

# **WEST VIRGINIA LEGISLATURE**

## **2024 REGULAR SESSION**

**Introduced**

### **House Bill 5607**

By Delegate Statler

[Introduced February 12, 2024; Referred to the  
Committee on Education then Finance]

1 A BILL to amend and reenact §18-9D-15 of the Code of West Virginia, 1931, as amended, relating  
2 to a public charter school's application for funding.

*Be it enacted by the Legislature of West Virginia:*

**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 10 percent of the sum of moneys that are determined  
9 by the authority to be available for distribution during the then current fiscal year from:

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

12 (2) Moneys paid into the School Construction Fund pursuant to §18-9D-6 of this code; and

13 (3) Any other moneys received by the authority, except moneys paid into the School Major  
14 Improvement Fund pursuant to §18-9D-6 of this code and moneys deposited into the School  
15 Access Safety Fund pursuant to §18-9F-5 of this code, may be allocated and may be expended by  
16 the authority for projects authorized in accordance with §18-9D-16 of this code that service the  
17 educational community statewide or, upon application by the state board, for educational

18 programs that are under the jurisdiction of the state board. In addition, upon application by the  
19 state board or the administrative council of an area vocational educational center established  
20 pursuant to §18-2B-1 *et seq.* of this code, the authority may allocate and expend under this  
21 subsection moneys for school major improvement projects authorized in accordance with §18-9D-  
22 16 of this code proposed by the state board or an administrative council for school facilities under  
23 the direct supervision of the state board or an administrative council, respectively. Furthermore,  
24 upon application by a county board, the authority may allocate and expend under this subsection  
25 moneys for school major improvement projects for vocational programs at comprehensive high  
26 schools, vocational programs at comprehensive middle schools, vocational schools cooperating  
27 with community and technical college programs, or any combination of the three. Each county  
28 board is encouraged to cooperate with community and technical colleges in the use of existing or  
29 development of new vocational technical facilities. All projects eligible for funds from this  
30 subsection shall be submitted directly to the authority which shall be solely responsible for the  
31 project's evaluation, subject to the following:

32 (A) Any project funded by the authority shall be in accordance with a comprehensive  
33 educational facility plan which must be approved by the state board and the authority. The  
34 authority may not expend any moneys for a school major improvement project proposed by the  
35 state board or the administrative council of an area vocational educational center unless the state  
36 board or an administrative council has submitted a 10-year facilities plan; and

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

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

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

44 (2) Moneys paid into the School Construction Fund pursuant to §18-9D-6 of this code; and

45 (3) Any other moneys received by the authority, except moneys deposited into the School  
46 Major Improvement Fund and moneys deposited into the School Access Safety Fund pursuant to  
47 §18-9F-5 of this code, shall be set aside by the authority as an emergency fund to be distributed in  
48 accordance with the guidelines adopted by the authority.

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

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

53 (2) Moneys paid into the School Construction Fund pursuant to §18-9D-6 of this code; and

54 (3) Any other moneys received by the authority, except moneys deposited into the School  
55 Major Improvement Fund and moneys deposited into the School Access Safety Fund pursuant to  
56 §18-9F-5 of this code, may be reserved by the authority for multiuse vocational-technical  
57 education facilities projects that may include post-secondary programs as a first priority use. The  
58 authority may allocate and expend under this subsection moneys for any purposes authorized in  
59 this article on multiuse vocational-technical education facilities projects, including equipment and  
60 equipment updates at the facilities, authorized in accordance with §18-9D-16 of this code. If the  
61 projects approved under this subsection do not require the full amount of moneys reserved,  
62 moneys above the amount required may be allocated and expended in accordance with other  
63 provisions of this article. A county board, the state board, an administrative council, or the joint  
64 administrative board of a vocational-technical education facility which includes post-secondary  
65 programs may propose projects for facilities or equipment, or both, which are under the direct  
66 supervision of the respective body: *Provided*, That the authority shall, before allocating any  
67 moneys for a project under this subsection, consider all other funding sources available for the  
68 project.

69 (e) The remaining moneys determined by the authority to be available for distribution

70 during the then current fiscal year from:

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

73 (2) Moneys paid into the School Construction Fund pursuant to §18-9D-6 of this code; and

74 (3) Any other moneys received by the authority, except moneys deposited into the School  
75 Major Improvement Fund and moneys deposited into the School Access Safety Fund pursuant to  
76 §18-9F-5 of this code, shall be allocated and expended on the basis of need and efficient use of  
77 resources for projects funded in accordance with §18-9D-16 of this code.

78 (f) If a county board proposes to finance a project that is authorized in accordance with  
79 §18-9D-16 of this code through a lease with an option to purchase leased premises upon the  
80 expiration of the total lease period pursuant to an investment contract, the authority may not  
81 allocate moneys to the county board in connection with the project: *Provided*, That the authority  
82 may transfer moneys to the state board which, with the authority, shall lend the amount transferred  
83 to the county board to be used only for a one-time payment due at the beginning of the lease term,  
84 made for the purpose of reducing annual lease payments under the investment contract, subject to  
85 the following conditions:

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

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

95 (A) If a county board which has received a loan from the authority for a one-time payment

96 at the beginning of the lease term does not renew the lease annually until performance of the  
97 investment contract in its entirety is completed, the county board is in default and the principal of  
98 the loan, together with all unpaid interest accrued to the date of the default, shall, at the option of  
99 the authority, in consultation with the state board, become due and payable immediately or subject  
100 to renegotiation among the state board, the authority and the county board;

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

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

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

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

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

116 (g) To encourage county boards to proceed promptly with facilities planning and to prepare  
117 for the expenditure of any state moneys derived from the sources described in this section, any  
118 county board or other entity to whom moneys are allocated by the authority that fails to expend the  
119 money within three years of the allocation shall forfeit the allocation and thereafter is ineligible for  
120 further allocations pursuant to this section until it is ready to expend funds in accordance with an  
121 approved facilities plan: *Provided*, That the authority may authorize an extension beyond the

122 three-year forfeiture period not to exceed an additional two years. Any amount forfeited shall be  
123 added to the total funds available in the School Construction Fund of the authority for future  
124 allocation and distribution. Funds may not be distributed for any project under this article unless  
125 the responsible entity has a facilities plan approved by the state board and the School Building  
126 Authority and is prepared to commence expenditure of the funds during the fiscal year in which the  
127 moneys are distributed.

128 (h) The remaining moneys that are determined by the authority to be available for  
129 distribution during the then current fiscal year from moneys paid into the School Major  
130 Improvement Fund pursuant to §18-9D-6 of this code shall be allocated and distributed on the  
131 basis of need and efficient use of resources for projects authorized in accordance with §18-9D-16  
132 of this code, subject to the following:

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

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

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

141 (i) Local matching funds may not be required under the provisions of this section. However,  
142 this article does not negate the responsibilities of the county boards to maintain school facilities.  
143 Therefore, as a prerequisite for eligibility to receive an allocation of school major improvement  
144 funds from the authority, a county board shall provide annual school facility maintenance  
145 expenditure data to the authority which shall be jointly reviewed by the authority and the state  
146 Department of Education Office of School Facilities and Transportation to assist the authority in its  
147 determination of the most meritorious projects to be funded through the School Major

148 Improvement Fund. The state board shall promulgate rules relating to county boards' school  
149 facility maintenance budgets, including items which shall be included in these budgets.

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

155 (2) A county board may apply to the authority for funding under this article as part of the  
156 county's bond finance plan for a proposed capital improvement bond levy to be submitted to the  
157 voters of that county. The county board shall first submit a request for the funding to the executive  
158 director of the authority prior to the county board's proposed bond levy election. After initial  
159 consultation with the executive director, the county board shall prepare a written outline of the  
160 bond finance plan, the capital improvements to be made with levy funds, and the amount and  
161 timing of funding requested from the authority. The county board shall then present its request at a  
162 meeting of the members of the authority.

163 Grants of financial assistance that have received initial approval under this section are  
164 contingent upon passage of the bond levy and final approval by the School Building Authority of  
165 the county's bond finance plan. Any materials produced by the county or its county board that refer  
166 to the authority shall include a statement of this contingency and terms. Notwithstanding any other  
167 provision of this subsection, financial assistance to be provided by the authority may only be used  
168 to pay costs of capital improvements and may not be pledged as security for or repayment of any  
169 bonds issued by the county board.

170 Upon passage of the bond levy, the county board shall have four years to finalize the  
171 project: *Provided*, That the authority may grant an extension to the four years in extenuating  
172 circumstances. The provisions of this subsection do not apply to any proposed capital  
173 improvement bond levy that is scheduled to be submitted to the voters on or before December 31,



174 2023.

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

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

179 (2) To the extent that funds are available in the School Construction Fund in excess of that  
180 amount appropriated in any fiscal year, the excess funds may be expended for projects authorized  
181 in accordance with §18-9D-16 of this code.

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

188 (m) County boards shall submit all designs for construction of new school buildings to the  
189 School Building Authority for review and approval prior to preparation of final bid documents. A  
190 vendor who has been debarred pursuant §5A-3-33b through §5A-3-33f of this code may not bid on  
191 or be awarded a contract under this section.

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

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

196 (2) The authority may not approve the use of more than 50 percent of the revenue available  
197 for distribution in any given fiscal year for projects that are to be funded over a period of more than  
198 one year; and

199 (3) In order to encourage local participation in funding school construction projects, the

200 authority may set aside limited funding, not to exceed \$500,000, in reserve for one additional year  
201 to provide a county the opportunity to complete financial planning for a project prior to the  
202 allocation of construction funds. Any funding shall be on a reserve basis and converted to a part of  
203 the construction grant only after all project budget funds have been secured and all county  
204 commitments have been fulfilled. Failure of the county to solidify the project budget and meet its  
205 obligations to the state within 18 months of the date the funding is set aside by the authority will  
206 result in expiration of the reserve and the funds shall be reallocated by the authority in the  
207 succeeding funding cycle.

208 (o) A public charter school may, in its name and its sole discretion, submit application to the  
209 School Building Authority for funding for the purchase of a building to be used for public charter  
210 school purposes and for the cost of the project.

NOTE: The purpose of this bill is to provide a public charter school authority to apply to the School Building Authority for funding to purchase a building to be used for public charter school purposes.

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