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HOUSE BILL NO. 670**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Appropriations
on February 9, 2018)

(Patron Prior to Substitute—Delegate Kilgore)

A BILL to amend the Code of Virginia by adding a section numbered 22.1-96.1, relating to the required local effort for basic aid; debt service on projects in certain school divisions.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 22.1-96.1 as follows:

§ 22.1-96.1. Required local effort for basic aid; debt service on projects in certain school divisions.

A. Notwithstanding § 22.1-94, 22.1-96, or 22.1-115 or any other provision of law to the contrary, any local school board that governs a school division (i) in which the locality is designated as fiscally at-risk or fiscally distressed by the Appalachian Regional Commission in the most recent fiscal year or is determined to have above-average fiscal stress or high fiscal stress by the Virginia Commission on Local Government in its most recent "Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia Counties and Cities" and (ii) for which the composite index of local ability to pay is less than or equal to 0.2000 may expend up to 25 percent of the required local effort for basic aid for debt service on school building capital renovation or construction projects. The Department of Education shall include the annual expenditure for any such specific debt service in the participating local public school division's expenditures towards meeting its required local effort for Standards of Quality Basic Aid funding amount as reported and certified by the participating local school division superintendent.

B. In the event that the school division no longer meets the criteria set forth in subsection A, the local school board shall develop and implement a plan to readjust expenditures of the required local effort for basic aid over the course of no more than four fiscal years.

C. In the event that a school division that no longer met the criteria set forth in subsection A and developed the plan required by subsection B subsequently meets the criteria set forth in subsection A, the local school board may seek the approval of the Superintendent of Public Instruction to amend such plan.

2. That the provisions of this act shall expire on July 1, 2030.