



COMMONWEALTH of VIRGINIA

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October 1, 2025

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, Chair Lucas, and Chair Torian:

Item 125, Paragraph C.13.b of the Chapter 725, 2025 Acts of Assembly 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 fulfills the above reporting requirement for fiscal year (FY) 2025.

\$200.0 million in Literary Fund construction loan authority was available in FY 2025. The first \$5.1 million in loan authority was used to satisfy excess demand from the 2024 loan application process, leaving \$194.9 million for new loans in the 2025 application window. The Department of Education conducted an application process from March 20, 2025, through May 22, 2025, during which school divisions submitted applications for school construction loans up to \$25.0 million per school project.

Loan applications from three school divisions for eight school projects were received during the first FY 2025 application period requesting a total of \$72.5 million in loans. None of the loan applications received in either FY 2025 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 FY 2025 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:

Eligible Interest Rate for Literary Fund Applications Received in FY 2025	
Composite Index Range:	Lesser of 20-yr. BVAL Market Index Rate (3.82%) or:
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 2025 (total = \$72.5 million)

The table below lists the loan applications received from school divisions in FY 2025, 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 FY 2025. It should be noted that the Culpeper County's project was recently approved by the Board of Education for release at the September 25, 2025, board meeting.

School Division	Project School	Project Description	Loan Amount Requested	Eligible Annual Interest Rate
Culpeper County	New Elementary School #7	New construction	\$25,000,000	3%
Pittsylvania County	Union Hall Elementary School	Replace four classrooms	\$3,549,838	2%
Pittsylvania County	Mt. Airy Elementary School	Replace HVAC system and windows	\$5,687,000	2%
Pittsylvania County	John L. Hurt Elementary School	Replace HVAC system and windows	\$8,228,000	2%
Pittsylvania County	Chatham Elementary School	Replace HVAC system and windows	\$7,018,000	2%
Smyth County	Chilhowie High School	New gymnasium, expanded band room, dedicated lunch room	\$18,200,000	2%
Smyth County	Marion Senior High School	New auxiliary gymnasium	\$4,345,000	2%
Smyth County	Northwood High School	Band room renovation	\$500,000	2%

Loans Issued in FY 2025

The table below lists the Literary Fund loans released by the Board to school divisions in FY 2025, including project school and description, loan amount released, and loan interest rate. None of the loans issued in FY 2025 involved a school consolidation project.

School Division	Project School	Project Description	Loan Amount Released	Loan Interest Rate
Campbell County	Brookville High School	Additions/Renovations	\$25,000,000	2%
Bedford County	Bedford Primary	Gymnasium addition	\$2,800,000	3%
Bedford County	Liberty High School	Replacement of canopy system and renovation of auditorium	\$11,207,000	3%
Bedford County	Staunton River High School	Replacement of canopy system and renovation of auditorium	\$14,680,000	3%
Giles County	Eastern Elementary/Middle School	Roof & HVAC replacement; electrical/lighting upgrades; add secure school entranceway	\$8,722,654	2%
Giles County	Giles County Technology Center	Roof replacement	\$1,814,699	2%
Giles County	Giles County High School	Roof, HVAC, windows, lighting replacement; add secure school entranceway	\$13,318,930	2%
Giles County	Narrows Elementary/Middle School	Upgrade building elevator system; secure school entry vestibule	\$650,000	2%
Giles County	Narrows High School	Roof, HVAC, windows, lighting replacement; add secure school entranceway	\$9,628,528	2%
Roanoke County	Roanoke County Career and Technology Center	Construction of new CTE center	\$25,000,000	3%
Roanoke County	Glen Cove Elementary School	Building renovation/modernization of instructional areas/safety features	\$25,000,000	3%
Roanoke County	W.E. Cundiff Elementary School	Building renovation/modernization of instructional areas/safety features	\$25,000,000	3%
Franklin City	Franklin High School	Completion of roof project	\$1,000,000	2%
Franklin City	S.P. Morton Elementary School	Completion of roof project	\$1,000,000	2%
Pittsylvania County	Union Hall Elementary School	Replace building HVAC system and windows	\$6,305,404	2%
Pittsylvania County	Southside Elementary School	Replace building HVAC system and windows	\$9,388,584	2%

School Division	Project School	Project Description	Loan Amount Released	Loan Interest Rate
Pittsylvania County	Kentuck Elementary School	12-classroom addition to replace mobile and basement classrooms	\$10,792,290	2%
Sussex County	Sussex Central High School	Roof and HVAC replacement	\$7,500,000	3%
Hampton City	Bethel High School	Building addition	\$20,000,000	2%
			\$218,808,089	

For FY 2025, \$42.6 million in cash draws were made from the Literary Fund for project reimbursements on Literary Fund loans released by the Board of Education. Updates to the annual Literary Fund forecast made by the Department of the Treasury will encumber the \$72.5 million in loan applications approved in FY 2025 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 19 loans released during FY 2025 increased the asset base by \$218.8 million. Of the \$292.7 million in loans released since FY 2023, the outstanding balance left to draw for the projects is \$240.3 million.

Sincerely,



Emily Anne Gullickson, M.Ed. J.D.
Superintendent of Public Instruction

c: The Honorable Aimee Rogstad Guidera
Virginia Secretary of Education