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HOUSE JOINT RESOLUTION NO. 562

Offered January 23, 1995

Continuing the Select Committee of the House Committee on Appropriations, the Senate Committee on Finance, and the Commission on Equity in Public Education to study alternative methods of school construction and renovation funding for the Commonwealth's school divisions.

Patrons—Councill, Dickinson, Giesen, Hall, Reynolds and Thomas; Senators: Colgan, Earley, Schewel and Walker

Referred to Committee on Rules

WHEREAS, established pursuant to HJR 250 and SJR 131 of 1994, the select committee has diligently pursued the study of school construction issues and examined funding mechanisms; and

WHEREAS, HJR 250 and SJR 131 set out four study objectives relating to other states' methods of generating school construction revenue, other states' formulas for distributing school construction funds, alternative financing mechanisms or refinancing mechanisms, and the feasibility of the Commonwealth's providing technical assistance to school divisions on structuring and handling school construction debt; and

WHEREAS, the select committee has heard many disturbing facts related to public school building conditions, including that, to satisfy class size or space needs, nearly half of Virginia's schools use trailers as temporary classrooms—environments which are not conducive to learning, are not energy efficient, and cannot accommodate technology; and

WHEREAS, almost half of the Commonwealth's schools are over 30 years old, and an estimated 68 percent of our state's schools need major renovation or replacement; and

WHEREAS, Literary Fund transfers have reduced the capacities of the Literary Fund and the Virginia Public School Authority to fund the enormous public school construction needs; and

WHEREAS, Literary Fund interest rate subsidies and the moral obligation resolution of the Virginia Public School Authority have kept some funds flowing to school construction; and

WHEREAS, the Literary Fund waiting list was \$117 million in September 1994, with the waiting list primarily composed of projects from poor localities; and

WHEREAS, a review of other states' capital construction financial assistance revealed that 32 states provided direct aid in 1994, but Virginia is among the 18 states that do not provide such funding, and that general fund appropriations are provided in 20 states, state-level bond issues are used in 12 states, and 14 states have dedicated revenues for school construction; and

WHEREAS, among the many important things learned in the select committee's study was that building condition can be correlated with student performance as substantiated by a study conducted of rural Virginia high schools; and

WHEREAS, the select committee has come to realize that a formal commitment to a long-range solution will be essential to resolve a reported \$1 billion unmet capital financing need; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Select Committee of the House Committee on Appropriations, the Senate Committee on Finance, and the Commission on Equity in Public Education to study alternative methods of school construction and renovation funding for the Commonwealth's school divisions is hereby continued. The current membership of the select committee shall continue to serve. Any vacancies shall be filled by the relevant appointing authority as appropriate in accordance with the provisions of HJR 250 and SJR 131 of 1994. Staff support shall also be provided as set forth in HJR 250 and SJR 131 of 1994.

In its deliberations, the select committee shall concentrate on exploring mechanisms for assisting school divisions with large debt service burdens, an ongoing operating expense which is not shared by the Commonwealth. The select committee shall also examine: (i) the feasibility of an energy retrofit subsidy; (ii) the efficacy of a technology retrofit subsidy; (iii) the impact on the Literary Fund of diverted revenue streams, e.g., civil penalty statutes and forfeiture provisions; (iv) the effectiveness of other states' construction funding mechanisms; (v) mechanisms for assisting school divisions with building plans; (vi) Virginia's present school construction funding mechanisms, i.e., the Literary Fund and the Virginia Public School Authority; and (vii) such other matters as the committee may deem appropriate. In its study, the select committee shall consult with at least three division superintendents who have experience with school construction.

All agencies of the Commonwealth shall assist the select committee as it deems necessary. The select committee shall submit its findings and recommendations to the Governor and the 1996 Session of the

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60 General Assembly in accordance with the procedures of the Division of Legislative Automated Systems
61 for the processing of legislative documents.
62 The direct costs of this study shall not exceed \$8,100.
63 Implementation of this resolution is subject to subsequent approval and certification by the Joint
64 Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the
65 study.