

# **WEST VIRGINIA LEGISLATURE**

## **2026 REGULAR SESSION**

**Originating**

### **House Bill 4574**

By Delegates McGeehan, Dean, Criss, Riley

[Originating in the Committee on Finance on January

19, 2026]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new section,  
2 designated §18-2-5i; and to amend said code by adding a new section, designated §18-  
3 2E-5b, all relating to providing for condition-based emergency funding for financially  
4 distressed counties; providing for definitions; setting forth a reserve threshold to be eligible  
5 for the fund; providing for conditions; providing for when charges may be proffered against  
6 a county officer or member of a board of education; providing for temporary funding  
7 supplement during intervention; providing for an effective date; providing a timeline of  
8 when funds are to be paid back; providing for a reversion to the general revenue account;  
9 establishing the fund; and providing that once the fund is established, the fund shall  
10 continue in existence for use by the State Board in the event the Legislature appropriates  
11 funds to meet other temporary county board shortfalls of funding.

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

**ARTICLE 2. STATE BOARD OF EDUCATION.**

**§18-2-5i. Limited, condition-based emergency funding for a financially distressed county.**

1       (a) A financially distressed county whose reserve funding has fallen below five percent of  
2 available funding shall be eligible to apply for and receive money in the form of a loan from a  
3 specially designated reserve fund to be known as the "Temporary Shortfall Supplement Fund for  
4 County Boards of Education," as set forth in §18-2E-5b of this code. For purposes of this section, a  
5 "financially distressed county" means a county either in deficit or on the most recently established  
6 watch list established by the Department of Education of those counties at-risk of becoming in  
7 deficit.

8       (1) The State Board of Education shall create a process by which the eligible county in  
9 financial distress may incur debt to receive this funding.

10       (2) The money from this fund shall be limited to honor personnel obligations and other  
11 essential operating expenses for the remainder of the fiscal year: *Provided*, That the State Board  
12 of Education shall have the ability to determine essential operating expenses for the financially

13     distressed county which receives funding.

14           (3) The financially distressed county which applies for and receives money from this fund  
15     shall pay back the amount of money used from this fund in the manner set forth in §18-2E-5b of  
16     this code, and shall present its financials to the State Board of Education upon request.

17           (4) The financially distressed county which applies for and receives money from this fund  
18     shall follow all reporting requirements through West Virginia Education Information System  
19     (WVEIS), as otherwise set forth in §18-8-1 *et seq.*: *Provided*, That the financially distressed county  
20     may not exceed an available balance within a WVEIS fund and must turn on the mechanism in  
21     WVEIS that disallows the overspending of a budgeted account balance.

22           (5) The financially distressed county which applies for and accepts money from this fund  
23     shall be subject to the Freedom of Information Act ("FOIA").

24           (6) The financially distressed county in receipt of money from this fund shall implement the  
25     State Auditor's West Virginia Checkbook fiscal reporting system within 45 days following the  
26     receipt of funds to remain eligible for funds pursuant to this section.

27           (7) A report shall be made by the State Board of Education to the Legislative Oversight  
28     Commission on Education Accountability ("LOCEA") within 90 days after the reserve fund of the  
29     financially distressed county falls below five percent of available funding for longer than 60  
30     consecutive days, irrespective of whether the financially distressed county applies for money from  
31     the fund.

32           (8) The State Board of Education shall have the ability to review other funds of the  
33     financially distressed county who applies for and receives funding, and if other funds are identified,  
34     such funds may be used to repay any money taken from the Temporary Shortfall Supplement  
35     Fund for County Boards of Education.

36           (9) No later than 30 days after such an application, the State Board of Education shall  
37     verify whether one or more conditions constituting maladministration, as defined in this section,  
38     have occurred.

39       (A) For purposes of this section, "maladministration" means the occurrence of one or more  
40       of the following actions or failures to act, as documented by financial records, audit findings, or  
41       statutory noncompliance, within the preceding 12 months:

42           (i) Failure to maintain reserve balances at or above levels required by statute or State  
43       Board of Education rule for two consecutive reporting periods without submission of a corrective  
44       action plan.

45           (ii) Failure to submit required financial reports, audits, or WVEIS data by statutory  
46       deadlines or with material inaccuracies, including but not limited to, approval of expenditures that  
47       exceed gross revenue for more than one fiscal year.

48       (10) Upon receipt of money from the Temporary Shortfall Supplement Fund for County  
49       Boards of Education, any employee who:

50           (A) Exercised primary fiscal authority, and  
51           (B) Was directly responsible for one or more acts of maladministration as defined in  
52       subsection (a)(1)(A)(i) and (a)(1)(A)(ii), shall, following written notice and an opportunity to  
53       respond, be prohibited from employment in a financial capacity in the public education of this State  
54       for a period of at least two calendar years: *Provided*, That the State Board of Education shall  
55       remove such employees from any current financial capacity of the financially distressed county  
56       within 30 days following the receipt of money from the Fund until the end of the current fiscal year  
57       in which the funds are received.

58       (11) A person holding any county school district position, including a member of a board of  
59       education within a financially distressed county, shall be subject to removal for official  
60       misconduct, neglect of duty, incompetence or for any of the causes or on any of the grounds  
61       provided by any other statute and as otherwise provided in this section.

62       (12) Any person holding any county or school district office, including the office of a  
63       member of a board of education, the term or tenure of which office is fixed by law, whether the  
64       office be elective or appointive, may be removed from such office in the manner provided in this

65 section for official misconduct, neglect of duty, incompetence or for any of the causes or on any of  
66 the grounds provided by any other statute.

67 (13) In the case of any county officer or member of a board of education, charges may be  
68 proffered:

69 (A) By a duly enacted resolution of the county commission which sets forth therein the  
70 name and office of the challenged officer, the alleged wrongful acts, the dates the alleged acts  
71 occurred and the grounds for removal;

72 (B) By the prosecuting attorney of the county; or

73 (C) By petition of a number of qualified petitioners.

74 (14) The process for removal shall be in accordance with the provisions otherwise set forth  
75 in §6-6-7 of this code.

76 (b) This section shall be effective from passage.

77 (c) Any remaining balance in this fund shall be reverted to the General Revenue fund per  
78 the language set forth in §18-2E-5b of this code.

## **ARTICLE 2E. HIGH QUALITY EDUCATIONAL PROGRAMS.**

### **§18-2E-5b. Temporary funding supplement during intervention.**

1 (a) When the State Board of Education determines during an intervention described in  
2 §18-5E-5 of this code that the subject county board's actions have or will result in a temporary  
3 shortfall of funding necessary to meet the county board's financial obligations, the State Board of  
4 Education may establish a special fund designated the "Temporary Shortfall Supplement Fund for  
5 County Boards of Education." Upon appropriation authorizing expenditure from the fund by the  
6 Legislature, the State Board of Education may expend from the fund amounts necessary to meet  
7 the shortfall. On September 30 of the fiscal year following the fiscal year in which the appropriation  
8 is made, any moneys remaining in the fund shall expire to the state general revenue fund. An  
9 amount equal to the amount expended to meet the shortfall shall be repaid to the State Board of  
10 Education by the county board on or before December 31 of the calendar year following the

11 calendar year in which the appropriation is made, with interest at the rate of no less than three  
12 percent as may be required and determined in writing by the State Board of Education and agreed  
13 to by the county board. Repaid amounts shall be deposited in the state general revenue fund upon  
14 receipt.

15 (b) Once the fund is established under the authority of this section, the fund shall continue  
16 in existence for use by the State Board of Education, in accordance with and subject to the  
17 requirements of this section, in the event the Legislature appropriates funds to meet other  
18 temporary county board shortfalls of funding.

NOTE: The purpose of this bill is to provide condition-based emergency funding for financially distressed counties.

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