

Report on the Interim Activity of the Commission on School Construction and Modernization 2021

Members

Legislative Members:

Senator Jennifer L. McClellan, Chair
Delegate Chris L. Hurst, Vice-Chair
Senator Jeremy S. McPike
Senator William M. Stanley, Jr.
Delegate Jeffrey M. Bourne
Delegate Ronnie R. Campbell
Delegate David A. LaRock
Delegate Shelly A. Simonds

Ex Officio Members:

Joseph F. Damico
Manju S. Ganeriwala
Daniel A. Gecker
Stephanie L. Hamlett
Dr. James F. Lane
Daniel S. Timberlake

Citizen Members:

Wilma K. Battle
Dr. Keith Perrigan
Stewart D. Roberson

Staff:

Ryan Brimmer, Senior Attorney, Division of Legislative Services
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Michael "MJ" Jackson, Assistant Coordinator, Senate Committee Operations

Website:

<http://dls.virginia.gov/commissions/scm.htm>

BACKGROUND

The Commission on School Construction and Modernization (the Commission) was established in 2020 in Chapter 61 (§ 30-384 et seq.) of Title 30 of the Code of Virginia for the purpose of developing and providing guidance and resources to local school divisions related to school construction and modernization and making funding recommendations to the Governor and the General Assembly. The Commission has the following powers and duties:

1. Assessing the Commonwealth's school facilities and determining school construction and modernization funding needs;
2. Identifying funding mechanisms and making recommendations to the Governor and the General Assembly;
3. Establishing best practices in school modernization and construction for school divisions;
4. Creating standardized construction designs and procurement practices to recommend and make available to local school divisions;
5. Identifying potential cost-saving measures for implementation by local school divisions to minimize construction and modernization costs where possible; and
6. Submitting to the General Assembly and the Governor an annual report.

OVERVIEW

The Commission met four times during the 2021 interim and at the last of the four meetings on December 1, 2021, adopted the recommendations listed in this report.

April 1, 2021, Meeting

The Commission met electronically with Senator Jennifer L. McClellan, chair, presiding.¹ The meeting began with introductions and opening remarks followed by the election of Senator McClellan as chair and Delegate Chris L. Hurst as vice-chair; an overview of studies and legislation relating to school construction and modernization from 2018 through 2021; an overview of the membership, purpose, and duties of the Commission; and discussion of the work plan for 2021. Materials presented at the meeting are accessible through the [Commission's meetings webpage](#).

Overview of Studies and Legislation Relating to School Construction and Modernization from 2018 through 2021

The Commission reviewed studies and legislation over General Assembly sessions from 2018 through 2021. These efforts in the General Assembly focused on enhancing funding for school construction and renovation; maintaining funding programs that worked well, such as the Virginia Public School Authority (VPSA); strengthening existing sources of funding, such as the

¹ **Members Present:** Senator Jennifer L. McClellan (chair), Delegate Chris L. Hurst (vice-chair), Senator Jeremy S. McPike, Senator William M. Stanley, Jr., Delegate Jeffrey M. Bourne, Delegate Ronnie R. Campbell, Delegate Dave A. LaRock, Delegate Shelly A. Simonds, Wilma K. Battle, Joseph F. Damico, Manju S. Ganeriwala, Daniel A. Gecker, Stephanie L. Hamlett, Dr. James F. Lane, Stewart D. Roberson, Daniel S. Timberlake

Members Absent: None

Lottery Fund; and creating new funding sources, such as setting aside certain casino revenues, issuing state general obligation bonds, new state grant programs, and permitting flexibility in the use of Standards of Quality funds and revenues from sales and use taxes.

In 2018, a nine-member, bipartisan subcommittee created by Senator William M. Stanley, Jr., as chair of the Committee on Local Government expanded on a 2013 inventory of public school buildings from former Governor Bob McDonnell. The subcommittee found that, of 2,030 school buildings, more than 60 percent were more than 40 years old. The subcommittee concluded that there was an urgent need for legislative action to address the viability of existing school facilities and to construct new facilities or to modernize such existing facilities. The subcommittee renewed legislative focus on addressing school construction and modernization. Senator McClellan requested copies of the reports from the subcommittee and from Governor McDonnell's 2013 inventory.

In the 2019 Session of the General Assembly, Senator Stanley introduced SB 1330 and SB 1702 to establish a grant fund for school building roof repair and replacement and to require a statewide referendum on whether the General Assembly should issue \$3 billion in state general obligation bonds for school construction, repair, and modernization. Neither bill passed. Also in the 2019 Session, Delegate Jeffrey M. Bourne introduced HB 1921 to permit school boards to finance capital projects with funds appropriated by the locality that were unexpended by the relevant school board. The bill did not pass.

Successful bills from the 2019 Session included SB 1093, from Senator Frank M. Ruff, Jr., which created a program in which moneys from the Literary Fund would be used to subsidize interest payments by local governing bodies and school boards on certain loans from the VPSA for school construction and modernization. Additionally, HB 1634 from Delegate James E. Edmunds, II, authorized Halifax County to impose an additional local sales and use tax up to one percent, if approved by the voters at a referendum, where revenues from the tax are used solely for capital projects for new construction or major renovation of schools in Halifax County. Finally, SB 1331 from Senator Stanley and HB 2192 from Delegate Nick Rush provided that public school buildings and facilities be designed, constructed, maintained, and operated to generate more electricity than consumed and allowed local school boards to enter into leases with private entities to achieve that goal if the school board owns or operates a school building or facility that has been properly modernized, generates energy derived from sunlight, and if the solar generating facility is properly interconnected.

During the 2020 Regular Session, several bills were passed that authorized other localities² to impose up to a one percent increase in sales and use taxes, the revenues from which would be used solely on capital projects for new construction or major renovations of schools in such localities. Governor Ralph Northam proposed amendments, which were passed, to HB 4 (Knight) and SB 36 (Lucas) requiring any funds not appropriated in casino legislation to remain in the fund for the General Assembly to use for schools. Senator McClellan's SB 888 successfully created the Commission. Finally, the amended budget renamed the Supplemental Per Pupil Lottery payments as the Infrastructure and Operations Per Pupil Fund to be used for non-recurring costs of school construction and other expenditures to modernize school facilities.

² The localities included Charlotte, Gloucester, Henry, Mecklenburg, Northampton, Patrick, and Pittsylvania Counties and the City of Danville.

The budget also restored funding levels of the now-defunct Virginia Public Schools Construction Grants Program.

Unsuccessful bills from the 2020 Regular Session included Senator Stanley's SB 4, creating the Public School Assistance Fund and Program, and SB 6, providing for a voter referendum on the issuance of state general obligation bonds for school facility modernization; HB 1274 from Delegate Israel D. O'Quinn and SB 1087 from Senator Todd E. Pillion, creating a School Construction Fund and Program; and HB 86 from Delegate Terry G. Kilgore, allowing the lowest local composite index (LCI) school divisions to use debt service on school renovations.

The 2021 Special Session I added budget language requiring the Virginia Department of Education (VDOE) and the Department of the Treasury to develop recommendations to make Literary Fund construction loans more competitive and viable for school divisions and requiring a report on those topics to the Governor, the Senate Committee on Finance and Appropriations, and the House Committee on Appropriations by July 31, 2021.

Senator Stanley, Delegate O'Quinn, and Delegate Kilgore all introduced bills similar to those they introduced during the 2020 Regular Session, but all failed to pass. Additionally, Senator Thomas K. Norment, Jr., introduced SB 1170 seeking to add Isle of Wight County to those localities authorized to impose up to a one percent increase in sales and use taxes, the revenues from which would be used solely on capital projects for new construction or major renovations of schools in Isle of Wight. The bill did not pass.

Overview of the Membership, Purpose, and Duties of the Commission

The Commission walked through the Commission's parameters and scope outlined in Chapter 61 (§ 30-384 et seq.) of Title 30 of the Code of Virginia. The Commission reviewed the Commission's purpose, membership and leadership, powers and duties, and its sunset date of July 1, 2026. The Commission also noted that the budget bill for the 2021 Special Session I, HB 1800 (Torian), as enrolled, includes an appropriation for the Commission's operation of \$34,340 in fiscal year 2021 and the same amount in fiscal year 2022 in Line Item 27.30. Governor Northam requested amendments to the budget that do not alter this amount.

Discussion on the 2021 Interim Work Plan

The Commission then discussed the work of the Commission moving forward. Commission members agreed that the first step will be to quantify the scope of school facility needs across the Commonwealth through a survey of school divisions to identify their funding, construction, and renovation situations, including when facilities were built, when they were last renovated, capital expenditures made in a given year, the LCI in each school district, the standard length of capital outlay plans for the localities, the replacement value of existing assets, the fiscal stress in each locality, outstanding debt in the localities, and data on which school divisions are utilizing financing through the Public School Authority. Superintendent of Public Instruction Dr. James F. Lane stated that at least one month was required for staff to gather this information, and the Commission agreed that meeting again in the second half of May or in early June will be an appropriate time to review that information.

The Commission also wanted to be briefed on the extent to which federal funding in recently passed stimulus funding—the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Consolidated Appropriations Act, the America Recovery Act, and the proposed federal

infrastructure plan—could be utilized as a funding source for school construction and modernization. Further, the Commission wanted to know whether the Cannabis Equity Reinvestment Fund created by Delegate Charniele L. Herring's HB 2312 and Senator Adam P. Ebbin's SB 1406 during the 2021 Special Session I will be accessible for use in school construction and modernization and whether the legislation's reenactment clauses will affect such access to those funds. The Commission also asked for an overview of all current funding resources being utilized by school divisions and how those funds have been used over the past few years.

Once these first steps are taken in the coming months, the Commission agreed to then work through which new bill proposals, best practices, and cost-saving designs will be recommended in accordance with the statutory duties of the Commission.

June 3, 2021, Meeting

The Commission met electronically with Senator McClellan, chair, presiding.³ The meeting began with the introduction of Dr. Keith Perrigan as the newest member of the Commission and continued with a presentation on the needs and conditions of Virginia school buildings, an overview of the American Rescue Plan Act funds for K-12 uses, and a discussion of additional information the Commission would like to see addressed at future meetings. Materials presented at the meeting are accessible through the [Commission's meetings webpage](#).

Presentation on the Needs and Conditions of Virginia School Buildings Dr. Lane, Superintendent of Public Instruction, VDOE

Dr. Lane presented data gathered by the VDOE on the needs and conditions of Virginia school buildings, much of which was self-reported by school divisions across the Commonwealth. The primary findings include: student enrollment is expected to increase in Northern Virginia and to decrease in South and Southwestern Virginia over the next five years; 41 percent of school divisions were at or above enrollment capacity and 29 percent were nearing capacity; 50 percent of school buildings are more than 50 years old; various capital improvement plan projects total more than \$9.8 billion, with the most common projects involving renovations, heating, ventilation, and air conditioning (HVAC) repair and replacement, grounds maintenance, and parking lot maintenance; 62 percent of school divisions completed HVAC renovations to address COVID-19 pandemic-related deficiencies over the past year; and state financial support for school facility capital and debt service costs is limited to loan programs and a portion of Virginia Lottery funding (in fiscal year 2020, school divisions reported \$1.105 billion in school facility capital costs, \$476.1 million in debt service costs, and \$7.158 billion in outstanding debt on school facilities).

³ **Members Present:** Senator Jennifer L. McClellan (chair), Delegate Chris L. Hurst (vice-chair), Senator Jeremy S. McPike, Delegate Jeffrey M. Bourne, Delegate Ronnie R. Campbell, Delegate Dave A. LaRock, Delegate Shelly A. Simonds, Wilma K. Battle, Joseph F. Damico (represented by Sandra Gill), Manju S. Ganeriwala (represented by Jay Mahone), Daniel A. Gecker, Stephanie L. Hamlett, Dr. James F. Lane, Dr. Keith Perrigan, Stewart D. Roberson, Daniel S. Timberlake

Members Absent: Senator William M. Stanley, Jr.

*Overview of American Rescue Plan Act Funds for K-12
House Committee on Appropriations Staff Members*

Appropriations staff presented an overview of the extent to which funds coming from the American Rescue Plan Act of 2021 (P.L. 117-2) may be utilized in the Commonwealth for school construction and modernization. Their findings showed that the uses of the federal relief funds must be related to COVID-19 prevention, preparation, and response; that the use of school funds for construction is permissible but generally discouraged; that school facility upgrades related to the COVID-19 public health emergency are allowed, such as HVAC system upgrades and improvements, repairs, and renovations necessary to support public health; and that in addition to the federal funds received at the state level, localities and school divisions will also receive funding that may be used under the same guidelines and restrictions.

Discussion on Presentations and Additional Information Needed

The Commission members discussed the content of the presentations and identified additional information necessary for the next meeting to inform the Commission's eventual recommendations to the General Assembly. The Commission sought information on the following topics from staff, the VDOE, and other state agencies:

1. Total renovation and new school construction needs in specific superintendent's regions;
2. Whether there is a connection between high fiscal stress, low LCI school divisions, and the lack of new capital projects in the corresponding superintendent's regions housing such school divisions;
3. The reason why the state may not issue bonds for new school construction in a manner similar to that employed by institutions of higher education in the Commonwealth;
4. A survey of school divisions on the types of construction and renovations that they would prioritize with a limited pool of resources;
5. An understanding of the longevity of newly constructed school buildings as compared to the longevity when renovating existing buildings;
6. Data on the debt capacity of each locality;
7. Whether an inflection point exists whereby the age of a school building makes it an asset (a certain time period during which school buildings with "good bones" should be prioritized for renovation rather than replacement);
8. The extent to which school buildings in adjacent school divisions are jointly used and how to encourage such a practice and the extent to which school consolidation promotes efficiencies in school construction decisions;
9. The extent to which replicable school construction plans or templates are used to build multiple schools on different sites in a school division and to what extent such a practice would decrease costs;

10. Whether and to what extent the existing historical rehabilitation tax credits may be utilized to promote school renovation;
11. The time periods, and state of the economy during such periods, where design and construction practices may have been relatively weaker to discern whether school buildings constructed in those time periods should be prioritized for replacement;
12. Whether money could be saved by generally pursuing more modest designs for new school construction instead of more costly "Cadillac" school designs and finishes;
13. Identifying the standard model for a school and how the costs for a standard school's construction are determined;
14. Review of the means and processes by which other states fund school construction; and
15. Review of how other states interpreted permissible uses of Elementary and Secondary School Emergency Relief (ESSER) federal funds and discretionary state and local funds in the American Rescue Plan Act with respect to school construction and renovation.

September 29, 2021, Meeting

The Commission met in Senate Committee Room A with Senator McClellan, chair, presiding.⁴ The meeting consisted of presentations from the American Institute of Architects (AIA Virginia), the VDOE, and the State Treasurer followed by discussion of information requests for the next meeting. Materials presented at the meeting are accessible through the [Commission's meetings webpage](#).

Presentation on Considerations for Prioritizing School Funding
Corey Clayborne, Executive Vice President, AIA Virginia
Stephen Halsey, Principal, K-12 Education, Moseley Architects
Rob Winstead, Principal, K-12 Studio Leader, VMDO Architects

Representatives from AIA Virginia presented on questions posed by the Commission in prior meetings on the architectural practices involved in school construction and modernization. The AIA Virginia representatives explained that the primary elements of their work are focused on educational equity, health, sustainability, and job creation. After walking through project design considerations and the school design process in Virginia, the representatives identified six key takeaways for the Commission's review, including:

- Planning investments on the life cycle of systems, rather than the educational building as a whole;
- Identifying other reasons to invest in schools aside from the facilities life cycle;

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Members Absent: Delegate Chris L. Hurst (vice-chair), Delegate Jeffrey M. Bourne, Delegate Dave A. LaRock, Wilma K. Battle

- The position that using prototypical designs is not a silver bullet, although prototypes could be useful in some school districts;
- That the age of buildings is less correlated to school facility quality than committed leadership, adequate resources, and regular, continued investments;
- That limited investments in quality design and construction have a significant effect on the long-term costs of operations and the total cost of ownership; and
- Suggesting that the Commission look at leveraging one-time federal funding options made available during the COVID-19 pandemic to invest in school facilities.

Presentation on Additional VDOE Information Requests from the Commission

Dr. Lane, Superintendent of Public Instruction, VDOE

Dr. Lane responded to several requests by the Commission for additional information from the VDOE. The presentation focused on the total renovation and new school construction needs in specific superintendent's regions, a survey of school divisions on the types of construction and renovations they would prioritize with a limited pool of resources, the extent to which school buildings in adjacent school divisions are jointly used and whether such a practice would promote efficiencies in school construction decisions, the extent to which replicable school construction plans are used to build multiple schools and whether such a practice would decrease costs; and identifying a standard model for a school and how costs for such a standard model are determined.

Dr. Lane discussed the total renovation needs by region, based on approved school division capital improvement plans. The research found that school divisions statewide most frequently ranked HVAC repairs and replacements and school renovations as the highest priority items while noting that the creation of new schools would have been ranked as a higher priority but for the limited access to funding sources that support school construction. Additionally, some neighboring school divisions practice joint use of facilities already, but the practice may face impediments due to geography and corresponding transportation costs and different and competing facility needs. Dr. Lane also found that replicable school construction designs did save some money on professional fees (up to five percent) when physical site conditions were comparable and completed within a short time frame, but the extent of those savings would depend on the similarity of building sites and whether prototype designs would have to be modified to fit the specific sites. Dr. Lane then presented minimum standard school sizes based on the VDOE's prototypical space recommendations and estimated construction costs based on the minimum required instructional spaces in a facility broken down between the elementary, middle, and high school levels.

Presentation on Review of Commonwealth's Debt Programs

Manju S. Ganeriwala, State Treasurer

James D. Mahone, Public Finance Manager

The final presentation reviewed the Commonwealth's debt programs, walked through the role of the VPSA, and also noted recommendations from the Literary Fund. After reviewing the Department of the Treasury's structure and debt management division's responsibilities, Ms. Ganeriwala discussed the framework of debt in Article X of the Constitution of Virginia, specifically explaining the differences between Section 9 (b) and Section 9 (c) general obligation debt and between Section 9 (d) appropriation-backed debt and Section 9 (d) higher education

debt. Further, the Debt Capacity Advisory Committee's December 2020 recommendations were set forth for the Commission's consideration.

The VPSA and its role in providing financing options for public schools was then discussed. School capital project financing options include cash, bank loans, and various bonds, but the approach taken would depend upon cost, funding availability, and timing considerations. Additionally, the VPSA's Pooled Bond Program, whereby the VPSA purchases general obligation bonds from localities with the proceeds VPSA receives from the sale of its own bonds, was explained. The Pooled Bond Program benefits localities through a local general obligation pledge, the general absence of out-of-pocket costs of issuance paid by localities, low interest rates supported by strong ratings, flexible amortization, and VPSA bond refinancing in favorable markets.

Finally, a general discussion on the Literary Fund was followed by a review of its recommendation letter to the Governor and chairs of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations. The recommendations included prioritizing and increasing construction loans, increasing the maximum loan amount, removing inactive projects from the waiting list, providing a higher loan amount for school consolidation, and providing incentive grants for loan closing costs.

Discussion on Presentations and Additional Information Needed

The Commission members discussed the content of the presentations and identified additional information necessary for the next meeting to inform the Commission's eventual recommendations to the General Assembly. The Commission sought information on the following topics from staff, the VDOE, and other state agencies:

1. Whether the Cannabis Reinvestment Fund would be accessible for school construction and modernization purposes;
2. Whether other bills passed in recent years with some funding relation to schools (for example, the establishment of casinos in some localities) could be utilized for school construction and the earliest date those funds would be available;
3. More information on fiscal stress data;
4. Clarity as to whether and to what extent historic rehabilitation tax credits could be used to finance school construction and modernization;
5. How other states fund school construction and any novel interpretations of federal guidance on the use of stimulus funds in other states;
6. Review of failed legislative efforts since 2018 and whether they should be reworked for introduction during the 2022 Session;
7. Review of the pending federal infrastructure bill and reconciliation bill to gauge their availability for school construction and modernization uses;

8. Review of the influence of local referendums and how they affect issuance of debt decisions; and

9. Review of past legislation to ascertain how additional local sales and use taxes are used for school construction and modernization.

December 1, 2021, Meeting

The Commission met in Senate Committee Room A with Senator McClellan, chair, presiding.⁵ The meeting consisted of a presentation from the VDOE followed by a discussion and adoption of legislative and budgetary recommendations for the 2022 Session of the General Assembly. Materials presented at the meeting are accessible through the [Commission's meetings webpage](#).

*Presentation on VDOE Information Requests from the September 29, 2021, Commission Meeting
Kent Dickey, Deputy Superintendent, Division of Budget, Finance and Operations, VDOE
Dr. Lane, Superintendent of Public Instruction, VDOE*

Mr. Dickey began by noting that information provided for review by the Commission covered the approaches utilized by other states in funding school construction in the Education Commission of the States Summary and also referenced a breakdown on school division allocations of the \$250 million American Rescue Plan Act funds that were earmarked for HVAC and ventilation grants.

Mr. Dickey then presented findings showing that the fiscal stress index correlates strongly with the LCI and that school divisions with higher fiscal stress index scores tend to have lower LCI scores. The VDOE created two measures to estimate the need for construction and renovation and found that both per-pupil construction and renovation costs did not appear to have a relationship with fiscal stress. School divisions with an older average school building age tend to have higher levels of fiscal stress, he said, and divisions with a higher average number of years since the last major school building renovation also tend to have higher levels of fiscal stress. Mr. Dickey noted how the available data on construction and renovation costs must be analyzed in the context of variation among localities in how projects are approved and funded, but he concluded that, based on such data, (i) there is no relationship between the costs of approved construction and renovation projects and fiscal stress and (ii) divisions with higher fiscal stress, on average, have older buildings and longer time periods between major renovations.

This was followed by a breakdown of the roughly \$3 billion in planned renovations at 325 schools that were not included in the relevant capital improvement plans. Mr. Dickey discussed how the VDOE inventories school buildings, described the data collected in that process, and analyzed these planned renovations and estimated costs based on whether such renovations were "light," "medium," or "heavy" in the various regions of the Commonwealth.

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Members Absent: Delegate Chris L. Hurst (vice-chair), Daniel S. Timberlake

Finally, Mr. Dickey walked through the federal ESSER and the Governor's Emergency Education Relief (GEER) program formulas for funding used by divisions for school HVAC and construction costs. Such funding may be used for construction so long as its costs (a) are reasonable and necessary; (b) meet the purpose of preventing, preparing for, and responding to COVID-19; and (c) are consistent with the proper and efficient administration of the programs. The VDOE reviews applications for requests to use the federal relief funds for school HVAC and construction projects; projects exceeding \$500,000 in costs or those that require a permit are subject to a more rigorous approval process. Mr. Dickey noted that although ESSER I funds were not requested for these types of projects, approved project requests for funds in the ESSER II (CARES Act) and ESSER III (American Rescue Plan Act) tranches totaled \$388.4 million for HVAC upgrades, roof replacement, window replacement, school renovation and construction, and outdoor learning spaces. Senator McClellan asked the VDOE representatives to follow up on the regional and divisional breakdown of those project requests.

Discussion and Adoption of Legislative and Budgetary Recommendations for the 2022 Session of the General Assembly

The Commission members then discussed the information presented by the VDOE, legislative proposals for bolstering school construction and modernization, and budgetary funding recommendations for the Commission's annual report to the General Assembly and Governor. The Commission voted to adopt the following recommendations:

RECOMMENDATIONS

Recommendation 1: Adopt each of the six joint recommendations of the VDOE and the Department of the Treasury relating to the Literary Fund (outlined in a July 27, 2021, letter), including:

- A. Amending the general appropriation act to establish a minimum principal or asset base in the Literary Fund of \$250 million to be used for school construction and renovation loans;
- B. Amending the Code of Virginia to increase the maximum Literary Fund loan amount per project from \$7.5 million to \$25 million;
- C. Amending the Code of Virginia and requiring the Board of Education to amend its regulations to reduce Literary Fund loan rates from two to six percent at one percent increments to one to three percent at 0.5 percent increments and create an open application process at a scheduled time each year with priority given to low LCI school divisions that make certain commitments;
- D. Amending the Code of Virginia to give the Board of Education the authority to remove inactive projects from the Literary Fund loan waiting list after a certain amount of time (e.g., five to seven years);
- E. Amending the Code of Virginia to provide a premium loan amount add-on (e.g., \$5 million or \$10 million) per project to the maximum set forth in recommendation B for projects that involve the consolidation of schools; and
- F. Amending the Code of Virginia to provide cash incentive grants of up to \$25,000 to help school boards and localities cover Literary Fund loan closing costs.

Recommendation 2:

A. Amend the Code of Virginia to establish a special nonreverting fund and a competitive program for the award of grants from such fund for the construction or renovation of public school buildings. This bill would be similar to HB 2093 (O'Quinn, 2021) and SB 1087 (Pillion, 2020 Regular) but would specifically direct funds remaining in the Casino Gaming Fund pursuant to subdivision B 5 of § 58.1-4125 to be used to support the grant program; and

B. Amend the general appropriation act to provide additional funds, such as a percentage of future surpluses, to support the grant program.

Recommendation 3: Amend § 58.1-602 and various other provisions of the Code of Virginia to permit any locality to levy a general retail sales tax at a rate not to exceed one percent as determined by its governing body to provide revenue solely for capital projects for the construction or renovation of schools if such levy is approved in a voter referendum. Under current law, such sales tax is only permitted in nine enumerated localities.

Recommendation 4: Introduce a § 1 bill to direct the Board of Education to make recommendations to the General Assembly for revisions to the Standards of Quality to establish standards for operations and maintenance and new construction of public school buildings.

Recommendation 5: Amend § 22.1-100 of the Code of Virginia to permit any school board to finance capital projects with any funds appropriated to it by the local governing body that are unexpended by the school board in any year, using HB 1921 (Bourne, 2019) as a template.

Recommendation 6: Amend § 22.1-100 of the Code of Virginia to create incentives for local governing bodies and school boards to collaborate so they can set aside for the purpose of capital projects any funds appropriated to the school board by the local governing body that are unexpended by the school board in any year (known as "turn back" funds).

Recommendation 7: Amend the Code of Virginia to require the VDOE to consult with the Department of General Services (DGS) to establish or adopt a tool for collecting data from local school divisions to determine the functional age of and ongoing maintenance reserve needs for each public school building in each local school division, similar to the M-R FIX tool that DGS uses for state buildings.