

VIRGINIA ACTS OF ASSEMBLY -- 1999 SESSION

CHAPTER 354

An Act to amend and reenact §§ 22.1-175.1 through 22.1-175.4 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 11.1 of Title 22.1 a section numbered 22.1-175.5, relating to the Virginia Public School Construction Grants Program.

[S 1049]

Approved March 24, 1999

Be it enacted by the General Assembly of Virginia:

1. That §§ 22.1-175.1 through 22.1-175.4 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 11.1 of Title 22.1 a section numbered 22.1-175.5 as follows:

§ 22.1-175.1. Virginia Public School Construction Grants Program established.

The Virginia Public School Construction Grants Program is hereby established to provide grants to eligible school divisions for school construction, additions, infrastructure, site acquisition for public school buildings and facilities, and renovations, including the costs of retrofitting or enlarging public school buildings; further, if a school division has completed any such projects during the previous ten years, the grants may be used for debt service payments or a portion thereof. The Program shall be administered by the Board of Education.

Local governing bodies may also establish a separate escrow fund for the deposit of such funds as provided in § 22.1-175.5.

§ 22.1-175.2. Virginia Public School Construction Grants Fund created.

A. From such funds as may be appropriated for this purpose and from such gifts, donations, grants, bequests, and other funds as may be received on its behalf, there is hereby created in the Department of the Treasury a special nonreverting fund known as the Virginia Public School Construction Grants Fund. The Fund shall be established on the books of the Comptroller, and any moneys remaining in such Fund at the end of the biennium shall not revert to the general fund but shall remain in the Fund. Interest earned on such funds shall remain in the Fund and be credited to it. Funds may be disbursed to any school division that is eligible for financial assistance pursuant to the provisions of this chapter.

B. The State Treasurer shall manage the Virginia Public School Construction Grants Fund, subject to the authority of the Board of Education to provide for its disbursement. The Fund shall be disbursed to award grants as provided in § 22.1-175.4. The amount of each grant awarded to a qualifying school division in any fiscal year shall not exceed 100 percent of the school division's aggregate annual expenditures for school construction, additions, infrastructure, site acquisition for public school buildings and facilities, renovations, including the costs of retrofitting or enlarging public school buildings, and debt service payments on such school projects which have been completed during the last ten years.

Local governing bodies may establish a separate escrow fund for the deposit of such funds as provided in § 22.1-175.5.

C. The amount of such public school construction grants shall be matched by funds of the qualifying school division based on the locality's composite index of ability to pay. In awarding such grants, the Board shall take into consideration any Literary Fund loan which may have been applied for or awarded for the same projects.

§ 22.1-175.3. Board to issue guidelines.

The Board shall issue guidelines for the administration of the Program as it may deem necessary and appropriate. The guidelines shall include, but shall not be limited to, (i) provisions which address approval by the local governing body of the construction, addition, or site acquisition for which grant moneys are sought, (ii) the application for a grant from the Fund, ~~and~~ (iii) the implementation of the procedure for disbursing grants to school divisions as provided in § 22.1-175.4, and (iv) recognition of the authority of local governing bodies to establish a separate escrow fund for the deposit of such funds as provided in § 22.1-175.5.

§ 22.1-175.4. Application for grants.

A. All funds appropriated for financial assistance for the purposes of this chapter during fiscal years 1998-1999 and 1999-2000 pursuant to Item 554 of the 1998-2000 Appropriation Act shall be apportioned and distributed among the school divisions of the Commonwealth as follows: (i) there shall be apportioned and distributed equally to every school division grants in the sum of \$200,000 each and (ii) the balance of all available funds shall be apportioned and distributed to each school division on a pro rata basis according to the school division's average daily membership adjusted by the locality's composite index of ability to pay as set forth in the general appropriation act.

Local governing bodies may establish a separate escrow fund for the deposit of such funds as provided in § 22.1-175.5.

B. All funds appropriated for financial assistance for the purposes of this chapter for subsequent fiscal years shall be apportioned and distributed among the school divisions of the Commonwealth in accordance with eligibility and needs criteria to be established by the 2000 Session of the General Assembly. In developing such eligibility and needs criteria, the 2000 Session of the General Assembly shall consider the recommendations of the Commission on State Funding of Public School Construction.

§ 22.1-175.5. Capital School Projects Fund.

A. *The governing body of any locality which is awarded a grant pursuant to this chapter may authorize the local treasurer or fiscal officer, by ordinance or resolution, to create a separate escrow account upon the books of the locality, as described in this section. Upon the adoption of such ordinance or resolution, the treasurer of the locality shall place such grant awards into this account.*

B. *The escrow account shall be known as the "County/City/Town of _____ Capital School Projects Fund." All principal deposited to such fund, together with all income from or attributable to the fund, shall be used solely for (i) construction, additions, renovations, including retrofitting and enlarging public school buildings, infrastructure, including technology infrastructure, and site acquisition for public school buildings and facilities or (ii) debt service payments, or a portion thereof, for any such projects completed in the previous ten years if so designated. No disbursement from the fund may be made except upon specific appropriation by the governing body in accordance with applicable law. If a locality establishes such a fund and designates any portion of the funds deposited therein to pay debt service for (i) any general obligation of the locality held by the Virginia Public School Authority or (ii) any Literary Fund loan, the locality shall obtain an opinion of bond counsel that designation of funds to pay debt service on obligations does not adversely impact the tax-exempt status of such obligations.*

C. *All grant awards deposited in the fund, including all income from or attributable to such fund, shall be deemed public funds of the locality and shall be subject to all limitations upon deposit and investment provided by general law, including, but not limited to, the Virginia Security for Public Deposits Act (§ 2.1-359 et seq.). Income, dividends, distributions, and grants accruing to the fund shall be retained in such fund and shall be expended only in accordance with the terms of this section.*

D. *Nothing in this section shall be deemed or construed to authorize a school board or school division to receive, hold or invest funds in its own name, nor to expend funds in the absence of a specific appropriation by the governing body of the locality in accordance with applicable law.*