



# COMMONWEALTH of VIRGINIA

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October 1, 2024

The Honorable Glenn Youngkin  
Governor of Virginia  
P.O. Box 1475  
Richmond, Virginia 23218

The Honorable Luke E. Torian  
Chair, House Appropriations Committee  
4222 Fortuna Plaza  
Suite 659  
Dumfries, Virginia 22025

The Honorable L. Louise Lucas  
Chair, Senate Finance and  
Appropriations Committee  
P.O. Box 700  
Portsmouth, Virginia 23705-0700

Dear Governor Youngkin, Delegate Torian, and Senator Lucas:

Item 125, Paragraph C.13.b of the Chapter 2 budget contains the following reporting requirement:

*“The Department of Education, in cooperation with the Department of the Treasury, shall provide an update on Literary Fund loan issuance to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by October 1 each year. This report shall include detail of: 1) loan applications received in the prior fiscal year by locality, project, and amount; 2) loans issued in the prior fiscal year by locality, project, and amount; 3) the schedule of loan interest rates and the basis for those rates; 4) loans issued for school consolidation projects and the projected impact of those school consolidations; and 5) the impact of loans issued to date on the Literary Fund cash balance, outstanding loan balance, and projected asset base.”*

This letter is intended to fulfill the above reporting requirement for fiscal year 2024.

\$276.15 million in Literary Fund construction loan authority was available in fiscal year 2024, consisting of \$76.15 million in unused authority from fiscal year 2023 allowed to carry over to fiscal year 2024 and an additional \$200.0 million for fiscal year 2024 provided in the Chapter 1 caboose budget. The Department of Education conducted two application processes from September 21, 2023, through November 16, 2023, and from March 21, 2024, through May 23, 2024, in which school divisions submitted applications for school construction loans up to \$25.0 million per school project.

Loan applications from four school divisions for 14 school projects were received during the first fiscal year 2024 application period requesting a total of \$152.30 million in loans. Loan

applications from six school divisions for eight school projects were received during the second fiscal year 2024 application period requesting a total of \$128.99 million in loans. None of the loan applications received in either fiscal year 2024 application period involved a school consolidation project.

Pursuant to the Appropriation Act and Board of Education guidelines, the eligible interest rate for Literary Fund loan applications received in fiscal year 2024 was based on the lesser of a market index rate or a rate ranging from 2.0 to 6.0 percent tied to the school division Composite Index, as follows:

<b>Eligible Interest Rate for Literary Fund Applications Received in FY 2024</b>	
<b>Composite Index Range:</b>	<b>Lesser of 20-yr. BVAL Market Index Rate (3.74% 1<sup>st</sup> appl. period; 3.35% 2<sup>nd</sup> appl. period) or:</b>
Composite Index between 0.0000 and 0.2999	2.0 percent
Composite Index between 0.3000 and 0.3999	3.0 percent
Composite Index between 0.4000 and 0.4999	4.0 percent
Composite Index between 0.5000 and 0.5999	5.0 percent
Composite Index between 0.6000 and 0.8000	6.0 percent

Loan Applications Received in FY 2024 (total = \$281.28 million)

The table below lists the loan applications received from school divisions in fiscal year 2024, the project school and description, loan amount requested, and eligible interest rate. None of these applications were ready for loan release by the Board in fiscal year 2024; however, eight of these applications (and one application from fiscal year 2023) totaling \$126.2 million later met all requirements for loan release, including submission of the final project plans and specifications, the division superintendent's approval letter, and the architect/engineer statement as required by Section 22.1-140, *Code of Virginia*. The Board approved release of these loans at its business meeting on September 26, 2024.

School Division	Project School	Project Description	FY24 Appl. Rnd.	Loan Amount Requested	Eligible Annual Interest Rate	Date Loan Released by BOE
Bedford County	Bedford Primary	Gymnasium addition	1st	2,800,000	3%	Pending
Bedford County	Liberty High School	Replacement of canopy system and renovation of auditorium	1st	11,207,000	3%	Pending
Bedford County	Staunton River High School	Replacement of canopy system and renovation of auditorium	1st	14,680,000	3%	Pending
Giles County	Eastern Elementary/Middle School	Roof & HVAC replacement; electrical/lighting upgrades; add secure school entranceway	1st	8,722,654	2%	Pending
Giles County	Giles County Technology Center	Roof replacement	1st	1,814,699	2%	9/26/2024
Giles County	Giles County High School	Roof, HVAC, windows, lighting replacement; add secure school entranceway	1st	13,318,930	2%	9/26/2024
Giles County	Macy McClaugherty School	Classroom addition and renovations; elevator renovation; reconfigure drop-off/pick-up zone	1st	12,475,000	2%	Pending
Giles County	Narrows Elementary/Middle School	Upgrade building elevator system	1st	650,000	2%	Pending
Giles County	Narrows High School	Roof, HVAC, windows, lighting replacement; add secure school entranceway	1st	9,628,528	2%	9/26/2024
Roanoke County	Burton Center for Arts & Technology	Construction of new CTE Center	1st	25,000,000	3%	Pending
Roanoke County	Glen Cove Elementary School	Building renovation/modernization of instructional areas/safety features	1st	25,000,000	3%	9/26/2024
Roanoke County	W.E. Cundiff Elementary School	Building renovation/modernization of instructional areas/safety features	1st	25,000,000	3%	9/26/2024
Franklin City	Franklin High School	Completion of roof replacement	1st	1,000,000	2%	Pending
Franklin City	S.P. Morton Elementary School	Completion of roof replacement	1st	1,000,000	2%	Pending
Pittsylvania Co.	Union Hall Elementary School	Replace building HVAC system and windows	2nd	6,305,404	2%	9/26/2024
Pittsylvania Co.	Southside Elementary School	Replace building HVAC system and windows	2nd	9,388,584	2%	9/26/2024
Pittsylvania Co.	Kentuck Elementary School	12-classroom addition to remove mobile classroom units and basement classrooms	2nd	10,792,290	2%	9/26/2024
Prince Edward Co.	Prince Edward Co. Elementary School	Main entry addition and building-wide renovation and modernization	2nd	25,000,000	3%	Pending
Stafford Co.	Edward E. Drew Jr. Middle	Replacement school	2nd	25,000,000	3%	Pending
Sussex Co.	Sussex Central High School	Full roof replacement and all rooftop HVAC equipment	2nd	7,500,000	3%	Pending
Hampton	Bethel High School	Building addition (STEM & Academies of Hampton)	2nd	20,000,000	2%	Pending
Norfolk	Matthew Fontaine Maury High School	Replacement school or full renovation/modernization	2nd	25,000,000	3%	Pending

### Loans Issued in FY 2024

The table below lists the Literary Fund loans released by the Board to school divisions in fiscal year 2024, including project school and description, loan amount released, and loan interest rate. None of the loans issued in fiscal year 2024 involved a school consolidation project.

School Division	Project School	Project Description	Loan Amount Released	Loan Interest Rate
Franklin County	Benjamin Franklin Middle School	Roof and HVAC replacement; electrical upgrades; associated bldg. renovations	\$25,000,000	3%
Giles County	Macy McClaugherty Elementary/Middle School	Roof & HVAC replacement; electrical upgrades; associated bldg. renovations	\$7,850,000	2%
Suffolk City	John F. Kennedy Middle School	Replacement school	\$25,000,000	3%
			<b>\$57,850,000</b>	

For fiscal year 2024, \$9.82 million in cash draws were made from the Literary Fund for project reimbursements on Literary Fund loans released in fiscal year 2023. Updates to the annual Literary Fund forecast made by the Department of the Treasury will encumber the \$281.28 million in loan applications approved in fiscal year 2024 to account for future cash draws against the Literary Fund from these loans. As these loan applications are approved for release by the Board, they will increase the asset base of the Literary Fund, helping to maintain the asset base of the Literary Fund above the constitutionally required \$80 million minimum. The three loans released during fiscal year 2024 increased the asset base by \$57.85 million. Of the \$73.85 million in loans release during fiscal year 2023 and 2024, the outstanding balances left to draw for the projects is \$60.99 million.

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Sincerely,

Lisa Coons

LC/kd