

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

ENGROSSED

House Bill 4574

By Delegates McGeehan, Dean, Criss, Riley

[Originating in the Committee on Finance

Reported 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

distressed county which receives funding.

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) This section shall be effective from passage.

(c) Any remaining balance in this fund shall be reverted to the General Revenue fund per 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.

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