

WEST VIRGINIA LEGISLATURE

2017 REGULAR SESSION

Introduced

Senate Bill 551

BY SENATOR MAYNARD

[Introduced March 8, 2017; Referred to
the Committee on Education; and then to the
Committee on Finance]

1 A BILL to amend and reenact §18-9D-15 of the Code of West Virginia, 1931, as amended, relating
 2 generally to limiting the School Building Authority’s discretion to disburse funds on an ad
 3 hoc basis by requiring that the School Building Authority distribute specific funds to county
 4 boards on the basis of a county’s net student enrollment; and requiring that county boards
 5 deposit certain funds into a savings account and only use said funds to facilitate school
 6 maintenance, construction or improvement projects.

Be it enacted by the Legislature of West Virginia:

1 That §18-9D-15 of the Code of West Virginia, 1931, as amended, be amended and
 2 reenacted to read as follows:

ARTICLE 9D. SCHOOL BUILDING AUTHORITY.

**§18-9D-15. Legislative intent; allocation of money among categories of projects; lease-
 purchase options; limitation on time period for expenditure of project allocation;
 county maintenance budget requirements; project disbursements over period of
 years; preference for multicounty arrangements; submission of project designs;
 set-aside to encourage local participation.**

1 (a) It is the intent of the Legislature to empower the School Building Authority to facilitate
 2 and provide state funds and to administer all federal funds provided for the construction and major
 3 improvement of school facilities so as to meet the educational needs of the people of this state in
 4 an efficient and economical manner. The authority shall make funding determinations in
 5 accordance with the provisions of this article and shall assess existing school facilities and each
 6 facility's school major improvement plan in relation to the needs of the individual student, the
 7 general school population, the communities served by the facilities and facility needs statewide.

8 (b) An amount that is not more than three percent of the sum of moneys that are
 9 determined by the authority to be available for distribution during the then current fiscal year from:

10 (1) Moneys paid into the School Building Capital Improvements Fund pursuant to section
 11 ten, article nine-a of this chapter;

12 (2) The issuance of revenue bonds for which moneys in the School Building Debt Service
13 Fund or the Excess Lottery School Building Debt Service Fund are pledged as security;

14 (3) Moneys paid into the School Construction Fund pursuant to section six of this article;
15 and

16 (4) Any other moneys received by the authority, except moneys paid into the School Major
17 Improvement Fund pursuant to section six of this article and moneys deposited into the School
18 Access Safety Fund pursuant to section five, article nine-f of this chapter, may be allocated and
19 may be expended by the authority for projects authorized in accordance with the provisions of
20 section sixteen of this article that service the educational community statewide or, upon
21 application by the state board, for educational programs that are under the jurisdiction of the state
22 board. In addition, upon application by the state board or the administrative council of an area
23 vocational educational center established pursuant to article two-b of this chapter, the authority
24 may allocate and expend under this subsection moneys for school major improvement projects
25 authorized in accordance with the provisions of section sixteen of this article proposed by the
26 state board or an administrative council for school facilities under the direct supervision of the
27 state board or an administrative council, respectively. Furthermore, upon application by a county
28 board, the authority may allocate and expend under this subsection moneys for school major
29 improvement projects for vocational programs at comprehensive high schools, vocational
30 programs at comprehensive middle schools, vocational schools cooperating with community and
31 technical college programs, or any combination of the three. Each county board is encouraged to
32 cooperate with community and technical colleges in the use of existing or development of new
33 vocational technical facilities. All projects eligible for funds from this subsection shall be submitted
34 directly to the authority which shall be solely responsible for the project's evaluation, subject to
35 the following:

36 (A) The authority may not expend any moneys for a school major improvement project
37 proposed by the state board or the administrative council of an area vocational educational center

38 unless the state board or an administrative council has submitted a ten-year facilities plan; and

39 (B) The authority shall, before allocating any moneys to the state board or the
40 administrative council of an area vocational educational center for a school improvement project,
41 consider all other funding sources available for the project.

42 (c) An amount that is not more than two percent of the moneys that are determined by the
43 authority to be available for distribution during the current fiscal year from:

44 (1) Moneys paid into the School Building Capital Improvements Fund pursuant to section
45 ten, article nine-a of this chapter;

46 (2) The issuance of revenue bonds for which moneys in the School Building Debt Service
47 Fund or the Excess Lottery School Building Debt Service Fund are pledged as security;

48 (3) Moneys paid into the School Construction Fund pursuant to section six of this article;
49 and

50 (4) Any other moneys received by the authority, except moneys deposited into the School
51 Major Improvement Fund and moneys deposited into the School Access Safety Fund pursuant to
52 section five, article nine-f of this chapter, shall be set aside by the authority as an emergency fund
53 to be distributed in accordance with the guidelines adopted by the authority.

54 (d) An amount that is not more than five percent of the moneys that are determined by the
55 authority to be available for distribution during the current fiscal year from:

56 (1) Moneys paid into the School Building Capital Improvements Fund pursuant to section
57 ten, article nine-a of this chapter;

58 (2) The issuance of revenue bonds for which moneys in the School Building Debt Service
59 Fund or the Excess Lottery School Building Debt Service Fund are pledged as security;

60 (3) Moneys paid into the School Construction Fund pursuant to section six of this article;
61 and

62 (4) Any other moneys received by the authority, except moneys deposited into the School
63 Major Improvement Fund and moneys deposited into the School Access Safety Fund pursuant to

64 section five, article nine-f of this chapter, may be reserved by the authority for multiuse vocational-
65 technical education facilities projects that may include post-secondary programs as a first priority
66 use. The authority may allocate and expend under this subsection moneys for any purposes
67 authorized in this article on multiuse vocational-technical education facilities projects, including
68 equipment and equipment updates at the facilities, authorized in accordance with the provisions
69 of section sixteen of this article. If the projects approved under this subsection do not require the
70 full amount of moneys reserved, moneys above the amount required may be allocated and
71 expended in accordance with other provisions of this article. A county board, the state board, an
72 administrative council or the joint administrative board of a vocational-technical education facility
73 which includes post-secondary programs may propose projects for facilities or equipment, or both,
74 which are under the direct supervision of the respective body: *Provided*, That the authority shall,
75 before allocating any moneys for a project under this subsection, consider all other funding
76 sources available for the project.

77 (e) The remaining moneys determined by the authority to be available for distribution
78 during the then current fiscal year from:

79 (1) Moneys paid into the School Building Capital Improvements Fund pursuant to section
80 ten, article nine-a of this chapter;

81 (2) The issuance of revenue bonds for which moneys in the School Building Debt Service
82 Fund or the Excess Lottery School Building Debt Service Fund are pledged as security;

83 (3) Moneys paid into the School Construction Fund pursuant to section six of this article;
84 and

85 (4) Any other moneys received by the authority, except moneys deposited into the School
86 Major Improvement Fund and moneys deposited into the School Access Safety Fund pursuant to
87 section five, article nine-f of this chapter, shall be allocated ~~and expended on the basis of need~~
88 ~~and efficient use of resources for projects funded in accordance with the provisions of section~~
89 ~~sixteen of this article~~ and distributed to each county board on the basis of its net enrollment as

90 defined in section two, article nine-a of this chapter. The county board shall deposit the funds into
91 a savings account and shall only use said funds to facilitate or fund school maintenance,
92 improvement or construction projects.

93 (f) If a county board proposes to finance a project that is authorized in accordance with
94 section sixteen of this article through a lease with an option to purchase leased premises upon
95 the expiration of the total lease period pursuant to an investment contract, the authority may not
96 allocate moneys to the county board in connection with the project: *Provided*, That the authority
97 may transfer moneys to the state board which, with the authority, shall lend the amount transferred
98 to the county board to be used only for a one-time payment due at the beginning of the lease
99 term, made for the purpose of reducing annual lease payments under the investment contract,
100 subject to the following conditions:

101 (1) The loan shall be secured in the manner required by the authority, in consultation with
102 the state board, and shall be repaid in a period and bear interest at a rate as determined by the
103 state board and the authority and shall have any terms and conditions that are required by the
104 authority, all of which shall be set forth in a loan agreement among the authority, the state board
105 and the county board;

106 (2) The loan agreement shall provide for the state board and the authority to defer the
107 payment of principal and interest upon any loan made to the county board during the term of the
108 investment contract, and annual renewals of the investment contract, among the state board, the
109 authority, the county board and a lessor, subject to the following:

110 (A) In the event a county board which has received a loan from the authority for a one-
111 time payment at the beginning of the lease term does not renew the lease annually until
112 performance of the investment contract in its entirety is completed, the county board is in default
113 and the principal of the loan, together with all unpaid interest accrued to the date of the default,
114 shall, at the option of the authority, in consultation with the state board, become due and payable
115 immediately or subject to renegotiation among the state board, the authority and the county board;

116 (B) If a county board renews the lease annually through the performance of the investment
117 contract in its entirety, the county board shall exercise its option to purchase the leased premises;

118 (C) The failure of the county board to make a scheduled payment pursuant to the
119 investment contract constitutes an event of default under the loan agreement;

120 (D) Upon a default by a county board, the principal of the loan, together with all unpaid
121 interest accrued to the date of the default, shall, at the option of the authority, in consultation with
122 the state board, become due and payable immediately or subject to renegotiation among the state
123 board, the authority and the county board; and

124 (E) If the loan becomes due and payable immediately, the authority, in consultation with
125 the state board, shall use all means available under the loan agreement and law to collect the
126 outstanding principal balance of the loan, together with all unpaid interest accrued to the date of
127 payment of the outstanding principal balance; and

128 (3) The loan agreement shall provide for the state board and the authority to forgive all
129 principal and interest of the loan upon the county board purchasing the leased premises pursuant
130 to the investment contract and performance of the investment contract in its entirety.

131 (g) To encourage county boards to proceed promptly with facilities planning and to prepare
132 for the expenditure of any state moneys derived from the sources described in this section, any
133 county board or other entity to whom moneys are allocated by the authority that fails to expend
134 the money within three years of the allocation shall forfeit the allocation and thereafter is ineligible
135 for further allocations pursuant to this section until it is ready to expend funds in accordance with
136 an approved facilities plan: *Provided*, That the authority may authorize an extension beyond the
137 three-year forfeiture period not to exceed an additional two years. Any amount forfeited shall be
138 added to the total funds available in the School Construction Fund of the authority for future
139 allocation and distribution. Funds may not be distributed for any project under this article unless
140 the responsible entity has a facilities plan approved by the state board and the School Building
141 Authority and is prepared to commence expenditure of the funds during the fiscal year in which

142 the moneys are distributed.

143 (h) The remaining moneys that are determined by the authority to be available for
144 distribution during the then current fiscal year from moneys paid into the School Major
145 Improvement Fund pursuant to section six of this article shall be allocated and distributed to each
146 county board on the basis of its net enrollment as defined in section two, article nine-a of this
147 chapter. need and efficient use of resources for projects authorized in accordance with the
148 provisions of section sixteen of this article, subject to the following:

149 ~~(1) The moneys may not be distributed for any project under this section unless the~~
150 ~~responsible entity has a facilities plan approved by the state board and the authority and is to~~
151 ~~commence expenditures of the funds during the fiscal year in which the moneys are distributed;~~

152 ~~(2) Any moneys allocated to a project and not distributed for that project shall be deposited~~
153 ~~in an account to the credit of the project, the principal amount to remain to the credit of and~~
154 ~~available to the project for a period of two years; and~~

155 ~~(3) Any moneys which are unexpended after a two-year period shall be redistributed on~~
156 ~~the basis of need from the School Major Improvement Fund in that fiscal year~~

157 The county board shall deposit the funds distributed under this subsection into a savings
158 account and shall only use said funds to facilitate or fund school maintenance, improvement or
159 construction projects.

160 (i) Local matching funds may not be required under the provisions of this section. However,
161 this article does not negate the responsibilities of the county boards to maintain school facilities.
162 Therefore, as a prerequisite for eligibility to receive an allocation of school major improvement
163 funds from the authority, a county board must provide annual school facility maintenance
164 expenditure data to the authority which shall be jointly reviewed by the authority and the state
165 Department of Education Office of School Facilities and Transportation to assist the authority in
166 its determination of the most meritorious projects to be funded through the School Major
167 Improvement Fund. The state board shall promulgate rules relating to county boards' school

168 facility maintenance budgets, including items which shall be included in these budgets.

169 (j) Any county board may use moneys provided by the authority under this article in
170 conjunction with local funds derived from bonding, special levy or other sources. Distribution to a
171 county board, or to the state board or the administrative council of an area vocational educational
172 center pursuant to subsection (b) of this section, may be in a lump sum or in accordance with a
173 schedule of payments adopted by the authority pursuant to guidelines adopted by the authority.

174 (k) Funds in the School Construction Fund shall first be transferred and expended as
175 follows:

176 (1) Any funds deposited in the School Construction Fund shall be expended first in
177 accordance with an appropriation by the Legislature.

178 (2) To the extent that funds are available in the School Construction Fund in excess of
179 that amount appropriated in any fiscal year, the excess funds ~~may be expended for projects~~
180 ~~authorized in accordance with the provisions of section sixteen of this article~~ shall be allocated
181 and distributed to each county board on the basis of its net enrollment as defined in section two,
182 article nine-a of this chapter. The county board shall deposit the funds into a savings account and
183 shall only use said funds to facilitate or fund school maintenance, improvement or construction
184 projects.

185 (l) It is the intent of the Legislature to encourage county boards to explore and consider
186 arrangements with other counties that may facilitate the highest and best use of all available
187 funds, which may result in improved transportation arrangements for students or which otherwise
188 may create efficiencies for county boards and the students. In order to address the intent of the
189 Legislature contained in this subsection, the authority shall grant preference to those projects
190 which involve multicounty arrangements as the authority shall determine reasonable and proper.

191 (m) County boards shall submit all designs for construction of new school buildings to the
192 School Building Authority for review and approval prior to preparation of final bid documents. A
193 vendor who has been debarred pursuant to the provisions of sections thirty-three-a through thirty-

194 three-f, inclusive, article three, chapter five-a of this code may not bid on or be awarded a contract
195 under this section.

196 (n) The authority may elect to disburse funds for approved construction projects over a
197 period of more than one year subject to the following:

198 (1) The authority may not approve the funding of a school construction project over a
199 period of more than three years;

200 (2) The authority may not approve the use of more than fifty percent of the revenue
201 available for distribution in any given fiscal year for projects that are to be funded over a period of
202 more than one year; and

203 (3) In order to encourage local participation in funding school construction projects, the
204 authority may set aside limited funding, not to exceed \$500,000, in reserve for one additional year
205 to provide a county the opportunity to complete financial planning for a project prior to the
206 allocation of construction funds. Any funding shall be on a reserve basis and converted to a part
207 of the construction grant only after all project budget funds have been secured and all county
208 commitments have been fulfilled. Failure of the county to solidify the project budget and meet its
209 obligations to the state within eighteen months of the date the funding is set aside by the authority
210 will result in expiration of the reserve and the funds shall be reallocated by the authority in the
211 succeeding funding cycle.

NOTE: The purpose of this bill is to limit the School Building Authority's discretion to disburse funds on an *ad hoc* basis by requiring that the School Building Authority distribute specific funds to county boards on the basis of a county's net student enrollment. The bill further requires that county boards deposit funds into a savings account and only use said funds to facilitate school maintenance, construction or improvement projects.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.