
Caroline	15,015,039	20,900	718.42
Carroll	2,839,247	27,800	102.13
Charles City	8,122,412	6,700	1,212.30
Charlotte	5,977,341	12,200	489.95
Chesterfield	221,132,493	239,400	923.69
Clarke	6,254,497	12,500	500.36
Craig	2,094,367	4,900	427.42
Culpeper	14,313,772	30,600	467.77
Cumberland	10,046,989	8,000	1,255.87
Dickenson	7,400,000	17,600	420.45
Dinwiddie	10,033,545	23,700	423.36
Essex	2,356,403	9,400	250.68
Fairfax	574,476,375	894,900	641.94
Fauquier	41,278,163	51,300	804.64
Floyd	3,872,010	12,700	304.88
Fluvanna	7,382,883	15,600	473.26
Franklin	23,438,220	43,400	540.05
Frederick	60,597,848	52,200	1,160.88
Giles	4,139,828	16,600	249.39
Gloucester	26,388,052	33,000	799.64
Goochland	10,798,652	16,000	674.92

## Outstanding Debt for Public Education (1995-96)

<u>Locality</u>	<u>Outstanding Education Debt</u>	<u>Population</u>	<u>Education Debt Per Capita</u>
Grayson	4,119,113	16,600	248.14
Greene	11,140,024	12,800	870.31
Greensville	5,418,712	11,100	488.17
Halifax	4,330,565	37,800	114.57
Hanover	64,598,615	74,400	868.26
Henrico	101,600,453	236,400	429.78
Henry	15,590,530	56,800	274.48
Highland	1,692,861	2,600	651.10
Isle of Wight	35,492,066	27,600	1,285.94
James City	73,921,863	40,700	1,816.26
King & Queen	6,924,956	6,500	1,065.38
King George	10,166,483	15,900	639.40
King William	7,454,390	12,400	601.16
Lancaster	6,805,721	11,000	618.70
Lee	8,687,979	24,600	353.17
Loudoun	95,941,207	114,800	835.72
Louisa	22,232,751	23,200	958.31
Lunenburg	4,567,142	11,300	404.17
Madison	4,505,741	12,400	363.37
Mathews	8,256,167	9,000	917.35
Mecklenburg	3,217,835	30,500	105.50
Middlesex	4,332,704	9,400	460.93
Montgomery	19,173,727	76,200	251.69
Nelson	7,701,367	13,400	574.73
New Kent	7,829,223	11,800	663.49
Northampton	8,954,973	12,900	694.18
Northumberland	8,995,990	11,300	796.11
Nottoway	8,183,095	15,100	541.93
Orange	9,609,517	23,500	408.92
Page	-	22,800	-
Patrick	2,125,683	17,700	120.10
Pittsylvania	24,033,742	56,100	428.41
Powhatan	18,440,652	19,000	970.56
Prince Edward	12,217,494	18,500	660.41
Prince George	4,833,667	29,100	166.11
Prince William	146,437,000	242,400	604.11
Pulaski	4,485,538	34,500	130.02

Source: Comparative Report of Local Government Revenues and Expenditures, APA, FYE June 30, 1996

## Outstanding Debt for Public Education (1995-96)

<u>Locality</u>	<u>Outstanding Education Debt</u>	<u>Population</u>	<u>Education Debt Per Capita</u>
Rappahannock	2,344,568	7,000	334.94
Richmond	1,105,239	8,400	131.58
Roanoke	39,810,184	83,100	479.06
Rockbridge	8,462,803	19,300	438.49
Rockingham	46,507,401	62,600	742.93
Russell	13,236,477	29,300	451.76
Scott	6,137,092	23,600	260.05
Shenandoah	28,014,481	33,800	828.83
Smyth	7,852,031	33,400	235.09
Southampton	13,322,153	17,700	752.66
Spotsylvania	96,385,669	71,400	1,349.94
Stafford	91,249,184	79,400	1,149.23
Surry	7,155,629	6,500	1,100.87
Sussex	1,415,153	10,100	140.11
Tazewell	13,374,654	47,400	282.17
Warren	27,000,375	29,100	927.85
Washington	16,503,261	48,800	338.18
Westmoreland	3,398,684	16,300	208.51
Wise	5,363,752	39,500	135.79
Wythe	8,183,894	26,700	306.51
York	44,885,416	54,500	823.59
Alexandria	6,892,905	116,200	59.32
Bedford	2,885,000	6,400	450.78
Bristol	8,029,877	17,800	451.12
Buena Vista	227,369	6,400	35.53
Charlottesville	16,240,416	40,000	406.01
Chesapeake	230,463,735	183,600	1,255.25
Clifton Forge	297,500	4,600	64.67
Colonial Heights	8,442,238	16,900	499.54
Covington	3,309,367	7,000	472.77
Danville	21,451,286	53,300	402.46
Emporia	-	5,700	-
Fairfax	1,795,000	20,800	86.30
Falls Church	19,109,407	9,700	1,970.04
Franklin	4,657,509	8,300	561.15
Fredericksburg	4,170,623	21,000	198.60

## Outstanding Debt for Public Education (1995-96)

Locality	Outstanding Education Debt	Population	Education Debt Per Capita
Galax	569,514	6,600	86.29
Hampton	21,562,725	138,400	155.80
Harrisonburg	24,674,827	33,300	740.99
Hopewell	13,513,788	22,600	597.96
Lexington	2,663,357	7,200	369.91
Lynchburg	24,880,867	65,700	378.70
Manassas	22,481,754	32,400	693.88
Manassas Park	1,202,741	7,500	160.37
Martinsville	6,223,490	16,000	388.97
Newport News	108,641,395	180,000	603.56
Norfolk	73,383,765	236,200	310.68
Norton	1,967,465	4,400	447.15
Petersburg	3,565,276	36,500	97.68
Poquoson	3,171,699	11,500	275.80
Portsmouth	76,802,934	101,900	753.71
Radford	811,050	16,200	50.06
Richmond	53,262,736	196,900	270.51
Roanoke	31,490,552	96,200	327.34
Salem	16,959,333	24,400	695.05
Staunton	2,209,160	24,500	90.17
Suffolk	49,205,676	55,600	884.99
Virginia Beach	243,382,752	420,200	579.21
Waynesboro	7,402,021	18,800	410.32
Williamsburg	-	12,100	-
Winchester	20,976,304	22,700	924.07
Abingdon	-	7,003	-
Altavista	-	3,686	-
Ashland	-	5,864	-
Big Stone Gap	-	4,748	-
Blacksburg	-	34,590	-
Blackstone	-	3,497	-
Bluefield	-	5,363	-
Bridgewater	-	3,918	-
Chincoteague	-	3,572	-
Christiansburg	-	15,004	-
Colonial Beach	1,289,347	3,132	411.67



## Outstanding Debt for Public Education (1995-96)

<u>Locality</u>	<u>Outstanding Education Debt</u>	<u>Population</u>	<u>Education Debt Per Capita</u>
Culpeper	-	8,581	-
Dumfries	-	4,282	-
Farmville	-	6,046	-
Front Royal	-	11,880	-
Herndon	-	16,139	-
Leesburg	-	16,202	-
Luray	-	4,587	-
Marion	-	6,630	-
Pulaski	-	9,985	-
Richlands	-	4,456	-
Rocky Mount	-	4,098	-
Smithfield	-	4,686	-
South Boston	533,812	7,200	74.14
South Hill	-	4,217	-
Strasburg	-	3,762	-
Tazewell	-	4,176	-
Vienna	-	14,852	-
Vinton	-	7,643	-
Warrenton	-	4,882	-
West Point	1,152,743	2,938	392.36
Wise	-	3,193	-
Wytheville	-	8,036	-
<b>Grand Total</b>	<b>\$ 3,793,189,879</b>	<b>6,867,648</b>	<b>\$ 552.33</b>

