| **Virginia Board of Education Agenda Item** | **Seal of the Commonwealth of Virginia** |
| --- | --- |

# Agenda Item: G

## Date: April 25, 2019

#### Title: First Review of Recommendations Concerning [Literary Fund Applications Approved for Release of Funds or Placement on a Waiting List](http://www.doe.virginia.gov/boe/meetings/2013/01_jan/agenda_items/item_b.pdf)

#### Presenter: Mr. Kent C. Dickey, Deputy Superintendent of Budget, Finance, and Operations

#### Email: [Kent.Dickey@doe.virginia.gov](file:///C:\Users\xcu03843\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\UROT1QNC\Kent.Dickey@doe.virginia.gov) Phone: (804) 225-2025

## Purpose of Presentation:

Action required by Board of Education regulation.

## Executive Summary:

The Literary Fund provides low-interest loans for new school construction and for additions or permanent improvements to existing schools to help provide students with a safe and secure environment in which to learn. This item aligns with Board of Education Goals: Priority 1: Provide high-quality, effective learning environments for all students.

This item is presented to the Board of Education for approval of six (6) Literary Fund project applications submitted by Southampton County for placement on the Literary Fund First Priority Waiting List. The Board previously approved these projects be placed on the Approved Application List at its March 2019 meeting. Now that the project plans and specifications and division superintendent approval statement have been received and approved by the department, these applications have met all requirements necessary to receive a Literary Fund loan and are eligible for placement on the First Priority Waiting List pending availability of loan funding.

To the extent loan funds are available, a recommendation for initial release of funds is presented for projects currently on the First Priority Waiting List or otherwise eligible for priority funding. To the extent funds are not available, new requests for the initial release of Literary Funds cannot be approved. As a result, such requests must be deferred and placed on either the First or Second Priority Waiting List in accordance with the Literary Fund regulations.

**Action Requested:**

Other. Specify below:

The Board is requested to waive first review and approve the six (6) Literary Fund loan applications submitted by Southampton County for placement on the First Priority Waiting List, as well as approve a revised Approved Application List (Attachment B) reflecting the movement of these applications from that list to the First Priority Waiting List.

## Superintendent’s Recommendation:

The Superintendent of Public Instruction recommends the Board waive first review and approve 1) the placement of six (6) Literary Fund loan applications submitted by Southampton County totaling $5,950,000 on the First Priority Waiting List (Attachment A) as priorities 19 through 24; and 2) a revised Approved Application List (Attachment B) reflecting the movement of these applications from that list to the First Priority Waiting List.

## Rationale for Action:

As the requirements of Section 22.1-140, *Code of Virginia*, and 8VAC20-100-80 (Qualification for Placement) and 8VAC20-100-160 (Placement on Waiting List) of the Virginia Administrative Code have now been met, all requirements have been met for the Literary Fund applications submitted by Southampton County to be placed on the First Priority Waiting List pending the availability of loan funding for the projects.

## Previous Review or Action:

Previous review and action. Specify date and action taken below:

The Board previously approved these six (6) Literary Fund applications for placement on the Approved Application List at its meeting on March 21, 2019.

Background Information and Statutory Authority:

In accordance with the provisions of the *Code of Virginia*, Section 22.1-142, the Board of Education is responsible for the management of the Literary Fund. The recommendation for placement of the Southampton County project applications on the First Priority Waiting List (Attachment A) is in accordance with the *Code of Virginia*, Section 22.1-146, which authorizes the Board of Education to make loans from the Literary Fund for the purpose of erecting, altering, or enlarging school buildings. Approval of an application constitutes the first step in a two-step process to secure a loan from the Literary Fund. The second step can occur only after departmental receipt of final project plans and specifications per Section 22.1- 140, *Code of Virginia*, coupled with a written request to the department for release of funds, with the latter requests also requiring Board approval.

School divisions that have successfully completed the application process for a loan from the Literary Fund for new construction or renovation are placed on one of two waiting lists when funds are not currently available to fund the project. The Literary Fund regulations of the Board of Education establish two priorities for the Literary Fund Waiting Lists. These priorities are as follows:

Priority 1: Applications from localities having a composite index less than 0.6000 and indebtedness (including the application considered for release of funds) less than $20 million to the Literary Fund.

Priority 2: Applications from localities having a composite index of 0.6000 or above or an indebtedness (including the application considered for release of funds) of $20 million or greater to the Literary Fund.

Timetable for Further Review/Action:

Recommendations to approve the placement of additional Literary Fund loan applications on the First Priority Waiting List will be presented to the Board on a periodic basis as additional loan applications are received, if found in proper order after review by the department. As funds become available in the Literary Fund, recommendations will be made to the Board for funding priority projects and for those projects at the top of the First Priority Waiting List, with the cash balance reduced as loan requests are processed. Based on the availability of loan funds, initial release of funds will be made or projects will be deferred and placed on the Waiting Lists.

Impact on Fiscal and Human Resources:

There will be no impact on the resources of the Literary Fund until a locality receives approval from the Board of Education for the release of loan funds, construction begins on the approved project, and a request for reimbursement is submitted and approved for payment of qualifying project costs or to refinance prior debt used to initially finance the project.