A STUDY OF THE FINANCING OF PUBLIC SCHOOL CAPITAL FACILITIES IN THE COMMONWEALTH OF VIRGINIA

by

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Dissertation submitted to the Faculty of the
Virginia Polytechnic Institute and State University
in partial fulfillment of the requirements for the degree of

DOCTOR OF EDUCATION

in

Educational Administration

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February, 1988

Blacksburg, Virginia

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(ABSTRACT)

The purpose of this study was to review the history of financing public school facilities in Virginia with primary emphasis on the period of the public schools, 1870 through 1987. An ancillary purpose of the study was to review alternative methods of financing public school capital facilities in Virginia in 1987 and certain considerations in the determination of school plant needs and implementation of a capital improvements plan. A combination topical-chronological synthesis research plan was employed within time frames of twenty-six to thirty-year periods from 1870-1987.

As a result of this study, the following findings and conclusions were made:

Findings

1. Historically, financing public school capital outlay in Virginia has been based on a tradition of local responsibility.

2. The state has made minimal provision for the costs to localities in financing public school capital outlay.

3. Federal aid for public school capital outlay is limited or nonexistent.

Conclusions

1. Virginia faces a need for additional school facilities.

2. Virginia's local school divisions will continue to pay the major share of future costs of public school capital facilities.

3. State assistance to the localities in financing school capital needs in Virginia will continue to be primarily through provision of low-interest loans from the Literary Fund and the Virginia Public School Authority.

4. Localities with AAA bond ratings will primarily finance school capital facilities through the issuance of general obligation bonds.

5. The state should provide greater assistance with financing capital outlay.

The results of this study have led to the following recommendations for the Commonwealth of Virginia:

1. The state should consider assisting the localities with financing capital outlay.

2. Funding of the Literary Fund should be enhanced.

3. State appropriations to the Virginia Public School Authority should be made on a continuing basis.

4. This study should be useful to local Virginia school board members and administrators.

Recommendations for further study are:

1. Determine the effect of delayed availability of funds from the Literary Fund.

2. Determine the effect of the federal requirements regarding asbestos in the schools.

3. Trace the influence of energy conservation measures on the cost and design of public school buildings in Virginia.

ACKNOWLEDGEMENTS

Numerous people generously extended time, assistance, and support to this study. Appreciation is extended to Dr. Richard G. Salmon for supervising the development of this study with expertise and patience; to Dr. Glen I. Earthman for his enduring counsel and encouragement; and to other members of the committee for their direction and willingness to lend assistance when needed.

Acknowledgements are extended to the archivists and staff members of several colleges and universities and of the Virginia State Library for their assistance in locating historical writings and documents; to certain staff members of the Roanoke County School System for their assistance in obtaining information for this study and for reading the manuscript and making suggestions.

Appreciation is expressed to former and current members of the Virginia Department of Education, Virginia Supplemental Retirement System, and Virginia Public School Authority for providing information; to private and county attorneys for sharing their legal expertise; to the Clerk of the Roanoke County Circuit Court for use of the Roanoke County Law Library; and to the Assistant Administrator of Roanoke County for certain financial data.

Further acknowledgements are extended to Dr. William H. Cochran for his guidance in obtaining Literary Fund

information; and to Pamela A. Currey, Debt Service Manager of the Virginia Public School Authority, and Robert L. Aylor, Director of Accounting and Finance for the Virginia Department of Education, for assistance afforded me on numerous occasions.

Appreciation is extended to members of the Roanoke County School Board for their understanding, patience, and support during the time of this study.

My sincere gratitude is offered to Miss Ruth Wade for the effort she devoted to this project. She typed numerous preliminary copies of the manuscript draft and prepared the final copy. I am truly appreciative of her valuable assistance.

Finally, I wish to thank my family--Ella (Tiny); Ann, David, and Charlie; Brenda, John, and Ashleigh--for their patience and encouragement.

Thanks and appreciation are extended to those mentioned above and to the many others for their contributions in making this study a reality.

TABLE OF CONTENTS

Page

ABSTRACT ii

ACKNOWLEDGEMENTS v

LIST OF TABLES xv

Chapter

I. INTRODUCTION 1

Background 1

Need for the Study 7

Purpose of the Study 12

Limitations 13

Significance of the Study 14

Summary and Overview 15

II. HISTORICAL EFFORTS IN VIRGINIA TO PROVIDE SCHOOL FACILITIES PRIOR TO 1861 19

Colonial period 19
Apprenticeship laws 20
Endowed schools 21
Tutorial system 22
The community (old field) schools . . . 23
Church schools 24
Slave system 25
Summary of the colonial period 25

Revolutionary War period to Civil War period . 29
The influence of Thomas Jefferson . . . 29
Glebe schools 31
Lotteries 32
Local property tax authorization for public schools 34
Literary fund established 35
Augmentation of the Literary Fund and assurances of a system of public education in Virginia 42

Page

A plan for a system of public education and establishment of the University of Virginia 43
District Free School Act of 1829 and provision of state funds for school buildings and equipment 47
Status of Literary Fund - 1829-1861 . . 50
The academies 53
Educational conventions and the Ruffner Plan 56
District Free School Act of 1846 . . . 57
Constitutional Provision of 1851 . . . 60
Final effort to establish a system of public schools before the Civil War 61
Summary of the Revolutionary War period to the Civil War period 63

III. PROVISIONS FOR THE ESTABLISHMENT OF PUBLIC SCHOOLS IN VIRGINIA AND THE FIRST THIRTY YEARS 1870-1900 71

The Civil War 73

The Freedmen's Bureau 74

Postwar influence of General Robert E. Lee . . 76

The Peabody Fund 78

Constitutional mandate for free public schools in Virginia 80

Early years of the public school system . . . 86

Local school district responsibilities . . . 92

Financial support for the public schools . . . 95

Statistical data for first two years 1870-72 . 99

Excerpts from Reports of Local Superintendents 100

Views of local superintendents on means of raising local school funds - 1872 103

Local superintendents' reports on improvements of school buildings - 1872 105

Page

The diversion of school funds 110

Legislative protection of school funds--Henkell and McCulloch Bills 115

Restoration of school funds--Riddleberger Bill and Granstaff Acts 115

Authorization for school boards to sell or exchange public school property 116

Literary fund 1870-1900 117

Statistical data 119

Summary 120

IV. THE PERIOD OF EXPANSION 1901-1930 128

Educational conferences 128

Cooperative Education Association and Campaign of May 1905 130

State Constitutional Revision of 1902 131

The high school movement and the Mann Act . . 135

Establishment of agricultural schools 136

State board examiners 137

Literary Fund, Williams Building Act, and Strode legislation 137

Jeanes and Slater foundations 141

Rosenwald Fund 141

Handley Fund 143

Inglis and O'Shea educational surveys 143

State Constitutional revision of 1928 144

Federal financial assistance 145

Statistical data 148

Page

Summary 148

V. THE PERIOD OF DEPRESSION, WORLD WAR II, AND POSTWAR DEVELOPMENTS 1931-60 155

Federal financial assistance 156
Public Works Administration and Works Progress Administration 157
Vocational education: George-Deen Act of 1936 and George-Barden Act of 1946 158
Lanham Act and Impact Laws 159
Surplus Property Act 161
National School Lunch Act 162
National Defense Education Act 162

Discretionary and equalization funds 163

Special education 165

Commission surveys and recommendations 165
The Virginia Education Commission Study of 1944--Denny Commission 165
Virginia Advisory Legislative Council . 168
The Moses Commission 168
The Gray Commission 169

Literary Fund 171

Virginia Supplemental Retirement System funding for school buildings 174

Increased need for school buildings and Battle funds 177

State school planning manual 180

Massive resistance and integration 181

Statistical data 183

Summary 186

VI. THE CONTEMPORARY PERIOD 1961-87 191

Enrollments and fluctuating demand for school facilities 193

Page

State constitutional revision of 1971 197

Standards of Quality 198

Kindergarten program 200

Federal financial assistance 202
Elementary and Secondary Education Act 202
Impact aid--Public Law 81-815 205
Vocational education funding 208
Carl D. Perkins Vocational Education Act 211
Revenue sharing funds 212
Special education 214
Public Law 94-142 and Section 504 of Rehabilitation Act 215
Removal of architectural barriers to the handicapped 217
Public Works Capital Development and Investment Act 217
Gramm-Rudman-Hollings Deficit Reduction Act 218

State financial assistance and legal issues . 220
Equalization efforts and task force on funding 220
Review of certain school finance court cases 226
Virginia Supplemental Retirement System 228
Virginia Public School Authority . . . 229
Literary Fund 238

Spong Commissions 252

Governor's Commission on Excellence in Education 253

Capital needs survey by the Virginia Education Association and Virginia Department of Education 257

Statistical data 259

Summary 259

Page

VII. DETERMINATION OF SCHOOL PLANT NEEDS; DEVELOPMENT AND IMPLEMENTATION OF A CAPITAL IMPROVEMENTS PROGRAM 267

Factors in the determination of public school facility needs 269
Enrollment projections 270
School needs survey and school building survey 273
Legal requirements affecting school facilities 275

Developing a capital improvements plan 277
Master plan 277
Public support 278
Educational consultant 280

Implementation of the capital improvements plan 282
Approval process 282
Site selection and acquisition 285
Architectural services 289
Educational specifications 293
Building design 294
Building construction 296
Change orders 298
Certification of building completion 300
Equipping the school 300
Occupying the school 301
Postoccupancy evaluation 302
Maintenance and operation 304
Energy conservation 305

Summary 307

VIII. ALTERNATIVE METHODS OF FINANCING PUBLIC SCHOOL CAPITAL FACILITIES IN VIRGINIA 310

Federal grants for public school capital outlay in Virginia 311

Current revenues 314

Special tax for capital expenditures 314

State-sponsored borrowing sources for capital funding of public schools in Virginia . . . 315

Page

Literary Fund 316
Virginia Public School Authority . . . 323

General obligation bonds 325

Bond ratings 327

Bond counsel 331

Summary 333

IX. SUMMARY, FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS 339

Summary 339
Purpose of the study 339
Research procedures employed 340

Findings 342

Conclusions 343

Recommendations 345
Recommendations for the Commonwealth of Virginia 345
Recommendations for further study . . . 348

BIBLIOGRAPHY 349

APPENDIX 367

A. Roanoke County Basic State School Aid Formula (Example for 1981-82) 368

B. Calculations of the Composite Index for Roanoke County (1980-82) 370

C. Bond Series Sold by the Virginia Public School Authority from 1963 Through 1987 . . 373

D. Letter to the Honorable A. L. Philpott, Speaker of the House, from Bayes E. Wilson, Chairman, Superintendent's Region-Study Group VI, Regarding Governor's Recommended Freeze on Literary Loan Funds 383

Page

E. Letter to Bayes E. Wilson, Superintendent, Roanoke County Schools, from Stuart W. Connock, Director, Department of Planning and Budget, Regarding Freeze on Loans from Literary Fund 385

GLOSSARY 388

VITA 392

LIST OF TABLES

Table		Page
1.	Literary Fund Balances	41
2.	Apportionment of the Annual Appropriation of 45,000 Dollars, Set Apart by Law for the Education of the Indigent Children of the State (1830)	51
3.	Summary of Expenditures Reflecting Total Cost of the Virginia Public Free School System for the First Year (1870-71)	98
4.	A Statement Showing the Condition of the System for the School Year Ending August 31, 1872, in Comparison With Its Condition for the Year Ending August 31, 1871	101
5.	Statistics on the Growth of the Virginia Public Free School System from 1871 to 1900	121
6.	Statistics on the Growth of the Virginia Public Free School System for 1910, 1920, and 1930	149
7.	First County School Loans Approved by the Virginia Supplemental Retirement System Board of Trustees on October 10, 1960.	176
8.	Statistics on the Growth of the Virginia Public Free School System for 1931-1960	184
9.	Grant Awards to Virginia for Chapter 1 Programs 1982-83 Through 1987-88	206
10.	Impact Funds for Capital Outlay Received in Virginia Under Public Law 815 (1983-84 Through 1985-86)	209
11.	Expenditures of Federal Vocational Education Funds for Capital Outlay (1982-83 Through 1986-87)	213
12.	Financing Unmet Needs for Capital Outlay, Renovation, and Additions for the Period 1988-93 as Indicated by the Virginia Education Association Survey, October 1987	258

Page

13. Capital Outlay Needs Requests by Virginia Public School Divisions for the Period 1988-93 as Determined by a Virginia Department of Education Survey Conducted in the Fall 1987 260

14. Statistics on the Growth of the Virginia Public Free School System for 1961-87 261

15. Standards for Minimum Site Size as Set by the Council of Educational Facility Planners . . . 287

16. Minimum Usable Acres of the Site for a New School Required by School Building Regulations of the Virginia Board of Education 288

17. Cost Per Square Foot and Per Pupil Cost for the Years 1980-81 and 1986-87 299

18. 1987 Interest Rates for a Literary Fund Loan . . 322

19. 1987 General Obligation Bond Ratings for Virginia Localities as Established by Standard and Poor's Corporation 332

CHAPTER I

INTRODUCTION

Background

Since 1870 when a public school system was established in Virginia, the cost of operating the schools has been on a cooperative basis between the state and each locality. Virginia's Constitution requires that "the General Assembly shall provide for a system of free public elementary and secondary schools for all children of school age throughout the Commonwealth, and shall seek to ensure that an educational program of high quality is established and continually maintained."[1] The Constitution also gives the local school boards the responsibility for supervising the schools.[2] Additionally, state laws give the local school division the responsibility for controlling, erecting, furnishing, equipping, and maintaining necessary school buildings and appurtenances.[3] The state is responsible for providing general direction, financial assistance, and advisory services. Provision, however, for school buildings, sites, and equipment has been and continues to be primarily a local responsibility in the Commonwealth of

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[1]Constitution of Virginia, art. 8, sec. 1.

[2]Ibid., sec. 7.

[3]Code of Virginia, sec. 22.1-79.

Virginia. Studies indicate that this method of financing schools is typical throughout the United States. Barr and Jordan reported that local school officials have historically been responsible for financing, constructing, and inspecting public school facilities.[4] Grieder, Pierce, and Rosenstengal also stated that from colonial days until very recently the provision of schoolhouse and grounds has been regarded as the sole responsibility of local communities.[5]

The total fiscal relationship--capital outlay and operational costs--among the three governmental levels (federal, state, and local) has changed dramatically over the past half century. A study by Salmon and Wilkerson indicated that from 1929-30 to 1978-79 public school revenue in the United States from local governments declined from 82.7 percent to 43.6 percent.[6] During this same period,

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[4]W. Monfort Barr and K. Forbis Jordan, "Financing Public Elementary and Secondary School Facilities," Planning to Finance Education, eds. Roe L. Johns, S. Kern Alexander, and K. Forbis Jordan (Gainesville, Fla.: National Educational Finance Project, 1971), 242.

[5]Calvin Grieder, Truman M. Pierce, William Everett Rosenstengal, Public School Administration, 2d ed. (New York: Ronald Press Co., 1961), 542.

[6]Richard G. Salmon and William Wilkerson, "Financing Public School Facilities: Current Status and Trends," Fifth Annual Yearbook of the American Education Finance Association, eds. L. Dean Webb and Van D. Mueller (Cambridge, Mass.: Ballinger Publishing Co., 1984), 111.

revenues from state sources for public schools increased from 16.9 percent to 47.1 percent, and federal revenue increased from 0.4 percent to 9.3 percent.[7] These percentages reflected the assumption of greater fiscal responsibility by the federal and state governments and less by the localities. Lieberman observed that in general the trend has been for local sources to provide a decreasing percentage of the total expenditures for public education while expenditures of state governments tend to constitute a much larger percentage of the total.[8] In a study on the impact of state aid to local schools, Adams and Crampton found the sharp increase in state aid to local schools to be one of the most significant developments in public finance during the 1970s.[9] The Adams and Crampton study indicated that total state aid nearly tripled from 1969 to 1979--from $13.9 billion to $41.2 billion.[10] A recent study by Salmon and Alexander showed that the state share had risen to 49 percent while local and federal shares fell to 43 and 8

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[7]Ibid.

[8]Myron Lieberman, The Future of Public Education (Chicago: Phoenix Books, 1960), 48.

[9]Charles Adams, Jr. and Faith E. Crampton, "The Fiscal Impact of State Aid to Local Schools," Journal of Education Finance, vol. 9, no. 2 (1983): 157.

[10]Ibid.

percent respectively.[11] The foregoing data indicated that the role played by the states in funding school operational costs was by far greater than the role of the states in assuming the cost of school capital improvements. Goodman stated that capital outlay has taken a diminishing share of total annual expenditures for education as the post-World War II "baby boom" impact on schools ended.[12]

The types of assistance vary from state to state. There are grant programs, loan programs, school building authorities, state guarantees of debt service and state purchase of local district's school bonds, and various combinations of the above-mentioned procedures. A study in 1981 by Salmon and Thomas of state-assisted capital outlay programs indicated that only twenty-nine states provide some assistance for capital outlay or debt service through a variety of grants, including full state support, equalization

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[11]Richard G. Salmon and S. Kern Alexander, The Historical Reliance of Public Education Upon the Property Tax: Current Problems and Future Role (Cambridge, Mass.: Lincoln Institute of Land Policy, 1983), 3.

[12]Richard H. Goodman, "Providing Adequate Resources for Public Elementary and Secondary Schools" Public Schools, Issues in Budgeting and Financial Management, ed. John Augenblick (New Brunswick, N.J.: Transaction Books, 1985), 39.

aid, percentage-matching grants, and flat grants.[13] In most cases the state aid is a small portion of the cost of capital projects. Salmon and Thomas noted that although efforts to reform school finance have been numerous (either due to legislative enactment or court order) few have resulted in significant equalization for maintenance and operation expenditures, while fewer yet have dealt with building needs or the inability of local districts to support capital projects.[14] Barr and Wilkerson stated that a great deal of variation was found among the states with respect to the manner of determination of need, allocation procedures, use of proceeds, and sources of funds for grants to local school districts. In a class by itself is Hawaii, which is organized as a single school district with all construction financed at the state level.[15] While the states have made some progress in assisting local districts with financing school construction in recent years, the major responsibility has remained at the local level, except for Hawaii, and has been financed primarily from property

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[13]Richard G. Salmon and Stephen B. Thomas, "Financing Public School Facilities in the '80's," Journal of Education Finance 7 (1981): 95.

[14]Ibid., 88.

[15]W. Monfort Barr and William R. Wilkerson, Innovative Financing of Public School Facilities (Danville, Ill.: Interstate Printers & Publishers, Inc., 1973), 37.

taxes.[16] A number of states assist the locality with methods of borrowing funds for school capital outlay. Camp found in 1983 that twelve states provided fiscal assistance for local public school building programs through public bonding corporations, including five states with local authorities, five states with state authorities, and five states with bond banks.[17] Some states make provision for rental or lease of facilities from other public agencies or from the private sector.[18]

The observation was made by Salmon and Wilkerson that, unlike the tripartite fiscal relationship that has evolved in most states for financing the current expenditure of the public schools, major responsibility for financing public school facilities remains with local governments.[19]

Historically, Virginia has utilized a system of low interest loans to the localities through the Literary Fund,

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[16]David Alexander, "Financing Capital Outlay," in Critical Issues in Educational Finance: Proceedings of the Virginia Institute for Educational Finance Held at Madison College November 23-25, 1975, vol. 2, eds. Stephen B. Thomas and Koy M. Floyd (Harrisonburg, Va.: Madison College, 1975), 108.

[17]William E. Camp, "Public School Bonding Corporations Financing Public Elementary and Secondary School Facilities" (Ed.D. diss., Virginia Polytechnic Institute & State University, 1983), 108, 112.

[18]Barr and Wilkerson, 139.

[19]Salmon and Wilkerson, 112.

certain special grants, and state procedures for purchasing bonds of the locality through the Virginia Supplemental Retirement System and the Virginia Public School Authority.

Need for the Study

Surveys of capital outlay needs by the Virginia Education Association and the Virginia Department of Education, along with news accounts in leading Virginia newspapers, have indicated that a number of Virginia localities face the prospect of major capital building programs in the immediate future. There is also evidence that many school districts across the nation are in a similar situation. After several years of decline the school enrollment is predicted to increase in Virginia for the next several years.[20] These and other factors seem to indicate renewed demand and pressure for additional school facilities. As local school boards and superintendents work with governing bodies to finance school physical facilities there is a need to reflect on the historical precedents and procedures that have been used along with reviewing the current methods available for financing public schools in Virginia.

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[20]Virginia Department of Education, "Projected Membership in Virginia Public Schools," Public Education in Virginia, vol. 23, no. 1 (Spring 1987): 24.

Candoli and others stated that the planning of a physical facility is a complex process that requires attention to educational, political, fiscal, and technical/professional components.[21] The fiscal component was the primary focus of this study, along with a review of the technical/professional component.

While funds spent for school facilities do not constitute a major portion of the school budget when they are prorated for the life of the buildings, special care should be exercised to assure that the ongoing educational program is not hampered by poor financial planning or burdened by excessive commitments to school building programs. MacPhail-Wilcox and King noted that fiscal resources for education emanate from many sources, but they are distributed ultimately to the particular classrooms and students in the form of educational resources, like personnel, facilities, supplies, materials, and time: all of which vary in quantity and quality.[22] They further observed that

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[21] I. Carl Candoli and others, School Business Administration - A Planning Approach, 3d ed. (Boston: Allyn & Bacon, 1973), 339.

[22] Bettye MacPhail-Wilcox and Richard A. King, "Resource Allocation Studies: Implications for School Improvement and School Finance Research," Journal of Education Finance, vol. 11, no. 4 (Spring 1986): 418.

the processes used to allocate, translate, and distribute these resources are defined by restrictive formulas and budgetary practices, differential fiscal capacity, tax effort, demographic conditions, and many bureaucratic regulations.[23] The provisions of such resources are prerequisite to the educational process, and it is important that the provision of such resources be carefully planned. Johns and Alexander stated that tax efforts by states and school districts should not bring about economic distortions.[24] It is through evaluation of the available fiscal options and proper selection and implementation that school buildings and other education resources can be realized without economic distortions to the affected taxpayers.

Jordan and others observed that decisions relative to financing a capital outlay program should be made only after a careful study has been completed of the available alternatives, the district's financial ability, and the community's aspirations for the educational program.[25]

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[23]Ibid.

[24]Roe L. Johns and S. Kern Alexander, Alternative Programs for Financing Education (Gainesville, Fla.: National Educational Finance Project, 1971), 60.

[25]K. Forbis Jordan and others, School Business Administration (Beverly Hills: Sage Publications, 1985), 268.

In agreement, Peccia observed that good facilities do not just happen. They usually have developed through careful planning and continuous concern of the school board, the administration, the teachers, the students, and the public.[26]

Barr and Jordan summarized the problem of providing and financing school facilities in the United States in two broad categories:

> First, many state aid plans are only token in nature, and several states do not provide local school districts with any financial assistance for school construction; second, the Federal government has not provided financial support for any general programs for school construction.[27]

They also observed that even though education has historically and legally been considered a state function, either the entire or major portion of the financial burden for providing housing for the educational programs has been placed on the shoulders of the local school district in a great number of states.[28] Virginia is one of those states in which such financial responsibility and burden has traditionally been left to the individual localities.

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[26]Donald A. Peccia, "An Analysis of the Financing of Public High School Capital Facilities in Virginia," (Ed.D. diss., Virginia Polytechnic Institute & State University, 1982), 119.

[27]Barr and Jordan, 251.

[28]Ibid.

Since most state governments provide only modest, if any, fiscal support for construction of local public school facilities, there are relatively few options available to managers of school capital outlay and debt service.[29] Virginia provided minimal state aid for school capital outlay during the period of this study, but certain borrowing sources were available at the state level for use by the localities for public school facilities, most notably, the Literary Fund. More recently, the Virginia Public School Authority (hereinafter sometimes called Authority) was established to provide some assistance to the local school divisions. The Literary Fund, established in 1810, made allocations and loans to the counties and cities through the years for certain school purposes. The Authority, established in 1962, bought bonds from the counties, cities, and towns of the Commonwealth for the sole purpose of financing capital projects for public schools. Due to increased volume and assets, the Authority could sell bonds at a lower rate of interest than generally available to a locality, particularly the smaller counties and cities. Voter approval was not required for a locality to borrow from either the Literary Fund or the Authority. Both the local school board and governing body, however, have to

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[29]Salmon and Wilkerson, 113.

approve the project. Other fiscal options available to a Virginia locality for financing public school facilities were to increase the local tax rate, institute a special levy, or issue general obligation bonds.

It seemed, therefore, that a study of one of the major factors contributing to increased public school costs might help clarify the various issues and considerations and, hence, facilitate proper decisions as school authorities seek solutions to the financial problem of financing adequate public school facilities.

Because of the significant impact on a locality's fiscal status for an extended period, there was a need to examine the methods that have been used and current fiscal options available to the localities for financing a public school capital outlay program in the Commonwealth of Virginia.

Purpose of the Study

It was the purpose of this study to review the history of financing public school facilities in the Commonwealth of Virginia. Specifically, the primary question was, "What has been the history of providing and financing public school buildings in the Commonwealth of Virginia?" An ancillary purpose of the study was to review the capital outlay financial source alternatives that were available to

local school divisions in Virginia as this study concluded in 1987.

Several subquestions were considered important in gaining an understanding of the primary inquiry. These questions were as follows:

1. What financial contributions has the state made toward the construction of public school facilities in Virginia?

2. What were the pertinent legal provisions under which public school facilities were constructed in Virginia?

3. What factors should be considered in the determination of school plant needs and in development and implementation of a capital improvements program?

4. What is the relevance of obtaining a bond rating from a national rating company?

Limitations

The scope of this study was limited to the following:

1. Public elementary and secondary school buildings of the Commonwealth of Virginia;

2. Financing of public school buildings with a useful life of more than one year;

3. Financing of site acquisition for public school purposes;

4. Financing of public school furniture, equipment,

and materials with a useful life of more than one year;

5. Legal implications of the Constitutions of Virginia and school laws of the Commonwealth of Virginia which pertained to the various responsibilities of the state and localities for providing public schools; and

6. Role of certain federal programs as related to the financing of public school facilities in Virginia.

No evaluation was attempted as to the quality of the capital facilities included in this study or to the adequacy of the facilities for accommodating the educational programs of the localities. Further, no attempt was made to examine the political variables that may have influenced a school division's decision to finance a school capital outlay project in a certain manner.

Significance of the Study

Historically, there has been much debate about the method of distributing state funds for public education in Virginia and the role of the state in funding school buildings. In 1986 Governor Baliles appointed a special commission to hold public hearings and formulate recommendations for improving public education in the Commonwealth of Virginia. This commission, known as the Governor's Commission on Excellence in Education, reviewed the current system of funding public education in Virginia and made

final recommendations to the Governor in October 1986. In a preliminary report dated July 9, 1986, the Commission's Committee on Funding and Equal Access stated that "assistance for capital expenditures from the state's Literary Fund has not been sufficient to meet the need, especially in school divisions with less ability to pay. Other resources and incentives should be instituted to improve the system."[30] This statement evidenced recognition of the need for study of one of the major factors contributing to the increase in school costs and the inability of some school systems in Virginia to adequately meet the need for school facilities.

The findings and conclusions of this study should have value to local and state educational leaders regarding the financing of public school facilities in the Commonwealth of Virginia.

Summary and Overview

State funding for public school facilities in Virginia has been limited. It has been necessary, therefore, for each locality to finance its school buildings from local resources. The purpose of this study was to prepare a

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[30]S. John Davis, Superintendent of Public Instruction, Richmond, to Division Superintendents, "Superintendent's Memo No. 141," (Informational) July 9, 1986, Commonwealth of Virginia, Department of Education.

historical review and current status report on financing public school capital facilities in Virginia. A review was also made of some of the significant efforts to provide school capital facilities during Virginia's early years prior to the establishment of public schools in 1870.

Data for this dissertation were gathered from a wide variety of sources including comprehensive literary research at the Virginia State Library, Virginia Department of Education, libraries of several colleges and universities, the Roanoke City Public Library, and the Roanoke County Law Library. Additionally, interviews and correspondence were conducted with past and present officials of state agencies. The investigation concentrated on the historical developments of Virginia's public schools and the evolution of certain traditions and philosophies that have influenced financing public school facilities in Virginia. Records of the Virginia State Board of Education, Virginia Department of Education, Virginia Public School Authority, Virginia Supplemental Retirement System, and archives of the Virginia State Library were reviewed in order to place emphasis on primary resources.

The remainder of this study is organized into eight chapters. Chapter II is a review of the many and varied efforts made in Virginia to provide schools and school

facilities before 1861. These efforts, both public and private, were significant to this study in providing insight and background to the many historical traditions that evolved relative to the methods of financing school capital facilities. These traditions were the basis of the foundation of the public school system which began in 1870.

In Chapters III, IV, V, and VI, the major topical areas of financial and legal provisions affecting public school building construction in Virginia are reviewed in the chronological sequence in which they occurred in order to present the factors and trends as they developed. This topical-chronological plan should enable the reader to identify the major topical areas of importance in relation to the sequence in which they transpired. The review of the topics is divided into time spans of twenty-six-to-thirty-year periods for clarification and presentation of activities during each period relative to the subject matter of this dissertation.

In Chapter VII a review is made of the principles used in assessing the need for public school capital facilities; the development and implementation of a capital improvements plan; the approval process; and the role of the local school board, administrative staff, community, architect, and

educational consultant in planning and designing the facilities.

A current status review of the alternative methods available to a city or county in Virginia as a method of financing public school capital facilities is the subject of Chapter VIII. Since the majority of school construction has been and continues to be financed by borrowing,[31] an extensive review was made of current borrowing sources (1987) available to Virginia localities for public school capital facilities. A review also was made of the purpose of establishing a locality's bond rating by the two major national rating agencies: Moody's Investors Service and Standard and Poor's Corporation.

The study is summarized in Chapter IX. Findings are presented, and conclusions respond to the primary research question and purposes of the study. Recommendations for the Commonwealth of Virginia and for further study conclude the chapter.

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[31]Candoli and others, 356.

CHAPTER II

HISTORICAL EFFORTS IN VIRGINIA TO PROVIDE SCHOOL FACILITIES PRIOR TO 1861

The purpose of this study was primarily focused on Virginia's efforts in providing school facilities for the period of 1870-1987. As necessary background for the accomplishment of this purpose, an account is included of major accomplishments and proposals for establishing free schools in Virginia prior to 1861. Applicable social, economic, and political conditions are described for certain periods in order for the reader to gain a better understanding of the various factors which affected the educational decisions and results.

Colonial Period

It was during the colonial period that the first attempts were made to establish public schools in Virginia. Heatwole noted that the first plan for a free school in Virginia was designed in 1619-20 for the education of the Indian youth while the London Company still had control of the colony. That plan was brought to an untimely end by the great Indian Massacre of 1622.[1] In 1622 an attempt was also made by the London Company to establish a free school at Charles City for white children of the colony. It, too,

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[1]Cornelius J. Heatwole, A History of Education in Virginia (New York: Macmillan Co., 1916), 41-42.

came to a premature end within a year.[2] Although free schools failed to materialize, a number of other educational ventures were instituted. Dexter reported an attempt by the East India Company in 1621 and 1622 to establish a school. Funds were collected and a schoolmaster was brought to the colony. The disaster in 1622, however, ended the effort.[3]

Apprenticeship Laws

Apprenticeship laws were passed during the early years of the Virginia Colony to provide education and training for the poor children and orphans. Cubberley described early Apprenticeship Laws passed in 1643, 1646, and 1672. The 1646 law contained an interesting description of the school building required and is the first account of this sort of Workhouse School (school for teaching trades) in America. It stated: ". . . that there be two houses built by the first of April next, forty feet long apeace with good substantial timber. The houses to be twenty feet broad apeace, eight foot high in the pitche, and a stack of brick chimney standing in the midst of each house, and that they be lofted with sawne boards and made with convenient

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[2]Ibid., 43.

[3]Edwin G. Dexter, A History of Education in the United States (London: Macmillan Co., 1919), 4.

partitions."[4] Stephens and Van Til listed apprenticeships as one of the dominant patterns of early education in the South.[5]

Endowed Schools

Buck indicated that early Virginia history includes the story of several successful efforts on the part of private philanthropists to provide, by endowment, free schools for white children in various parts of the state.[6] Bruce noted that endowed schools had, in the course of many centuries, been erected in England by private generosity and benevolence and had served from generation to generation. The Symms and Eaton Free Schools were examples of free schools. Benjamin Symms was influenced to establish by his will an endowed free school in Elizabeth City County (Hampton) in 1634 and, thus, became the earliest foundation for free education made in English America by a citizen of

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[4]Ellwood P. Cubberley, Readings in Public Education in the United States (Westport, Conn.: Greenwood Press, 1934), 31.

[5]W. Richard Stephens and William Van Til, Education in American Life (Boston: Houghton Mifflin Co., 1972), 33.

[6]J. L. Blair Buck, The Development of Public Schools in Virginia - 1607-1952, vol. 35, no. 1 (Richmond, Va.: State Board of Education, 1952), 16.

an English colony.[7] The gift preceded, by at least two years, that of John Harvard to the College of Cambridge, Massachusetts.[8] A similar endowment was provided in 1659 by Thomas Eaton, and the Eaton Free School began operation in the same county a short time later.[9] The Symms and Eaton Free Schools were permanent institutions and served as models for other sections of Virginia. In 1805 these schools were combined into Hampton Academy and, in 1902, part of the endowment was used to erect Symms-Eaton Academy which became a part of the public school system.[10]

Tutorial System

The tutorial system, oftentimes called "Plantation Schools," was the method the affluent planters used to educate their children. Maddox wrote that "the Established Church of England and the colonial assembly administered the educational and civil affairs of the colony--those who could afford it retained tutors in their families. This was the most approved practice among the well-to-do down to the time

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[7]Philip Alexander Bruce, Institutional History of Virginia, vol. 1 (New York: G. P. Putnam's Sons, 1910), 350.

[8]Charles William Dabney, Universal Education in the South, vol. 1 (Chapel Hill, N.C.: University of North Carolina Press, 1936), 33.

[9]Buck, 16.

[10]Heatwole, 46.

of the Revolution."[11] The family tutor was selected based upon character, scholarship, and knowledge of English culture and was considered the professional teacher. Stephens and Van Til, in writing about early education in America, stated that "custom required white youth to strive for accepted ideals, whether in the schools of New England or under the tutorial system of the South."[12] Another variation of the tutorial system was the "Dame School" in which white children received rudimentary instruction by a woman in her own home.[13]

The Community (Old Field) Schools

The Old Field Schools were community schools in which families in the same neighborhood cooperated in employing a teacher. A school building was constructed by members of the community in an abandoned "old field" or lone spot.[14] Cubberley described these schools as "rude buildings erected

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[11]William Arthur Maddox, The Free School Idea in Virginia Before the Civil War (New York: Teachers College, Columbia University, 1918), 6.

[12]Stephen and Van Til, 33.

[13]John D. Pulliam, History of American Education, 2d ed. (Columbus, Oh.: Charles E. Merrill Publishing Co., 1976), 23.

[14]Heatwole, 49.

in some unused cleared field, or an outbuilding on a plantation . . . termed 'old field schools' from their location."[15] Accordingly, such community schools became known as "Old Field Schools." Bruce stated that perhaps the greatest proportion of the children who received an education during the seventeenth century obtained it in what became known as the Old Field School.[16]

Church Schools

Churches and clergymen had a significant educational role in Virginia's early schools. Many churches set up schools in conjunction with the church. Maddox stated that "under patronage of the church certain parishes supported Latin grammar schools and that the parish minister, along with the family tutor, embodied colonial Virginia's perception of the professional teacher."[17] He quoted Hugh Jones, who stated in 1724: "In most parishes there are schools (little House being built on purpose) where are taught English and writing."[18] Reeder considered churches as one

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[15]Cubberley, Readings in Public Education, 359.

[16]Bruce, 331.

[17]Maddox, 105.

[18]Ibid.

of the main conveyers of education before the founding of public schools.[19]

Slave System

Stephens and Van Til noted that there was little opportunity for black children to receive an education in the southern states before the Civil War other than the slave system which taught them to work as field hands and household servants on the plantations. Black children were barred from the educational opportunities afforded white children in the schools of New England and the tutorial system of the South.[20]

Summary of the Colonial Period

In contrasting colonial Virginia with the New England colonies, Cubberley noted that an important difference affecting the development of schools was based upon religion--the New England settlers were dissenters from the English National Church and had come to America to obtain freedom in religious worship. The Virginia settlers, however, were adherents of that church and had come to America for gain. These conditions, and later black slaves, led to

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[19]Ward G. Reeder, A First Course in Education, 3d ed. (New York: Macmillan Co., 1950), 5.

[20]Stephens and Van Til, 33.

the development of classes in Virginia's society instead of the New England type democracy, making common schools impossible in colonial Virginia.[21] The common school movement had its beginning in the New England colonies commencing with the Massachusetts puritan educational law of 1642 providing that all children should be taught to read and the law of 1647 (old Deluder Satan Act) ordering a school system to be established and asserting the right of the state to require communities to establish and maintain schools.[22] Cubberley called the Massachusetts laws of 1642 and 1647 "the very foundation stones upon which our American public school systems have been constructed."[23]

In reviewing the various educational efforts among the colonies, Pulliam observed that colonial legislatures, royal governors, proprietors, and stock companies were delegated educational authority along with political powers by the British crown.[24]

Virginia's Royal Governor Sir William Berkeley stated in 1671: "Thank God there are no Free Schools," indicating

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[21]Ellwood P. Cubberley, Public Education in the United States (Cambridge, Mass.: Houghton Mifflin Co. and Riverside Press, 1919), 22.

[22]Ibid., 18.

[23]Ibid.

[24]Pulliam, 17.

his fear of free schools, free press, and free pulpits.[25] Maddox observed, however, that despite Berkeley's remark, Virginia, as an infant colony, saw the need for free, if not common schools.[26] Bruce stated that "a considerable number of the colonists' children in the seventeenth century were sent overseas to receive instruction in the foremost schools and colleges of the Mother Country and that the large portion of the children of the wealthy planting class receiving their education in Virginia were indebted to private tutors."[27] Heatwole observed that during the first half of the eighteenth century the types of schools in Virginia consisted of private tutors or governesses for the wealthy class, the community or Old Field Schools for the middle class, and the grammar schools for secondary training.[28] Virginia religious groups operated schools in conjunction with the church during Virginia's colonial period. The minister usually served as the schoolmaster.

Morrison stated that "for more than a century and a half Virginia had been a tobacco colony, drawing to itself many people of good tradition and sound heads, who by the

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[25]Maddox, 1.

[26]Maddox, 8.

[27]Bruce, 317-323.

[28]Heatwole, 61.

year 1776, had organized a Little England in the New World."[29] The English "laissez-faire" policy upon which the colony's social-economic system was built extended to its educational system.[30]

During the colonial period, Virginia's eastern plantation society was aristocratic. Education at public expense was viewed as intended for paupers. Hunt termed the efforts to establish schools during this period as being minimal, private, and elitist.[31]

Buck noted that the close of the colonial chapter in Virginia history in 1776 found opportunities for free education still confined largely to paupers and the prevailing ideas about public education still strongly colored by the feeling that attendance at a free school was fraught with social stigma.[32] School buildings were entirely provided by private sources: donations of funds or facilities, during Virginia's colonial period.

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[29]A. J. Morrison, The Beginnings of Public Education in Virginia, 1776-1860 (Richmond, Va.: Virginia State Board of Education, 1917), 7.

[30]Maddox, 9.

[31]Thomas C. Hunt, "Beyond the Academies: The Origins of Virginia's Public Schools," Paper presented to The Commonwealth Colloquia Series, Roanoke, Virginia, December 5, 1984.

[32]Buck, 24.

Revolutionary War Period to Civil War Period

The history of the free schools idea in post-revolutionary Virginia (1776) until the beginning of the Civil War in 1861 is a history of various attempts slowly evolving into the foundation for a free school system that would have its realization after the Civil War.

The Influence of Thomas Jefferson

The Virginia Bill for the More General Diffusion of Knowledge submitted on June 8, 1779 by Thomas Jefferson as a part of the Report of the Revisions of the state code generally has been accepted as the first American proposal for a modern state school system.[33] Jefferson felt if the people were given a chance they would take to an education and what the state needed was a system of public education so designed that all freemen should share in it.[34] Jefferson's plan of public education would have provided a system of schools starting with the primary school, the academy and district college culminating in the University of William and Mary.[35] Jefferson's plan was based upon the local

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[33]Maddox, 12.

[34]Morrison, 7.

[35]Maddox, 15.

district or county making the decision to establish a system of free schools. In 1796 the General Assembly passed the act providing for a system of primary schools similar to the first section of Jefferson's plan but amending it in such a way as to defeat the purpose of the bill. The amendment required the court of each county to determine the year in which the county alderman would be elected.[36]

The courts never "determined" the year, and no schools were established under this act.[37] Morrison observed that Jefferson remarked of this system in 1816: "The experience of twenty years has proved that no court will ever begin it. The reason is obvious. The members of the court are the wealthy members of the counties; and, as the expenses of the schools are to be defrayed by a contribution proportioned to the aggregate of other taxes which every one pays, they consider it as a plan to educate the poor at the expense of the rich."[38]

Although Jefferson's bill failed to establish a system of public education, it stimulated and kept alive the idea of free schools supported by the state and led to passage of a bill by the General Assembly for a tax for public schools.

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[36]Morrison, 9.

[37]Heatwole, 101.

[38]Morrison, 9.

Glebe Schools

Maddox noted that in colonial Virginia the Established Church had been a powerful agency in training the English for leadership, in maintaining the policy of the Crown, and in conserving the social order.[39] Howard also expressed the significance of the church: "In colonial times the established church had been responsible for such public education as there was--largely education for the orphan and the poor."[40]

The Separation Act of 1802 separated the church from either a direct or indirect participation in state affairs. The Separation Act also provided for the confiscation by the state of land owned by the church known as "glebe" land. Since the church had controlled education in the colony, its property went, quite naturally, to education of the poor under the new regime.[41] Maddox observed that Virginia laid the foundation for a state school system in using this confiscated church land for the purpose of public education even though it was, by social precedent for education of the

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[39]Maddox, 42.

[40]A. E. Dick Howard, Commentaries on the Constitution of Virginia, vol. ii (Charlottesville, Va.: University Press, 1974), 938.

[41]Maddox, 43.

"poor," the only form of public education that demanded state control and support.[42]

Lotteries

Maddox reported that lotteries were prohibited in Virginia prior to 1785, but from that date it was one of the chief methods of providing public funds for all manner of purposes.[43] He stated that "where public tax was impossible and subscriptions failed, the lottery succeeded . . . and in a sense it may be regarded as an early form, a forerunner of our modern bond issue for school purposes."[44]

It is of particular interest that prior to the Civil War lotteries were permitted as a means of funding certain educational institutions--most notably academies. The Literary Fund Board recommended to the legislature in 1811 that a law be passed to "authorize the president and directors of the Literary Fund to annually sell the right of raising by lottery the sum contemplated to be raised in that manner."[45] On February 12, 1811, a law was passed

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[42]Ibid.

[43]Maddox, 46.

[44]Ibid.

[45]Literary Fund, Minute Book (1811), no. 1, 18.

authorizing lotteries for a sum not exceeding $30,000 for a term of seven years under approval of the Literary Fund President and Board of Directors.[46] Minutes of the meeting of the Literary Fund Directors on December 14, 1812, reflect the following expression of Governor J. G. Barbour as president of the Literary Fund Board:

> Should it be objected that the policy is improper, it may be answered that, although lotteries be not allowed in this state, it is notorious that large sums of money are annually expended by our citizens in the promotion of lotteries in the neighboring states; leaving to us all their evils without any of the concomitant advantages.[47]

The minutes of the Literary Fund reflect the first lottery authorization on Thursday, March 24, 1814, as follows:

> That James Worrell of the City of Richmond be permitted to sell by lottery a collection of pictures now in his possession, upon condition that he shall pay into the Treasury for the use of the Literary Fund, the sum of $250, being five per cent of the sum proposed to be raised by the said lottery.[48]

That lotteries were a primary means of raising funds for academies is evidenced throughout the Literary Fund minutes. At a meeting of the president and Literary Fund Directors on Saturday, December 26, 1818, authorization was

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[46] Acts of the General Assembly of the Commonwealth of Virginia (February 12, 1811), chap. 8, 8-9.

[47] Literary Fund, Minute Book (1811), no. 1, 39.

[48] Ibid., 46-47.

given for a lottery in Blacksburg to fund an academy:

> For reasons appearing to the board, resolved, that the resolution of the 4th of July last, for granting to James P. Preston and others the privilege of raising a sum of money by lottery, be rescinded; and that, in lieu thereof, the privilege be granted to Joseph Vannini of raising by lottery, or lotteries, a net sum not exceeding thirty thousand dollars, for the purpose of establishing an academy at Blacksburg in Montgomery County, or in the vicinity thereof, at a promise of five per centum on the net sum so raised, to be paid into the Treasury for the benefit of the Literary Fund within eighteen months from this date; provided that the said lottery, or lotteries, shall be drawn within said period of eighteen months, otherwise the said privilege shall be forfeited; and provided, also, that bond and good security, to be approved by the board, for the payment of the said premium, according to the terms of the resolution, be lodged with the clerk of the Literary Fund before the said privilege shall be considered granted.[49]

Morrison noted another such authorization: "A lottery was authorized in the year 1826, $50,000, a part of the amount raised to go to the building of an academy in the town of Salem, other moneys to be subscribed."[50]

Local Property Tax Authorization for Public Schools

During the early years of the nineteenth century, Maddox observed that a direct tax on property in support of schools was an exception, though it occurred in 1806 when an act was passed to authorize the town of Charlottesville to

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[49]Ibid., 158.

[50]Morrison, 155.

elect trustees who should have the authority to lay a levy on property, personal and real, to the extent of $200 for the purpose of establishing a "public school or seminary."[51] This appears to be the first authorization of a tax levy in Virginia, state or local, for a public school facility.

Literary Fund Established

From 1779 to the Civil War many meetings of the Virginia General Assembly discussed the matter of public education and the bill drafted by Jefferson in 1779. Thomas Jefferson left the White House on March 3, 1809. A few months later Governor John Tyler sent a message to the General Assembly in which the effects of not having a system of public education in the state were emphasized.[52] These efforts prompted the General Assembly to act. A bill was proposed by Charles Fenton Mercer, a member of the House of Delegates from Loudoun County, that would have far-reaching effects on public education in the Commonwealth of Virginia. Morrison stated that the authorship of this bill is claimed for both Governor James M. Barbour, a friend of the common schools, and for Charles Fenton Mercer, an ardent

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[51]Maddox, 46.

[52]Morrison, 9.

champion of popular education and a staunch Federalist.[53] On January 29, 1810, Mercer's bill passed the House and was signed with concurrence of the Senate on February 2, 1810.[54] The bill provided that "all escheats, confiscations, penalties and forfeitures, and all rights in personal property found derelict should be appropriated to the encouragement of learning."[55] The auditor of public accounts was directed to establish a fund to be designated as "The Literary Fund." The act stated that "the Fund will be divided and appropriated as the next legislature sees best adapted to the promotion of literature, provided always that . . . the fund be appropriated for the sole benefit of a school or schools in each county . . . subject to such orders as the General Assembly shall hereinafter direct."[56] A corporate body composed of the Governor, the Lieutenant Governor, the Treasurer, the President of the Court of Appeals, the Attorney General, and their successors was charged with the control of the fund. This body was called the President and Directors of the Literary Fund. The "direction" of the Literary Fund for many years was cast by

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[53]Ibid.

[54]House Journal (February 2, 1810), chap. 14, p. 15.

[55]Ibid.

[56]Ibid.

an action of the General Assembly on February 12, 1811, in an "act to provide for the education of the poor," in which is made a "solemn protest" against any future legislature's misapplying the Literary Fund to any other purpose than that of the "education of the poor."[57] The 1811 act further stipulated that the president and directors of the Literary Fund, "shall, as soon as sufficient funds be provided, establish schools for the education of the poor in each and every county . . . and shall appoint an agent in every county to look after the returns to the fund and to prevent misappropriation."[58]

The minute book of the Literary Fund records the first meeting of "The President and Directors at the Capitol, in the City of Richmond, on Saturday the 15th of June 1811. Present, The Honorable George William Smith, Lt. Governor, The Honorable William Fleming, President of the Court of Appeals, John Preston, Treasurer of the Commonwealth, and Philip Norborne Nicholas, Attorney General."[59]

Other action at this first meeting included the appointment of William Mumford as clerk and establishment of

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[57] Acts of Virginia Assembly (February 12, 1811), chap. 8, 8-9.

[58] Ibid.

[59] Literary Fund, Minute Book (1811), no. 1, 1.

the board meeting dates as the first Monday of each month, or at such other times as a meeting may be called by the president or any two members. The board directed the clerk to "procure three books for the use of the Board; - the first for the journal of its proceedings; - the second for recording letters; - and the third for keeping accounts; and that each of the said books be well-found and lettered."[60] The final action of the board at its first meeting was to resolve that, at its next meeting, appointments would be made of "attornies or agents, in each of the several counties and corporations of this Commonwealth, to superintend the collection of monies belonging to the Literary Fund."[61]

The second meeting of the Literary Fund Board occurred on June 21, 1811, at which time the board resolved "that all orders for payment of money be signed by the authority of the President and Directors of the Literary Fund be signed by the President and countersigned by the Clerk."[62] The first warrant drawn was for $8.50 for stationery. At this meeting, the board appointed "agents" in ninety-six counties and eight corporations (Richmond City, Williamsburg,

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[60]Ibid., 2.

[61]Ibid.

[62]Ibid., 3.

Norfolk Borough, Petersburg, Lynchburg, Fredericksburg, Winchester, and Staunton). The first financial report of the Literary Fund Board was to the General Assembly on December 16, 1811: "that on the first day of December, 1811, the sum in the Treasury belonging to the Literary Fund amounted to $12,904.60."[63]

It is of interest to note the commitment to public education contained in the message of the Literary Fund Board in its report to the General Assembly on December 16, 1811:

> When the Legislature contemplated the various and important sources from which the revenues of this institution could be derived, and considered the sum actually received since its establishment, they will see that there exists the fairest prospects that their laudable intention of establishing a permanent and general system of public instruction will eventually be realized.[64]

The first report of the Literary Fund Board also recorded the following:

> The best intelligence express their strong sense of the utility of the institution (the Literary Fund). There are many difficulties due to the infancy of such an establishment . . . but we think the Literary Fund will reflect lustre on the Commonwealth and will promote happiness; and by a diffusion of information so essential to liberty, will hand down our free and happy institutions, etc. . . . and that a general system of

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[63]Ibid., 20.

[64]Ibid.

instruction will eventually be realized."[65]

Reports of the Literary Fund Board for the next few years discussed means of collecting fees, augmenting, and investing the fund. The Literary Fund Board of Directors noted during one of its discussions regarding revenue that "it is worthy of note that one source of support to the Literary Fund is derived from fines, penalties, and forfeitures imposed on the violators of the law of the state. Thus by a happy feature of the system vice and immorality are made to pay an involuntary tribute to virtue; and to provide the means of their own extinction."[66] Knight stated that Connecticut was the first state to establish a permanent public school endowment in 1795, and Virginia was the first southern state to do so with the Literary Fund.[67]

Minutes of the Literary Fund Directors reflect the balances during the early years of the Literary Fund as shown in Table 1.

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[65]Ibid., 20.

[66]Ibid.

[67]Edgar W. Knight, A Documentary History of Education in the South Before 1860, vol. 5 (Chapel Hill, NC: University of North Carolina, 1953), 5.

Table 1.--Literary Fund Balances

Date	Amount
December 1, 1811	$ 12,904.60
December 14, 1812	$ 21,705.40
December 24, 1813	$ 28,544.86
November 7, 1814	$ 31,744.81
December 19, 1815	$ 43,252.90
December 7, 1816	$ 408,397.55
December 18, 1817	$ 903,808.31
December 19, 1818	$1,067,504.36

Source: Literary Fund, Minute Book, no. 1, 20-151.

Augmentation of the Literary Fund and Assurance of a System of Public Education in Virginia

Several notable efforts were made by the Virginia General Assembly to establish public schools prior to the Civil War. Maddox established the date of February 24, 1816, as the date from which public education was assured in Virginia.[68] On that date a bill was proposed by Charles Fenton Mercer, then Chairman of the House Committee on Finance, as a solution to the vexing problem of augmenting the Literary Fund without recourse to local taxation or direct state appropriation. Mercer's proposal was that "the General Assembly deposit to the credit of the Literary Fund a refund from the United States Government of about $400,000 and that all future payments from the Federal Government of the loans made by Virginia, February 1812, for the prosecution of the War of 1812, be likewise added to the fund."[69] This bill passed and the Literary Fund balance increased from $43,252.90 to $408,397.55. Maddox noted that for the first time the permanent state fund was large enough to justify the preparation of a plan for a state system of

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[68]Maddox, 54.

[69]House Journal (February 13, 1816), 177, 181.

schools and awoke new hope and great enthusiasm in the state.[70]

A Plan for a System of Public Education and Establishment of the University of Virginia

A second significant event occurred on February 24, 1816, when the General Assembly requested the president and directors of the Literary Fund to digest and report to the General Assembly, "a system of public education . . . and to comprehend in such a system the establishment of a university to be called 'The University of Virginia' and additional colleges, academies and schools."[71] The President and Board of the Literary Fund submitted a report to the General Assembly in December 1816. The report was received and widely distributed as indicated by the House Journal record of December 6, 1816: "That said communication be referred to the Committee of Schools and Colleges; and that they do examine the matter thereof, and report the same with their opinion thereupon to the House; and that 250 copies be printed for use by the members of the General Assembly."[72] In this report the president and directors

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[70]Maddox, 55.

[71]Acts of Virginia Assembly (February 24, 1816), 199; and Literary Fund, Minute Book, no. 1, 65-70.

[72]House Journal (December 6, 1816), 70.

submitted a plan for primary schools, academies, and a university, but they made it plain that they had chiefly in view the establishment of primary schools.[73] Following the report of the Literary Fund Board, Charles Fenton Mercer drafted a bill in 1817 for a system of public schools. Morrison described Mercer's bill as follows:

> Mercer in 1817, drew an exhaustive bill for a board of public instruction (not ex-officio), with a permanent secretary; for primary schools, in which all white children, free, wards, or apprentices, were to be schooled gratis, the trustees being authorized to demand pay at discretion; for a system of academies; (three of them for girls); and for colleges and a university. The House passed this bill; the Senate threw it out as too broad and too narrow, for although it covered the ground, the primary schools and academies were left as before to the voluntary interest of the community. Jefferson said of the bill - "the University must go through; we should not be cluttered up with petty academies and colleges; should we regard them for their funds? They have no funds."[74]

Egerton wrote that Mercer's bill was extraordinary and unorthodox for the early nineteenth century because nothing like a standardized system of education existed in the South.[75]

At this time there was developing interest in a state subsidy for higher education which would impact on the

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[73]Morrison, 10.

[74]Ibid.

[75]Douglas R. Egerton, "To the Tombs of the Capulets," Virginia Magazine of History and Biography, vol. 93, no. 2 (Richmond, Va.: 1985), 155.

Literary Fund and the efforts to support public schools. Jefferson, in retirement at Monticello, renewed his efforts for public education and for the establishment of the "University of Virginia" at Charlottesville with the latter being his last great cause.[76] Jefferson's plan to establish an entirely new state university was promoted in the Virginia Senate by J. C. Cabell. Cabell expressed it as "our most holy cause."[77] Mercer led the proponents for public schools. While Mercer and Jefferson were in accord on the need for popular education, they differed on how to achieve it. Jefferson's idea was that the maintenance and control of public schools be entirely at the local level-that a local vote should be held and, if successful, the people should meet, as they did to build roads and build a log schoolhouse. Mercer's idea was for state support to lessen the burden on the locality with some degree of state control. Maddox writing in 1918 observed that "subsequent development in this state has seemed to justify Mercer's claim that people left to themselves move slowly toward good schools."[78] Meade observed that "Mercer's bill, unlike Jefferson's proposals, advocated state control of education

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[76]Morrison, 10.

[77]Maddox, 53.

[78]Maddox, 61.

centered in a state board of public instruction; that Jefferson always favored local control of education and considered Mercer's plan "extravagant."[79] Mercer's bill to establish a free public school system passed the House of Delegates with success but was defeated by a tie vote in the Senate on February 20, 1817.[80] A substitute bill submitted by Mr. Hill of King and Queen County was finally agreed to and passed in February 1818, providing for a system of primary schools and a university. An annual appropriation of $45,000 was to be made for the education of free, poor white children and $15,000 for founding and sustaining the University of Virginia.[81] The act left permission for the county commissioners (fifteen in each county) to establish public schools if they chose; only the children of indigent parents were to benefit from it and only such of these as the quota would support. The friends of free public schools were disappointed. Although the state committed itself to a quasi-system of schools, no system of universal education was created and public taxation for education was not accepted.

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[79]Richard Andrew Meade, "History of the Constitutional Provisions for Education in Virginia" (Ed.D. diss., University of Virginia, 1941), 11.

[80]Maddox, 68.

[81]Virginia School Report (1871), 198.

Morrison observed that while the system created in 1818 was disappointing to most of Virginia's leaders and public school proponents and was subjected to continued criticism, it was in force with a few changes until 1860.[82] Maddox noted that despite the shortcomings of this act in establishing a system of schools, it was a significant step in the evolution of public education. The state had assumed in principle the control of those schools and pupils accepting the provisions of the act.[83]

District Free School Act of 1829 and Provision of State Funds for School Buildings and Equipment

Except for glebe lands, the responsibility for promoting the procurement and establishment of school buildings and equipment for public schools for poor children in the Commonwealth of Virginia from the Revolutionary War to the Civil War was left primarily to the localities. Another significant act in the evolution of public schools occurred, however, in 1829 when the Virginia General Assembly authorized the local school commissioners, under certain conditions, to appropriate funds for buildings:

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[82]Morrison, 10.

[83]Maddox, 75.

> Whenever the inhabitants of any one of the said districts shall, by voluntary contribution, have raised three-fifths of the amount necessary to build, either in the centre, or such other part of the district as may be agreed on with the school commissioners of their county, a good and sufficient schoolhouse, of wood, stone or brick, it shall and may be lawful for the said school commissioners to appropriate, out of the annual quota of their county, the remaining two-fifths of the amount requisite for said buildings: Provided, such appropriation shall in no case exceed ten per centum on said quota; and provided, the building erected, together with the ground on which it stands, not exceeding one acre, shall forever thereafter be vested in the President and Directors of the Literary Fund, to be held for the exclusive use of the district in which it shall have been so erected.[84]

This District Free School Act of 1829 was on the same basis as the previous free school provisions in Virginia since it continued to be specifically for the poor. With the stigma of poverty and charity, the public schools were not well supported by the parents or the authorities. It is important for this study, however, that the legislation passed in 1829 was the first to address funding for the "expense of the school plant." Porter wrote: "School buildings were the problem of the parents, but after they had built a building and delivered a deed to the school commissioner, then they were entitled to a rebate of 10% of the yearly quota (from the Literary Fund)."[85]

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[84] Acts of Virginia Assembly (February 25, 1829), chap. 14, 13-14.

[85] Albert Ogden Porter, A Legislative History (New York: Columbia University Press, 1947), 221.

Heatwole stressed that at first none of the Literary Fund could be used for building schoolhouses or obtaining equipment, but in 1829 the General Assembly passed an act providing that ten per cent of the allotment could be used for building schoolhouses, or if the local community should pay three-fifths of the total cost of the house, $100 of the fund could be used provided the patrons should raise a like amount. In this case the school was to be free to all.[86]

Although the use of Literary funds for school buildings was authorized by this act, the consequences left much to be desired. The remarks of the Second Auditor in submitting his report for 1830, gave insight to the ineffectiveness of this law in promoting the cause of public education:

> For, although authority is given to appropriate from the school quota of the county for each district, a sum not exceeding 10 per cent thereof towards building a school-house and not exceeding $100 towards the salary of a school-master; yet it will seldom happen, under the present annual appropriation, that the just proportion of any district will reach the full amount of those allowances.[87]

Subsequent results proved the auditor's prediction to be accurate.

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[86]Heatwole, 106.

[87]Second Auditor, Abstract of the Laws Relating to the School Commissioners (Richmond, Va.: 1830), 6.

Status of Literary Fund - 1829-1861

The report of the Second Auditor for the year 1830 indicated the income from the Literary Fund was $45,000, which, if divided equally among the 120 counties of the state, each would have received $375. Since the actual division of the fund was on the basis of white student population, there was a marked difference in allocations ranging from a high of $1,243.47 to Shenandoah County to a low of $39.85 to Williamsburg City.[88] Table 2 shows the apportionment of Literary Funds for 1830.

Heatwole stated that schools under the Act of 1829 were not successful since the education of the "poor" was reduced to a state of pauperism in order to take advantage of such schools. Consequently, people were reluctant to send their children to such schools, and the local commissioners often had difficulty in spending the Literary Fund allocation.[89] The legislature subsequently appropriated funds from the Literary Fund to institutions of higher learning and to the academies. In addition to the $15,000 annual appropriation to the University of Virginia, an annual appropriation of $1,500 was authorized in 1842 to the Virginia Military Institute and, for short periods of time, to Hampden-Sydney

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[88] Ibid.

[89] Heatwole, 106-107.

Table 2.--Apportionment of the Annual Appropriation of 45,000 Dollars, Set Apart by Law for the Education of the Indigent Children of the State (1830).

County/City/Town	Amount	County/City/Town	Amount
Albemarle,	$ 649.70	James City,	75.62
Amelia,	253.48	Jefferson,	654.00
Amherst,	342.99	Kanawha,	364.62
Alleghany,	96.05	King and Queen,	405.96
Accomack,	698.10	King George,	174.95
Augusta,	972.90	King William,	256.52
Bath,	177.70	Lancaster,	177.71
Bedford,	814.91	Lee,	289.31
Berkeley,	680.70	Lewis,	306.48
Botetourt,	730.04	Logan,	148.70
Brooke,	460.90	Loudoun,	1,218.64
Buckingham,	546.27	Louisa,	444.18
Brunswick,	438.76	Lunenburg,	288.12
Cabell,	252.50	Madison,	282.54
Campbell,	631.92	Mason,	315.77
Caroline,	483.06	Matthews,	268.86
Charles City,	130.12	Mecklenburg,	573.78
Charlotte,	372.13	Middlesex,	130.56
Chesterfield,	565.67	Monongulia,	785.90
Culpeper,	828.81	Monroe,	429.25
Cumberland,	295.25	Montgomery,	553.70
Dinwiddie,	399.79	Morgan,	176.37
Essex,	260.90	Nansemond,	341.43
Elizabeth City,	160.90	New Kent,	189.01
Fairfax,	467.30	Nelson,	326.78
Fauquier,	853.49	Nicholas,	134.21
Franklin,	612.51	Norfolk,	643.52
Frederick,	1,240.20	Norfolk Borough,	345.07
Fluvanna,	251.53	Northampton,	251.46
Grayson,	384.40	Northumberland,	307.52
Greenbrier,	459.13	Nottoway,	208.64
Greensville,	153.17	Orange,	390.80
Giles,	269.00	Ohio,	655.27
Gloucester,	298.67	Patrick,	280.76
Goochland,	282.24	Pendleton,	328.11
Halifax,	651.55	Preston,	248.64
Hampshire,	707.62	Petersburg, (Town of,)	235.48
Hanover,	456.23	Prince Edward,	344.03
Hardy,	343.88	Prince George,	232.28
Harrison,	765.98	Prince William,	354.44
Henry,	246.93	Princess Anne,	358.53
Henrico	398.53	Pittsylvania,	939.96
Isle of Wight	363.51		

Table 2--Continued

County/City/Town	Amount	County/City/Town	Amount
Powhatan,	185.74	Spottsylvania	443.74
Pocahontas,	98.29	Surry,	196.43
Randolph,	232.87	Sussex,	308.93
Richmond,	204.54	Tazewell,	252.50
Richmond City,	503.30	Tyler,	164.70
Rockbridge,	674.75	Warwick,	46.25
Rockingham,	942.12	Washington,	774.31
Russell,	371.17	Westmoreland,	225.74
Stafford,	357.12	Williamsburg City,	39.85
Shenandoah,	1,243.47	Wythe,	603.30
Scott,	296.81	Wood,	373.40
Southampton,	455.63	York,	118.14
			$45,000.00

Source: Second Auditor, Abstract of the Laws Relating to the School Commissioners (Richmond, Va.: 1830), 6.

College, Emory and Henry College, and the Medical College of Virginia. In 1861 interest from the Literary Fund was appropriated to the defense of the state.[90] Sandidge stated that an act in 1849 provided that if a county failed to withdraw its quota after two years that such county could forfeit its right to the funds.[91]

The Academies

Between 1776 and 1860 numerous private educational institutions operated in Virginia. Buck observed that these private institutions likely tended to delay rather than stimulate the demand for a system of public schools.[92] Heatwole noted that academies, the type of school that spread and served as the means of education for the majority of the children of the state, were present in Virginia by 1800. They were first known as "Classical Schools" and later as "Academies" when the sciences were offered.[93] These academies taught the classics, higher mathematics, sciences, and also gave instruction in the

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[90]Ibid., 107.

[91]F. Brent Sandidge, "The Establishment and Maintenance of the Literary Fund of Virginia," Term paper presented to Dr. Joseph P. Mooney, School of Education, Old Dominion University, November 1977, 19.

[92]Buck, 42.

[93]Heatwole, 124.

elementary subjects, which was a necessary preparation for this secondary instruction. This type of secondary school had begun in New England and New York and spread rapidly through the southern states from the Revolutionary War to the Civil War. Heatwole noted that the period of 1820-1860 was the most active for establishing this type of school with about 250 of these schools being incorporated by the Virginia General Assembly.[94]

One notable action of the Virginia General Assembly relative to supporting the academies occurred in 1836 when the legislature authorized the school commissioners of the counties to apply the surplus income of the Literary Fund to aid the academies and colleges within their districts.[95] The state had no other connection with most of these academies than the matter of chartering them and passing acts to enable them to conduct lotteries for the purpose of raising funds to erect buildings or to add to their endowment.[96]

The more substantial academies were endowed and controlled by a board of trustees. The main support was from tuition fees paid by the students. Heatwole reported

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[94]Ibid., 127.

[95]Morrison, 15.

[96]Heatwole, 128.

that a few (seventeen) did receive a meager appropriation from the Literary Fund at different times.[97]

Heatwole wrote that some of the early academies became the nuclei of leading colleges in Virginia: Prince Edward Academy (1775) later became Hampden-Sydney College; Liberty Hall Academy (1776) was the beginning of Washington College, now Washington and Lee University; Fredericksburg Academy (1783) later became the Charity School (1796) and still later Fredericksburg College. Shepherdstown Academy (1793) and Hoge Classical School (1805) were the forerunners of Shepherdstown College in West Virginia. Albemarle Academy (1803) later Central College (1818) became the University of Virginia. Richmond Seminary (1803) developed into Richmond College. Monongahela Academy (1814) was the nucleus for West Virginia University; Marshall Academy (1858) later changed to a state normal school (1867) (now Marshall University).[98] Other notable academies named by Heatwole during this period were: Norfolk Academy (1788), Winchester Academy (1786), Petersburg Academy (1794), Staunton Academy (1810), New Market Academy (1817); Concord Academy (1809), Alexandria Academy (1785), and Salem Academy (1837). Besides these academies, there grew up one or more of these

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[97] Ibid.

[98] Ibid., 125-126.

schools in every county of the state.[99] Heatwole listed the Salem Academy as the predecessor school to Roanoke College. Eisenberg, however, stated that Roanoke College was founded in 1842 at Mt. Tabor in Augusta County by David F. Bittle as Virginia Collegiate Institute.[100] The school was moved to Salem, Virginia in 1847 and the name changed to Roanoke College in 1853.[101] The Salem Academy received a charter in 1837 and continued operation as a private academy until about 1889.[102]

Educational Conventions and the Ruffner Plan

Morrison stated that the public school issue was a topic of discussion by individuals, conventions, and the General Assembly during the 1840s.[103] In 1841, Professor Dabney of Washington College (now Washington and Lee) sent to the Literary Messenger an article embodying a careful indictment of the system of public education in the state,

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[99]Ibid., 126.

[100]William Edward Eisenberg, First Hundred Years of Roanoke College (Strasburg, Va.: Shenandoah Publishing House, 1942), 22.

[101]Norwood C. Middleton, Salem, A Virginia Chronicle (Roanoke, Va.: Progress Press, 1986), 58.

[102]Ibid., 59.

[103]Morrison, 13.

and, in the same year, the General Assembly instructed the Directors of the Literary Fund to report a system best adapted in their opinion to "secure the benefits of education to the people of this Commonwealth."[104]

Suggestions on the subject were discussed at the Education Convention of Northwestern Virginia held at Clarksburg in 1841 and at the Education Convention held at Richmond in 1841. Records of discussions were included in the Report of the Committee of Schools and Colleges (House of Delegates); Report of the President and Directors of the Literary Fund upon the submission of their plan; and the plan of Henry Ruffner, president of Washington College. The Ruffner plan called for a system of common schools in Virginia and was submitted at the Clarksburg Convention in 1841. The Ruffner plan was resubmitted at the Lexington Convention the same year and would be the basis for a plan of public schools to be presented in 1870 by his son William H. Ruffner, first Superintendent of Public Instruction in Virginia.[105]

District Free School Act of 1846

An act passed in 1846 by the Virginia General Assembly

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[104] Ibid.

[105] Dabney, 84.

provided for a system of primary schools but, again, was only permissory. The 1846 act required the assent of two-thirds of the electors of the county before the plan could be put into operation.[106] Porter described this 1846 act as the first to merit consideration as really establishing a public school system since it provided school opportunities for "any white child between the ages of six and twenty-one residing in a district, may attend and be instructed in the school thereof," receiving instruction in "reading, writing, arithmetic, English grammar, and geography, and, when it is practicable, history, the elements of physical science, and such other branches of learning as the said board may require," and the cost of such schools beyond the quota of the Literary Fund, might be levied on the county.[107]

Relative to this act, Morrison wrote that if any county or corporation was willing to set up free schools, it was given authority to do so and, if any county or corporation, having done so, was willing to give up free schools and go back to indigent schools, it had a right to.[108] A tax was to be levied for these free schools, and if any county or corporation did not like the tax, it could as before draw

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[106]Heatwole, 103.

[107]Porter, 222.

[108]Morrison, 14.

its quota of the Literary Fund, and educate only as far as that went.[109] This act stipulated: "That shall be the duty of the county and corporate courts to lay off . . . into any number of districts . . . and shall appoint for each district one school commissioner."[110] Thus, the Act of 1846 emphasized, once again, that the decisions on the matter of public education in Virginia's localities were to be made at the local level. As reported by Morrison, the act provided that all free white male citizens of age in each ward were to meet and decide, by a majority of their votes, upon the location of a schoolhouse and of a dwelling house for the teacher.[111] The act was amended in 1852-53 so that certain districts, or even one district, in a county might set up free schools as provided under the Act of 1829.[112]

Heatwole noted that a few counties did institute schools under this plan, most notably Albemarle, Norfolk, and Washington.[113] It is notable that in 1849 a special law set up a school system in Albemarle County which provided for a

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[109] Ibid.

[110] Acts of Virginia Assembly (March 5, 1846), chap. 40, 30.

[111] Morrison, 69.

[112] Ibid., 15.

[113] Heatwole, 103.

nine-months term for the primary schools and provided for public taxation in addition to the school quota of the Literary Fund not to exceed $6,000 the first year and not over $1,000 thereafter.[114] The method provided no state control, and many counties never adopted the plan. Morrison noted that perhaps thirty counties at one time or another, and in one way or another, before 1860 tried the district free school system but not half a dozen had adopted the system permitted under the Act of 1829 and amendments.[115]

State Superintendent W. H. Ruffner wrote in his first state report in 1871 that the only particularly good feature of the 1846 act was that the County Board of School Commissioners fixed the amount needed for the support of schools in the county, and the court, or town council, was required to order the levy.[116]

Constitutional Provision of 1851

Prior to the Civil War public education depended on legislation since there was no constitutional provision for public schools until 1869. Howard observed that the

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[114] Porter, 224.

[115] Morrison, 15.

[116] Virginia School Report, (1871), 91.

Constitution of 1830 made no reference to education. The Constitution of 1851 contained the first reference to schools in regard to the provision for a capitation tax.[117] This provision stated that "one equal moiety of the capitation tax upon white persons shall be applied to the purposes of education in primary and free schools."[118]

Final Effort to Establish a System of Public Schools Before the Civil War

Agitation for public schools prior to the Civil War was profuse but to no avail. According to Maddox the last unsuccessful stand for a uniform system of education was made in the Virginia Educational Convention in Richmond in July, 1856 and August, 1857 when Governor Henry A. Wise, who was a most ardent supporter of the idea of state-supported public education, recommended that funds be appropriated for a system of common schools and that 100 high schools be established throughout the state.[119] Such appropriation was never made as the threat of a civil war was on the immediate horizon.

Maddox found that on the eve of the Civil War there was

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[117]Howard, Commentaries on Constitution of Virginia, 881.

[118]Constitution of Virginia (1851), art. iv, sec. 24.

[119]Maddox, 166.

a superintendent and a county board of school commissioners in every county of the state.[120] Every superintendent in the state gave at least a financial report on local expenditures of the Literary Fund which continued to be used primarily to pay for the cost of poor children attending primary schools. Knight noted that Virginia's educational endeavors before the outbreak of the war were not without significance. In 1860 nearly 55,000 children were being educated in 2,895 primary schools, continuing on an average of nearly four months, and supported at an annual cost of approximately $190,000.[121] He further observed that this system lacked strong central supervision, was rendered inefficient by certain features whose inherent weaknesses delayed the establishment of an adequate state system; that the system was based upon the conception of public education as a form of charity, viewed with hostility by the well-to-do and with scorn by the poorer classes for whom it was created.[122]

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[120] Ibid.

[121] Edgar W. Knight, "Reconstruction and Education in Virginia," The South Atlantic Quarterly for January and April, vol. 15, no. 1, (1916): 4.

[122] Ibid.

Summary of the Revolutionary War Period to the Civil War Period

The foregoing events are indicators that Virginia made progress in regard to the establishment of free public schools and provision of school buildings and equipment prior to the outbreak of the Civil War in 1861 even though there was no state system until 1870.

In commenting on the lack of a state public school system during this period, Maddox stated that:

> Unlike the New England states, Virginia lacked the popular local assemblies by which people might be informed, interested, or stirred to concerted action; that the isolation of country life was a great stumbling block to new primary school legislation; and with rapid changes in school population, the difficulty of finding central sites and of maintaining permanent buildings were retarding factors in primary school development.[123]

He also stated that the greatest difficulty lay in the provincial satisfaction of the masses with things as they were and in the lack of a medium through which leaders might reach and rouse them to needs of a new era.[124]

Maddox concluded his chapter on Virginia's educational efforts prior to 1860 as a period of "common school revival." He stated:

> It will suffice to say, in thus outlining Virginia's part in the national movement of 1836-60 for democratization of education, that this state did yeoman's

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[123] Maddox, 16.

[124] Ibid., 17.

> service and laid the foundations for 1850-60, 1869, and 1902. Perhaps in no other state were the "Friends of Education" so energetic or persistent. Certainly in no state was more to be overcome. Census revelations of illiteracy stirred the people of the state as Horace Mann's campaigns had stirred Massachusetts.[125]

Monroe described the characteristics of this period in the United States as being a time of "educational revival" resulting from significant changes: great economic expansion, large scale immigration, increase in wealth, enhanced communications, and increases and movement of population.[126]

In 1884, the Superintendent of Public Instruction, R. R. Farr, invited each county superintendent to submit a history of the work of the public schools under the old as well as the present system in their respective cities and counties.[127] The following reports, printed in 1885, of some of the local superintendents give a general view of education in Virginia before 1860 and reflect the major role played by private subscription in providing school buildings, usually crude log structures, or rented and donated private facilities:

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[125]Ibid., 151-152.

[126]Paul Monroe, Founding of the American Public School System (New York: Macmillan Co., 1940), 222.

[127]Virginia School Report (1884-85), part iii, 52-294.

Roanoke County - M. P. Frantz

Roanoke's (County) tale of education can be read in that of many other counties. The log school-houses, few and far between, scattered here and there over the county, if permitted to speak, would tell a sad tale of ignorance to the masses, and of education and culture only to the few.

Under the "old field system," a scholar was considered remarkably well educated if he had gone in Pike's Arithmetic as far as the Single Rule of Three. . . . A blackboard in a school-room was rarely, if ever, seen.

The system has been steadily growing in public favor, until now there is no open opposition--all classes accepting it as an institution that is here to stay, and determining to make the most of it.

The public school finances of the county have been well managed by the various officials, and it is confidently believed that no teacher's warrant has ever been "shaved" in Roanoke.

Russell County - E. D. Miller

Then (November 15, 1870) the work of organizing the different boards, establishing schools, building school-houses, supplying competent teachers, overcoming fierce opposition manifested by quite a number of citizens, commenced. . . . the once despised public school system has become the chief glory and pride of nearly all the people of the county. The finances of the school system have been kept in a good healthy condition in this county.

Scott - Dr. J. B. Wolfe

The schools were generally in operation only for the winter months; they were supported by subscription, and as a consequence, only the well-to-do citizens children could attend, the poorer class being entirely cut off from the benefits of a school, except a few who availed themselves of the five cents per capita per day allowed by the Literary Fund.

Wythe County - Major D. G. Repass

> Among the more wealthy and enterprising citizens, there could be found here and there one who had received a collegiate education, but his number was comparatively small. The great mass of the people being too poor to send their sons and daughters to college, availed themselves of the advantages offered by the 'Old Field School,' in which a plain business education could be acquired at a cost for tuition of almost one dollar and fifty cents per month.
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> Up to about the year 1830, no provision had been made for the education of 'indigent children.' After this time, however, all who by reason of their poverty, were unable to pay tuition could obtain the benefit of the Literary Fund. This being regarded as an arrangement for paupers only, was at first unpopular.....The treasurer's report (Board of School Commissioners) for 1861 shows that there were 954 indigent children in the schools, and that the average length of session was thirty-eight days. From 1861 to 1870, there are no records to be found showing that anything in the line of education was accomplished or even attempted, except here and there a private or family school."[128]

Virginia's quasi-system of public education, along with various forms of private systems continued until, and in some cases through, the Civil War. Prior to 1870, the idea of complete local control in matters of education prevailed, represented by Jefferson's political philosophy of local self-government and the fear of centralized state control. Public education lagged, therefore, and the academies provided the best type of education in Virginia.[129] These

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[128]Ibid., 265-288.

[129]Heatwole, 130.

voluntary and private enterprises fulfilled some of Virginia's educational needs during this period but all indicators focused on the need for a free public school system that was lacking prior to 1870. Cubberley observed that New York in 1801 was the first state to establish a permanent fund for the support of common schools with other states taking similar action as follows: Tennessee in 1806; Virginia in 1810; South Carolina in 1811; New Jersey in 1820; Maine, New Hampshire, Louisiana, and Kentucky in 1821; Vermont and North Carolina in 1825; and Massachusetts in 1834. In Virginia and North Carolina the funds were set aside chiefly for the education of the poor.[130]

Monroe described the typical pre-Civil War schoolroom as being "a rude and uncomfortable place, intermittently cold in winter and hot in summer, overcrowded, unventilated except when broken windows or defective room or floor afford too little shelter. With insufficient light and air, no playgrounds and frequently no sanitary provisions."[131] Despite these shortcomings, Monroe noted that "the little red schoolhouse" and the district school have entered more

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[130]Ellwood P. Cubberley, School Funds and Their Apportionment (New York: Teachers College, Columbia University, 1906), 56-57.

[131]Monroe, Founding of School System, 340.

into our literary and cultural traditions than has the school in any other country.[132]

Maddox stated that educational conditions in Virginia in 1860 were healthier than had been frequently supposed and quoted the following data from the United States Census of 1860: 154,963 children of a white population of 1,047,411 as being in public and private schools within the state and 3,896 public school teachers and 3,778 public school buildings in Virginia.[133]

In the introduction to Heatwole's volume, Monroe made an appropriate analogy for this era of Virginia history:

> For the first three quarters of a century of our national existence, Virginia's educational problem was more complicated than that of most of her sister states. In politics she had accepted a democratic government, while her society was organized on an aristocratic basis. A system of human slavery was also included which hindered any radical modification of the actual social structure by the new political theories. However, these theories had their natural result in the field of education, and a system of free schools was instituted by law, based on a general state fund - the Literary Fund - which was generous for the times and probably as adequate a beginning as that made by other states.[134]

Sydenstricker and Burger reported that in Virginia the

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[132] Ibid.

[133] Maddox, 196.

[134] Paul Monroe, introduction to Education in Virginia by Cornelius J. Heatwole (New York: Macmillan Co., 1916), 41-42.

white children from 1789 to 1860 were educated in private schools in town and "Old Field Schools" in the county, in academies, at their homes by family tutors . . . and in a few charity or "public" schools for children whose parents were unable to pay tuition. Children of black slaves had no means of education except what they were taught by their masters and mistresses.[135]

Although Virginia had not established a free public school system prior to the Civil War, certain significant principles for such a system had been accepted: the establishment of the Literary Fund in 1811 to provide a permanent endowment; the Act of 1818 augmenting the Literary Fund and assuring a type of public education from state funds; the District Free School Act of 1829 providing the first authorization of state funds for school buildings and furniture; the District Free School Act of 1846 providing public educational opportunity for any white child, between the ages of six and twenty-one, with any cost beyond the Literary Fund allocation to be levied on the county as determined by the school commissioners; the 1851 constitutional provision for a portion of a capitation tax to be allocated to primary and free schools; and special

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[135]Edgar Sydenstricker and Ammen L. Burger, School History of Virginia (Lynchburg, Va.: Dulaney-Boatwright Co., 1914), 253.

authorization in 1806 for the Town of Charlottesville to establish a public school (to the extent of $200) and in 1849 for Albemarle County for local public taxation not to exceed $6,000 for public schools. Thus was Virginia's quasi-system of public schools before the Civil War embodying, for better or worse, the principle of local determination as proclaimed by Jefferson and establishing the tradition of local responsibility for providing school capital facilities.

As stated by Wood: "Financing (school) capital outlay was of little concern in the early years of our country.[136]

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[136] R. Craig Wood, "Capital Outlay and Bonding," Principles of School Business Management (Reston, Va.: Association of School Business Officials, 1986), 559.

CHAPTER III

PROVISIONS FOR THE ESTABLISHMENT OF PUBLIC SCHOOLS IN VIRGINIA AND THE FIRST THIRTY YEARS 1870-1900

Virginia was a battleground for four terrible years during the Civil War. The disastrous effect of the war left the social order and industrial institutions in a state of collapse. Additionally, a substantial portion of the state had been lost during the war when the western counties refused to secede from the United States and formed the new state of West Virginia. During the war and the ensuing four years of reconstruction, schools and education were relatively unimportant as the people struggled to survive and provide the bare necessities of life. The war, emancipation, and reconstruction impoverished the state government and the people.

Heatwole quoted Jabez Lamar Monroe Curry, second agent of the Peabody Board, in describing the difficult conditions confronting Virginia and the other southern states in attempting to establish free public schools after the Civil War:

> At the origin of the Peabody Education Fund in 1866, not a single southern state within the field of its operation had a system of free public schools and only in a few cities were any such schools to be found. No state organization existed through which this fund could reach the people. The illiteracy of the inhabitants was appalling and by no means was confined to the "freedmen" but included a large per cent of the white population.

> The Legislatures of these states during the period of reconstruction, largely under the influence of members from the northern states, where the common schools had been for years a recognized institution and of colored representatives who were filled with the laudable ambition for the schooling of the children of their own people, had laid out a work entirely and sometimes absurdly beyond their people to sustain, for the support of this scheme was to fall upon the native white people, who held ninety per cent of the remaining property of these Commonwealths. During the war and the five years following, 1860-1870, the property values of these states had diminished to the extent of two billion dollars. There were in the ex-Confederate States two million children and youth within the years of instruction. In the effort to organize and put in successful operation a new and untried system of public schools adequate to the needs of the entire population, the southern states were under a weight of debt beyond their ability in their impoverished condition to pay. To add the expense of free education to this crushing weight was in their financial condition a perplexing and almost impossible task. Free schooling was a new question introduced and to be administered by novices in this work. To organize the freedom and equality of citizenship of a large class, lately the slaves of the white people, was not easy, because in conflict with the traditions, prejudices, social customs, and legal rights of a few years preceding. To impose voluntary, heavy burdens on the scant property which survived the demoralization of the war, so as to educate gratuitously their own children and the children of the late African slaves was a task of patriotism, of humanity, of civic duty which no people ever encountered.[1]

The conditions existing during and after the Civil War relative to the establishment of a system of free public schools in Virginia and the significant developments during the first thirty years of the system as they relate to the provision of school facilities are reviewed in this chapter.

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[1]Heatwole, 211-213.

The Civil War

The War Between the States began with the attack on Fort Sumter, South Carolina on April 12, 1861. Virginia joined the Confederate States, and the bitter fighting that followed for four years was devastating. By an ordinance of the Convention of the States passed on the June 26, 1861, the revenues of the Literary Fund were appropriated, except for the customary appropriations to the University of Virginia and the Virginia Military Institute, to the military defense of the state.[2] Dabney wrote that in 1861 a large part of the revenue from the Literary Fund was appropriated for military defense, and the schools were suspended.[3] The Second Auditor's report in 1871 stated that the amount actually paid to the state under the 1861 ordinance was $216,000 and that the last payment to this fund was in January 1861.[4] Maddox quoted the auditor's report for 1860-61 as showing the permanent capital of the Literary Fund as $1,877,364.68[5]

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[2] Virginia School Report (1871), 198.

[3] Dabney, 88.

[4] Virginia School Report (1871), 198.

[5] Maddox, 166.

The Freedmen's Bureau

Efforts for free schooling for the blacks began during the Civil War and, after the war, came under the control and supervision of the Freedmen's Bureau when it was established in 1865. The earliest such school appears to have been opened in 1861 near Fort Monroe and, at later dates during the war, in various parts of the southern territory as these areas came into possession of the federal troops.[6] Meade stated that crude school houses were even built by the Union soldiers, some of these being located at Alexandria, Fort Monroe, Hampton, Norfolk, and Portsmouth, and that black children were also instructed in the territory surrounding these places in churches of the black people, barrack-buildings not in use, and vacated homes being used as school rooms.[7] The means of support came not only from the United States government but from churches, voluntary associations, and individuals in the northern states.[8]

The majority of these schools were incorporated into the Freemen's Bureau. The Bureau gave protection to the enterprises of the societies, furnished transportation and food at commutation price for teachers, supplied books,

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[6] Virginia School Report (1871), 116.

[7] Meade, 91.

[8] Virginia School Report (1871), 116.

clothing and school buildings, and did what it could to keep buildings in repair.[9] State Superintendent of Schools Ruffner reported that these schools multiplied as far as the funds allowed and were sustained with unabated interest and success until the closing of the Bureau in 1870, at which time there were 2,677 schools, 3,300 teachers, and 149,581 pupils in the southern states.[10] Ruffner also noted that the rate of attendance was high (nearly 80 percent); that the class size was about forty-five pupils; that a majority of the teachers were black during the last year; and that the freedmen owned 592 of the school buildings.[11] Besides the primary, there were under the supervision of the Freedmen's Bureau seventy-four high and normal schools with an attendance of 8,247, and sixty-one industrial schools with 1,750 pupils. The freemen themselves contributed about $200,000 a year toward the support of these schools.[12]

At the end of the first year of the public free school system in 1871, Ruffner noted the importance of these statistics as indicating ten years of experience in actual teaching of this segment of the population and corroboration

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[9]Meade, 92.

[10]Virginia School Report (1871), 116.

[11]Ibid., 116-117.

[12]Ibid., 117.

of the desire and capacity for learning by the blacks in the southern states.[13]

Postwar Influence of General Robert E. Lee

The effect of the Civil War and its aftermath was profound on every individual and institution in Virginia and the other southern states. Such effects were immediately realized through political, economic, and social influence and not directly through education. Dabney wrote that no more heroic story in the history of the world exists than that of the men (educational leaders) of the South, who, in face of desperate poverty and against the opposition of many of their own people, carried on through the next fifty years the struggle for the establishment of public education in their stricken states.[14] All the educational funds had been lost or greatly reduced and many of the school and college buildings had been destroyed.[15] General Robert E. Lee was one of the foremost leaders in education in the South. He declined more lucrative positions to become president of Washington College (renamed Washington and Lee University after Lee's death), setting a great example for the South.

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[13]Ibid.

[14]Dabney, 88.

[15]Ibid.

He was especially interested in scientific, industrial, agricultural education, and in free public schools for the people of the South.

In a letter written at the time he assumed his position at Washington College, Lee commented on the importance of education. He said:

> So much does its (South's) future condition depend upon the rising generation, that I consider the proper education of its youth one of the most important objects now to be attained, and one from which the greatest benefits may be expected. Nothing will compensate us for the depression of the standard of our moral and intellectual culture, and each State should take the most energetic measures to revive the schools and colleges, and if possible, to increase the facilities for instruction, and to elevate the standard of living.[16]

Lee provided effective leadership to Washington College, and his influence extended throughout the South. He advised with educators making known his support for a system of public schools. Lee became a member of the Educational Association of Virginia in 1866 and continued to take on active interest in the work of the association until his death.[17] He is credited with directing the thoughts and efforts of the southern people toward the beginning of a "real reconstruction."[18]

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[16]Ibid., 91.

[17]Ibid., 133.

[18]Ibid., 96.

The Peabody Fund

George Peabody from Massachusetts was a philanthropist who greatly aided the southern states in their struggle for education after the Civil War. Peabody accumulated a considerable fortune with his business ventures in this country and in London where he spent some thirty years. Near the end of his life, he donated a large portion of his vast means to charitable and educational projects.

Peabody refrained from taking sides during the Civil War and, by his donations, became a peacemaker. His many donations included large amounts to Harvard College and other institutions in New England, $1 million to endow the Peabody Institute in Baltimore, several million dollars to improve the conditions for working people in London, and $2 million to aid education in the South.[19]

In Ruffner's first report, the Virginia School Report of 1871, he stated that Peabody was a great admirer of General R. E. Lee and made Washington College a sharer of his bounty; but the grand act of his life was the donation of more than $2 million in aid of southern education.[20]

The Reverend Barnes Sears, president of Brown University, was appointed General Agent of the Peabody Board

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[19] Ibid., 102-104.

[20] Virginia School Report (1871), 29.

for administering the distribution of the interest proceeds from the two million dollar donation. Sears general purpose was to make a small amount of money accomplish the greatest results in stimulating the development of public education in the southern states.[21]

Dabney noted that people everywhere were eager to get some of the Peabody money for schools of every description, but Sears adhered strongly to his plan of helping only where there was opportunity to build a public school system.[22] The Peabody Fund allocation formula was $300 to a school of one hundred pupils; $600 to one of two hundred; $1,000 to one of three hundred; and a slightly increasing ratio for additional enrollment, with the stipulation that the district shall pay at least twice as much as the amount given by the Peabody Fund.[23] Ruffner stated: "In 1871 the agent of the Peabody Education Fund renders aid only to the graded schools."[24]

Ruffner concluded his statement on Peabody in the 1871 report as follows: "Grateful as our Southern people now feel for his princely generosity to us, the whole value and

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[21]Dabney, 111-112.

[22]Ibid., 112.

[23]Virginia School Report (1871), 35.

[24]Ibid., 15.

hearing of the great benefaction can be fully comprehended only by the generation to come."[25]

The Peabody Fund added $19,000 to Virginia's educational income in 1870-71 and $30,000 in 1871-72.[26] Heatwole reported that Virginia received the total sum of $233,000 from the Peabody Fund from 1870-82 which represented one-fifth of the total amount received by all southern states - the lion's share of this fund.[27]

Constitutional Mandate for Free Public Schools in Virginia

Public education in the South had to begin anew after the Civil War. The aftermath of the war produced drastic changes in the conditions needed to establish a system of free public schools in the Commonwealth of Virginia. Illiteracy among the white people had increased during the war and practically all the blacks were illiterate. Threatened race feelings, prejudice against free schools for either whites or blacks, and the unavoidable necessity of maintaining a dual system of schools among a widely scattered people were problems to be confronted as the struggle for universal

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[25]Ibid., 33.

[26]Buck, 78.

[27]Heatwole, 240.

education was renewed.[28] It was under these conditions that Virginia's free public school system was constituted and inaugurated.

Under the Reconstruction Act, military occupation and registration of black voters were preliminary to the election of a new constitutional convention. On December 3, 1867, a convention began its deliberations which resulted in a new state constitution for Virginia containing the first provision for a complete system of public education. The convention was composed of 105 members of which thirty-three were conservatives, seventy-two were radicals, and twenty-four were blacks.[29] The president of the convention was Judge John C. Underwood from New York.[30] The resulting constitution, called the "Underwood Constitution" from the name of the president of the convention, was resented by many people in Virginia.

The convention completed its work on April 17, 1868, and the constitution was adopted on July 6, 1869, by a vote of 210,585 to 9,136.[31] Buck stated that the ratification of

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[28]Dabney, 98-99.

[29]Porter, 242.

[30]Meade, 244.

[31]Ibid., 67.

the Underwood constitution by the people of Virginia, under the duress of "The Tragic Era," carried with it no popular enthusiasm as Virginia was in the painful throes of adversity which followed the War Between the States, and problems were complicated by the necessity of providing schools for the children of the liberated slaves. The blacks represented about 30 percent of the population.[32]

Heatwole, however, observed that to the cosmopolitan "Underwood" assembly, Virginia owed the constitutional provision for the establishment of the first state-wide school system.[33] Virginia's post-war constitution, adopted July 6, 1869, contained the following public education article:

Article VIII

Constitutional Provisions for Education.--SECTION 1. The general assembly shall elect in joint ballot within thirty days after its organization under this constitution, and every fourth year thereafter, a superintendent of public instruction. He shall have the general supervision of the public free school interests of the State, and shall report to the general assembly for its consideration, within thirty days after his election, a plan for a uniform system of public free schools.

SEC. 2. There shall be a board of education, composed of the governor, superintendent of public instruction, and attorney-general, which shall appoint and have power to remove for cause and upon notice to the incumbents, subject to confirmation by the senate,

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[32]Buck, 78.

[33]Heatwole, 215.

all county superintendents of public schools. This board shall have, regulated by law, the management and investment of all school funds, and such supervision of higher grades as the law shall provide.

SEC. 3. The general assembly shall provide by law at its first session under this constitution a uniform system of public free schools, and for its gradual, equal, and full introduction into all the counties of the State by the year 1876, or as much earlier as practicable.

SEC. 4. The general assembly shall have power, after a full introduction of the public free school system, to make such laws as shall not permit parents and guardians to allow their children to grow up in ignorance and vagrancy.

SEC. 5. The general assembly shall establish, as soon as practicable, normal schools, and may establish agricultural schools and such grades of schools as shall be for the public good.

SEC. 6. The board of education shall provide uniformity of text-books, and the furnishing of school-houses with such apparatus and library as may be necessary, under such regulations as may be provided by law.

SEC. 7. The general assembly shall set apart as a permanent and perpetual "literary fund" the present literary fund of the State, the proceeds of all public lands donated by Congress for the public school purposes, of all escheated property, of all waste and unappropriated lands, of all property accruing to the State by forfeiture, and all fines collected for offenses committed against the State, and all such other sums as the general assembly may appropriate.

SEC. 8. The general assembly shall apply the annual interest on the literary fund, the capitation tax provided for by this constitution for public free school purposes, and an annual tax upon the property of the State of not less than one mill nor more than five mills on the dollar, for the equal benefit of all the people of the State, the number of children between the ages of five and twenty-one years in each public free school district being the basis of such division. Provision shall be made to supply children attending the public free schools with necessary text-books in cases where the parent or guardian is unable, by reason of poverty, to furnish them. Each county and public free school district may raise additional sums by a tax on property for the support of public free schools. All unexpended

sums of any one year in any public free school district shall go into the general school fund for redivision the next year: Provided, That any tax authorized by this section to be raised by counties or school districts shall not exceed five mills on a dollar in any one year, and shall not be subject to redivision, as herein before provided in this section.

SEC. 9. The general assembly shall have the power to foster all higher grades of schools under its supervision, and to provide for such purpose a permanent educational fund.

SEC. 10. All grants and donations received by the general assembly for educational purposes shall be applied according to the terms prescribed by the donors.

SEC. 11. Each city and county shall be held accountable for the destruction of school property that may take place within its limits by incendiaries or open violence.

SEC. 12. The general assembly shall fix the salaries and prescribe the duties of all school officers, and shall make all needful laws to carry into effect the public free school system provided for by this article.

County organizations. And there shall be appointed, in the manner provided for, in Article VIII, one superintendent of schools; Provided, That counties containing less than eight thousand inhabitants may be attached to adjoining counties for the formation of districts for superintendents of schools: Provided also, That in counties containing thirty thousand inhabitants there may be appointed an additional superintendent of schools therein. All regular elections for county officers shall be held on the first Tuesday after the first Monday in November, and all officers elected or appointed under this provision shall enter upon the duties of their offices on the first day of January next succeeding their election and shall hold their respective offices for the term of three years.

School Districts. Each township shall be divided into as many compactly located school districts as may be deemed necessary: Provided, That no school district shall be formed containing less than one hundred inhabitants. In each school district there shall be elected or appointed annually one school trustee, who shall hold his office three years: Provided, that at the first election held under this provision there shall be

> three trustees elected, whose terms shall be one, two, and three years, respectively.[34]

These 1869 provisions represented the first genuine constitutional foundation for public education in Virginia. The provisions were in keeping with early educational trends of a considerable amount of local autonomy with the state taxation to be supplemented by local taxes as the financial sources. The responsibility of furnishing school plants "as necessary" was given the (state) board of education in SEC. 6 of the education article.

The act of Congress by which Virginia was readmitted into the Union in 1870 further enhanced the legal foundation for public education in Virginia by providing that

> The Constitution of Virginia shall never be so amended or changed as to deprive any citizen or class of citizens of the United States of the school rights and privileges secured by the Constitution of the said State.[35]

Thus, after debates, controversies, agitation, and a Civil War, the educational plans of Thomas Jefferson and Charles Mercer, in modified form, were enacted into law. The education article of the constitution was of such character that Ruffner wrote in the first annual Virginia School Report that "our constitutional plan of education which is

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[34]Constitution of Virginia (1869).

[35]Heatwole, 214.

undoubtedly framed on right principles allies the school system with the State government in form as well as in fact" and that the system organized under it was "as a whole . . . one of the best in the United States."[36]

Early Years of the Public School System

The first session of the General Assembly after ratification of the new Underwood constitution, met on February 10, 1870. On March 2, 1870, William Henry Ruffner was appointed Virginia's first Superintendent of Public Instruction by the General Assembly.[37] The constitution further provided that after a state superintendent had been elected, he was to be given thirty days in which to prepare a report to the General Assembly on implementing a uniform system of public schools. Ruffner complied with the provision in twenty-five days and was then requested to prepare a bill to be submitted to the legislature to implement his proposed plan.[38] After being revised by Professor John B. Minor of the University of Virginia, a joint committee of the House and Senate and of the General Assembly itself, the bill became the first school law in

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[36] Virginia School Report (1871), 6-7.

[37] Ibid. 3.

[38] Ibid.

Virginia on July 11, 1870, when it was signed by the Governor as an act to establish and maintain a uniform system of public free schools.[39] Ruffner referred to the effective date of this school law as "a day which marks an epoch in the history of Virginia."[40] The law provided for a state board of education with a state superintendent of public instruction to be appointed by the legislature. County superintendents of schools, and district school trustees were also to be appointed by the legislature.

The Act of 1870 contained the following provisions relative to financing the schools and providing facilities:

> SEC. 14. The duties of each county superintendent of schools shall be as follows, viz.: Third.--To prepare annually, and at such other times as may be necessary, under directions from the superintendent of public instruction, a scheme for apportioning the state and county school funds among the school districts within each county under his supervision; which scheme, having been first submitted to the superintendent of public instruction, and approved by him, a copy thereof shall be furnished to the county treasurer, and to the clerk of each school district, and also to the editor of each newspaper which may be published within the county.
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> SEC. 24. The duties of boards of school trustees shall be . . . : Eighth.--To prepare and submit to the voters of the district questions touching a tax on the property in the district, in order to provide school houses, school books for indigent children, and other school appurtenances and current expenses, such as are presented by law. District School Trustees to take care of, manage, and control the school property of the district.

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[39] Acts of Virginia Assembly (1870), chap. 259, 402-417.

[40] Virginia School Report (1871), 3.

SEC. 41. The board of school trustees shall provide suitable school houses, with proper furniture and appliances, in every school district; and to that end may hire, purchase, or build such houses according to the exigencies of the district and means at their disposal.

SEC. 43. In erecting or providing school houses for public free schools, the utmost economy shall be observed consistent with health and decency, and no house shall be erected without first consulting with the county superintendent concerning the style of structure and the arrangements about the buildings and grounds. No public school shall be allowed in any building which is not in such condition and provided with such conveniences as are required by a due regard to decency and health; and when a school house shall appear to the county superintendent of schools to be thus unfit for occupancy, it shall be his duty to condemn the same, and immediately to give notice thereof, in writing, to the chairman of the board of district school trustees and thenceforth no public free school shall be held therein, nor shall any part of the state or county fund be applied to support any school in such house until the county superintendent shall certify, in writing, to the board of district school trustees, that he is satisfied with the condition of such building and with the appliances pertaining thereto.

SEC. 44. No school district shall receive any part of the funds unless it has made provision for school houses, furniture, apparatus, text-books for indigent children, and all other means and appliances needful for the successful operation of the schools.

SEC. 53. The number of schools in the state shall be according to the funds for the purpose, and they shall be distributed, under the direction of this board of education, amongst the counties and cities, in proportion to the number of children between the ages of five and twenty-one years, resident in such counties and cities.[41]

SEC. 40 authorized school district trustees to receive donations of real or personal property for the benefit of

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[41] Acts of Virginia Assembly (1870), chap. 259, secs. 14, 24, 40, 41, 42, 43, 44, 53, pp 406-414.

the free public schools. SEC. 42 gave school trustees the right to condemn land for schools.

Porter outlined the provisions of the act as follows:

> The county superintendents were to be appointed by the state board for a three-year term and might be removed by them; his salary was to be $15.00 per thousand of population in his county, plus $5.00 for each one teacher school and $10.00 for each graded school, but the total not to exceed $350 a year. The district school trustees were to enforce the school laws, hire and fire the teachers, suspend or dismiss pupils, supply textbooks for poor children, check on the school census, call meetings of parents when necessary and arrange votes on school taxes, and manage all school property within their districts. The district trustees were allowed a clerk who was to take the school census and keep a record of the trustees' meetings and who received a per diem pay of $2.00. School funds were to come from three sources; namely, state money, which was derived from the interest on the literary fund, a poll tax of one dollar, and a property tax between one and five mills as decided by the legislature; county funds, as voted by the people of the county; and district funds as voted by the people of the district. The school money was to be handled by the county treasurer who had to account to the superintendent of schools annually.[42]

The first work of the State Board of Education was the appointing of the school officials necessary to carry out the intent of the constitution. Heatwole reported that in three months 1,400 county superintendents and district trustees were appointed.[43]

Ruffner stated that it devolved upon the superintendent to instruct these new officers (local superintendents

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[42]Porter, 259-260.

[43]Heatwole, 220.

and school trustees) in their new and somewhat complicated duties.[44] He accomplished this by means of circulars, correspondence, and the columns of the Educational Journal. This monthly magazine had been established in 1869 as the organ of the Educational Association of Virginia, and eight pages of the publication each month were placed under control of the State Superintendent and "proved to be a highly important means for conveying information, and for educating school officers, teachers, and other readers of the 'Journal' in the ideas and methods of the school system."[45]

The schools were opened in November 1870, and by the close of the school year there were more than 2,900 schools with about 130,000 pupils and more than 3,000 teachers.[46] Ruffner noted in the January 1871, Educational Journal that

> The public school work moves on with a vigor which is surprising in view of the fact that not a dollar of the public money has yet (January 10) become available for support of the system (first state funds were delayed until latter part of January, 1871). . . . In more than one-fourth, perhaps, in one-half of the counties of the State, schools have been opened, or are on the point of opening, by means of private subscription . . . and a large portion of these schools have heretofore existed as private schools, which, by the concurrence of those concerned, have not been

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[44] Virginia School Report (1871), 4.

[45] Ibid.

[46] Heatwole, 220.

adopted into the State system, and made free to all.[47]

In his first annual report, Ruffner reported that "the minimum average attendance of twenty pupils required by the State Board of Education in order to form a lawful school insured the location of schools where the greatest number would receive the benefit of them, . . . but special arrangements were made for the regions sparsely settled to afford so high a number."[48]

Regarding public sentiment on the first year of the public schools, Ruffner stated that the "public system ought to rest on a better foundation than the demands of a constitution reluctantly accepted, or even on the will of a numerical majority" and underscored the need for the system to commend itself to the "enlightened" part of the community if it were to be continued permanently.[49] By 1873 Ruffner reported that "the school system is now assured of support by public sentiment as well as general constitutional provisions."[50]

Ruffner's report on "School Houses" for the first year of Virginia's public school system was:

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[47] Virginia School Report (1871), 5.

[48] Ibid., 15.

[49] Ibid., 55.

[50] Ibid., (1873), 17.

> No reports on this subject have been received from Fairfax, Fluvanna, Fredrick, Matthews, Page, Richmond, and Warren counties. The whole number of school houses used during the year in the other counties and in the cities was 3,036, of which 1,725 were log, 988 frame, 170 brick, and 21 stone; 300 were provided with outhouses, 2,089 had suitable grounds, 702 contained good furniture, 147 were furnished with wall maps, 91 with globes, 87 with reading charts, 27 with arithmetical charts, 1,063 with blackboards, 2,067 were comfortable, and 452 were unfit for use. Of the whole number used 190 were owned by the districts. The rest were either rented or furnished free of charge.[51]

The foregoing statistics revealed that only six percent (190 of 3,036) of the school buildings were owned by the local school commissioners during the first year of Virginia's public school operation. The others were provided by private sources on a rental or no-cost basis.

Local School District Responsibilities

The responsibility of providing school buildings was placed with District School Trustees at the local level by the law establishing Virginia's public schools in 1870. Ruffner spoke to the matter in his first report under the heading of "District Affairs" in which he quoted the instructions which he gave for conducting that part of the school business which "belonged particularly to the districts."[52] He continued: "It is to be hoped that the

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[51] Ibid., (1871), 192.

[52] Ibid., 10.

existing schoolhouses may be obtained at little or no public cost, and that in many cases private schools may be changed into public schools. This, indeed, is the most pleasant way to introduce the system when it can be done."[53] Ruffner further emphasized that the local school board must provide the buildings, furniture, books, etc. He stated:

> As soon as possible each Board should carefully prepare an estimate of what money shall be raised by taxation, remembering that the constitution and law provide that any tax on property for school purposes, raised by the districts, shall not exceed five mills on a dollar in any one year.
>
> Be careful in making up your estimate to include everything. The following list embraces all that will be required:
>
> 1. School houses.
> 2. School furniture.
> 3. School expense.
> 4. School books for indigent children.
> 5. Record books and stationery for Board of Trustees.
> 6. Pay of district clerks.
> 7. Expenses of special elections.[54]

Ruffner continued with his instructions pertaining to buildings:

> The cost of school houses will vary even in cases in which they must be built. Whether built, or rented, or donated, allowance must be made for suitable repairs and for such outside appliances as may be needed to comply with the law in every particular. Under the head of school furniture must be included comfortable seats and desks for pupils, with a table and chair for teacher, and a few extra seats for trustees and others who visit the schools. A platform for teacher and visitors,

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[53] Ibid., 10-11.

[54] Ibid., 11.

> raised a few inches above the floor is desirable. Bucket and ladle, brooms and brushes, will be provided of course. Blackboards, wall maps, charts, and other valuable helps to instruction should be furnished when practicable. In building new houses, the walls all around should be prepared as blackboards.[55]

In commenting on the cost of Virginia's public schools for the first year of operation, Ruffner stated that the aggregate cost of teaching the public schools of the state was about $450,000 and that this amount included payment of teachers from all sources but did not include the cost of school accommodations and other district expenses.[56] Ruffner further revealed how school buildings and equipment were provided by the local school commissioners through private donations or by a district tax after approval by the voters. He stated:

> In one of the smaller cities all the elementary private schools - eight in number - have been turned into public schools and an appropriation of fifteen hundred dollars has been made by the city council for their benefit. In nearly all the counties in which private arrangements have not been made, district votes will be taken during this month (January 1871).[57]

Additionally, Ruffner commented on the public schools in the City of Richmond and reemphasized that the responsibility for providing the school buildings was clearly that

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[55]Ibid.

[56]Ibid., 26.

[57]Ibid., 6.

of the county and city. Ruffner made the following observations on the Richmond City Schools:

> Richmond City inaugurated a system of public schools in April 1869 (before the state system began). In addition to the amount necessary for current expenses for the year (1870) an appropriation of $100,000 (by the city) was made for the erection of suitable school buildings. The growth and prosperity of the schools, for the year 1870-71, were very marked. The number of schools were seventy-three, with an average enrollment of 3,300. The cost of tuition, per scholar, was $13.58. The percent of attendance was never below 86 per cent, and sometimes reached 97 per cent.[58]

The Richmond City schools became a part of the state system in April 1871.[59] On the matter of school buildings and district taxes for such, Ruffner stated that:

> The total amount raised during the year (1870-71) for district purposes can be stated only approximately, because of the various and irregular means by which the school accommodations and appliances were obtained . . . schoolhouses were often obtained free of charge . . . the accommodations furnished in most cases were by no means satisfactory, but were as good as could have been expected the first year. Suitable buildings and improved furniture and apparatus are very much needed, and are indispensable for proper and highly successful instruction; but can only be supplied gradually. The people, however, will not rest until the schoolhouse becomes the delight of the children and the pride of the community.[60]

Financial Support for the Public Schools

The Act of the General Assembly on July 11, 1870, which

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[58] Ibid., 19-20.

[59] Ibid., 12.

[60] Ibid.

established public schools in Virginia provided for the sources of school funds:

> SEC. 56. There shall be and are hereby set apart as a permanent and perpetual literary fund, the present literary funds of the state, the proceeds of all public lands donated by Congress for public school purposes, of all escheated property, of all waste and unappropriated lands, of all property accruing to the state by forfeiture, donations made for the purpose, and such other sums as the general assembly may appropriate. The same shall be known by the name of The Literary Fund, and shall be invested and managed by the board of education, as prescribed in clause three of section seven of this act. The principal of the said fund shall always remain unimpaired and entire, and the annual income arising therefrom shall be and hereby is dedicated exclusively to the support and maintenance of public free schools in this state.
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> SEC. 57. The funds applicable annually to the establishment, support, and maintenance of public free schools in this state shall consist of--
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> First--State funds--embracing the annual interest on the literary fund, a capitation tax of not exceeding one dollar per annum on every male citizen who has attained the age of twenty-one years, and such tax on property, not less than one mill nor more than five mills on the dollar, as the general assembly shall from time to time order to be levied.
>
> Second--County funds--embracing such tax as shall be agreed to by the voters of any county, in pursuance of clause two section fourteen of this act, finds and penalties imposed in pursuance of section thirty-two of same, and donations, or the income arising therefrom in pursuance of section forty hereof.
>
> Third--District funds--embracing such tax as shall be agreed to by the voters of any school district, . . . provided, that no tax, to be raised by counties or school districts for the support of public free schools, shall in any case exceed five mills on a dollar in any one year.[61]

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[61] Acts of Virginia Assembly (1870), chap. 259, secs. 56, 57, 415.

The schools opened in November, but there were no state funds available until two or three months later. Ruffner reported that the uncertainty of school revenue, as to time and amount, embarrassed the (local) officers in determining what should be the number and location of schools and the pay of teachers.[62] The county superintendents were generally required to apportion the school funds among the districts on the basis of school population. Certain exceptions were permitted during the first year.[63] Ruffner concluded on funds for 1870-71 that in some counties the state funds apportioned were not all employed, while in others they proved insufficient to meet wants of the people, and were supplemented from three sources: individual subscriptions, county taxation, and the Peabody Fund.[64]

Reflected in Table 3 is a summary of expenditures shown in the Virginia School Report for the first year of operation of public schools in Virginia.

It is significant for this study that the expenditure report for the first year of public schools in Virginia include expenses for schoolhouses and furniture. Although the provision of schoolhouses and furniture was considered a

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[62] Virginia School Report (1871), 8.

[63] Ibid., 10.

[64] Ibid., 10.

Table 3.--Summary of Expenditures Reflecting Total Cost of the Virginia Public Free School System for the First Year (1870-71).

Description	Amount
Entire cost of the system during the year to the State, for all purposes	$382,217.17
To the cities and counties, for the payment of teachers	48,844.96
To the Peabody Fund and to private donations, for the payment of teachers	45,233.91
To the cities and school districts for expenses of schoolhouses, furniture, fuel, apparatus, textbooks for indigent children, pay of clerks of boards of trustees, and all other expenses except the pay of teachers and of county superintendents	111,176.35
Whole cost of the system for the year	$587,472.39

Source: Virginia School Report (1871), 197.

local responsibility, it is evident from the financial statement referenced in Table 3 that the state did provide some funding for schoolhouses and furniture during the first year of Virginia's public schools.

On March 23, 1871, an act was passed authorizing District School Trustees to borrow money "not exceeding fifty per centum of such (school) levy, at a rate of interest not exceeding that allowed by law, and for a period not exceeding six months.[65] Another act relating to financing the schools was passed on March 30, 1871.

> SEC. 64. The sense of the voters in any county in regards to additional sums of taxation for the support of public free schools in the county, for the next scholastic year, shall be taken every year in May. The vote in the school districts, touching a similar tax for the support of public free schools, shall be conducted according to regulations to be prescribed by the board of education.[66]

Statistical Data for First Two Years 1870-72

The Virginia School Report of the Superintendent of Public Instruction for the year ending August 31, 1872, provided some significant statistical comparative data for the first two years of Virginia's free public school

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[65] Acts of Virginia Assembly (1871), chap. 183, sec. 1, 262.

[66] Ibid., chap. 264, sec. 64, 359.

system.[67] Summarized in Table 4 is the statistical information for the 1871-72 school year.

In remarking on these statistics for the first two years of Virginia public schools, Ruffner stated:

> Considering the embarrassments under which the mighty work of universal education was begun and has been continued, we have reason to thank God and take courage. The hostile and the feeble-hearted expected that in a year or two our public school system would end its existence; but it was born a giant and has grown with giant vigor. Strong as it was in its first year, it was greatly stronger in the second, and at this present writing (November 1) it has entered healthfully upon its third year of active life.
>
> The addition in the second year of 648 schools and 769 teachers, with an addition of more than a month in the average length of the school session, was a most gratifying increase of school privileges over those of the first year; and the happy effects were simultaneously exhibited by the addition of 35,289 pupils to the enrollment in the schools.
>
> The increased liberality of the people is also worthy of note, especially in view of the fact that in the counties and districts the money was voted by the people at the polls, and came in most opportunely to supplement the waning income from the state. The demonstrated practicality of educating the children at seventy cents per month per pupil, confirms what has been asserted with regard to the economy of the public school system.[68]

Excerpts from Reports of Local Superintendents

State Superintendent Ruffner requested the local superintendents to respond in their second annual reports on

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[67] Virginia School Report (1872), ix.

[68] Ibid.

Table 4.--A Statement Showing the Condition of the System for the School Year Ending August 31, 1872, in Comparison With Its Condition for the Year Ending August 31, 1871.

Description	1871	1872
Whole number of public schools Increase in 1872 648	3,047	3,695
Whole number of pupils enrolled Increase in 1872 35,289	131,088	166,377
Whole number attending private schools Decrease in 1872 5,451	25,948	20,497
Total number pupils in public and private schools Increase in 1872 29,838	157,036	186,874
Number of pupils in average daily attendance Increase in 1872 19,766	75,722	95,488
Percentage of school population enrolled Increase in 1872 8.7	31.8	40.5
Percentage of school population in average attendance Increase in 1872 4.4	18.8	23.2
Whole number of teachers in public schools Increase in 1872 769	3,084	3,853
Estimated value of public school property Increase in 1872 $176,506	$211,166	$387,672
Number of schoolhouses owned by districts Increase in 1872 414	190	504
Average number months were taught Increase in 1872 1.06	4.66	5.72

Source: Virginia School Report (1872), ix.

public sentiment towards public schools in Virginia at the end of the first two years of operation. The following responses from certain of the local superintendents indicated that public sentiment toward the school system was gaining favor:

> Botetourt.--"I can truly say that public sentiment in this county is altogether favorable to the public school system. I do not know of a leading man opposed to it."
>
> Appomattox.--"We believe that the sentiment of the people is largely in favor of public schools; for the cry everywhere is, give us a school."
>
> Franklin.--"I think public sentiment is almost entirely in favor of the system. Persons heretofore holding strong prejudices against it are now among its warmest friends."
>
> Montgomery.--"The public free school system, during the past year, has been steadily growing in favor with the people: a fact which is proven by a general awakening on the subject of education. The trustees are beset with applications for the establishment of schools for the coming year, and liberal efforts are making all over the county for the erection of school-houses. In most instances land is granted for sites, and the public appears willing to co-operate cordially with the school authorities. One district, which in '71 defeated the district tax, in '72 carried it by an almost unanimous vote. Yet, there are a number of Bourbons who are anxiously awaiting an opportunity to pronounce the system a failure, and would strike it down, if possible. Many, however, who have heretofore occupied that position, are now co-operating with us; and if the Commonwealth will but display a moiety of the liberality of those States which have well-established public school systems, in furnishing the necessary funds, the numbers of the opposition will reduce to insignificance."
>
> Roanoke.--"Public sentiment concerning public schools has greatly improved during the year. In fact,

> they may now be said to be popular, the little opposition manifested being confined almost exclusively to that class of persons who are not directly benefitted, and who have not sufficient cultivation to appreciate the advantages of a general diffusion of knowledge. The schools have been liberally patronized by our very best and most influential citizens, and throughout the county have been far superior to those in existence before the introduction of the present system. The number of pupils enrolled exceeds that of last year by nearly 65 per cent. The supervisors promptly and unanimously levied the maximum rate of taxation and expressed a regret that they were not permitted to do more."[69]

In the 1872 school report Ruffner made an observance that reflected his astuteness for adequately providing school facilities. He stated: "That district money bearing so small a proportion to public necessities, school accommodations are largely obtained by the use of old school houses, or by private subscriptions; the only remedy for this is an adequate public provision."[70]

Views of Local Superintendents on Means of Raising Local School Funds - 1872

In 1872 the local school superintendents were requested to give their views on the "probable working of the present mode of raising local school funds." Also in 1872, the General Assembly changed the approved procedure for school taxes from a popular vote of the people to approval of the

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[69] Virginia School Report (1872), 21-32.

[70] Ibid., 3.

County Board of Supervisors and the county judge.[71] The comments of the local superintendents on this matter were of interest, and many such assessments and concerns have been continuously expressed by local school superintendents from that time forward. Following are some of the replies by the county and city superintendents in 1872:

> Bath and Highland.--"Either the Legislature should require the Board of Supervisors to levy a designated amount, or the whole matter should be placed in the hands and under the control of the County School Board, whose complexion is always presumed to be favorable to the subject of public free schools. I cannot withhold the expression of my strong conviction, that, as the law now stands, school officers will soon be met with Supervisors hostile to taxation for free school purposes, and the system, in consequence, will be left to drag a miserable existence, while ignorance and vice will increase with strides proportionate to the parsimony with which funds have been doled out to a hungry and starving people."
>
> Nelson.--"The present mode of raising local school funds is perhaps an improvement on that of submitting the question to a vote of the people; still it has its objections. It is an uncertain way of raising funds. The board of supervisors changing annually, we can make no definite calculation as to district funds; and hence our trustees can begin no improvement in furniture, school apparatus, &c., &c., that the funds of that year will not complete."
>
> Roanoke County.--"The present mode of raising school funds is decidedly preferable to the old method."[72]

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[71] Acts of Virginia Assembly (1872), chap. 348, sec. 57, 442-444.

[72] Virginia School Report (1872), 41-51.

Ruffner reiterated the concerns of the local superintendents on the method of raising school funds in 1872. While he considered the new law an improvement over the former one, he expressed grave concern regarding "the power given to the supervisors and the county judge to curtail and damage, if not to destroy, the means of education in any county."[73] He mentioned the possibility of school interests being dragged into local political contests and of the school tax being made a "shibboleth."[74] He stated his belief, however, that the supervisors and county judges are a worthy and judicious class of men, but that attention to school interests is out of their line of duty, and they could not be expected to form an intelligent judgment as to the educational wants of the people.[75]

Local Superintendents' Reports on Improvements of School Buildings - 1872

The local superintendents were requested by the State Superintendent to answer the question of "any improvement, or prospect of improvement in school houses" in the 1872 report.[76] The responses provided some meaningful insights

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[73]Ibid., 6.

[74]Ibid.

[75]Ibid.

[76]Ibid., 94-101.

into the problems and limitations, but more importantly the progress made in providing school facilities in the infancy years of Virginia's public school system.

> Accomac.--"The school houses are improving, quite a number of them have been repaired, and all are being supplied with the most necessary furniture as rapidly as funds can be obtained. Two new houses have been built in Lee the past year for the use of our schools, though they are yet private property. The trustees are preparing, and in a few weeks will commence, to build a new and commodious house on Chingoteague island for their school. I hope soon to see a graded school there. Very much interest is taken by the people in that hitherto much neglected portion of the county."
>
> Amelia.--"The district tax fund is too small to permit building, and generally only indifferent houses can be rented."
>
> Augusta.--"Many of the old school houses have been repaired and supplied with more comfortable furniture, a few good new ones were built, and with the fund raised by the district tax, three or four more new ones will probably be built this year in every district."
>
> Bath and Highland.--"The improvement in schoolhouses has not been such as I should have been pleased to report, only one new frame school house having been erected in Bath at district expense, and one large and commodious frame building, seating fifty-six pupils and furnished with cast-iron folding-seat desks, in Blue Grass district, Highland, entirely at private expense. The trustees of this district expect to purchase this house, the people building it proposing to donate about one-half the cost of building. The entire cost of this house and its furniture is about $800. I have been promised the donation of three suitable lots to the districts of Highland by various parties for school house purposes, and as soon as the deeds to these can be secured, the erection of as many new school houses will be commenced. I have failed to notice any marked improvement in school houses not belonging to the districts in which schools were taught, and account for it partly from the fact that, with one single exception, every board of trustees of the two counties determined

to expend no public money upon old houses, but to expend every dollar in the erection of new ones in those localities where school houses are most needed."

Bland.--"Some of our school houses were repaired last fall. Others will be repaired shortly. Three new school houses have been erected this year, all log buildings. We have subscriptions out for building ten others; but in some cases we will not succeed this fall. We hope to build some."

Botetourt.--"I am glad to say to you that there is a fine prospect for improvement in school houses. Many persons are building them at their own expense, with the understanding that we pay for them by degrees as we get the money."

Buchanan.--"But little prospect, under the present mode of raising funds."

Caroline.--"There have been built four or five houses during the year, costing from $100 to $160 each: These belong to the system, and are better than any houses we have yet had."

Charlotte.--"There has been a gradual and progressive improvement in our school houses, those last built being more attractive in appearance and comfortable than the first. The hideous looking old-field school house is becoming unlovely, even in the eyes of an average school trustee."

Clarke.--"Very decided improvement. The district boards are building as fast as the proceeds of the district school tax will allow. Eight new houses, commodious, comfortable, neat and tasteful in design and construction and well furnished, are about ready for occupancy. In two years more our county will be fully provided with as good a set of school houses as is to be seen in any country district in any State. On this question there is but one opinion, and that is, to have good houses, and to have them speedily. In one district it will be completed this year, next year will do it in another."

Fairfax.--"School houses have been improved, and in some instances new ones erected. The trustees will

build where it is necessary as rapidly as they can raise the means."

Fluvanna.--"Eight plain but comfortable school houses have been built by patrons, and three are in process of building. Five of those completed were built by the colored people."

Franklin.--"We have but few good school houses, and there seems to be but little prospect of any improvement."

Giles.--"We have no school houses belonging to the county board, and our means at present are too limited to justify the boards to attempt their erection."

Halifax.--"This question must be answered almost in the negative. There have been a few school houses put up, but they are common log houses, some of them neat and well-built, others common and put up as mere makeshifts. The trustees, though, seem to be getting alive to the expediency and even necessity of good, neat, and convenient school houses. It is hoped, therefore, that there is some prospect of improvement."

Montgomery.--"There is a prospect of considerable improvement in school houses. The people are displaying just now very considerable interest in this matter, and we expect shortly to have some good houses built, mainly by private enterprise, but to be the property of the districts."

Nelson.--"The prospects for improvement in school houses are good. Several neighborhoods have already built good houses at their own expense, and others are now making arrangements to do so. They have an elegant country school house at Arrington, for which our Senator, Captain Thomas P. Fitzpatrick, contributed the land and all the timber. They are also building a school house in the Greenfield district, at a cost of about six hundred dollars, raised entirely by private subscription.

Page and Warren.--"Some of the school houses are new and comfortable. Many are not well supplied with furniture. District funds too small for much improvement to be made."

Pittsylvania.--"There is a good deal of improvement on school houses. In District No. 1 the trustees have bought one nice log house, built a neat frame house, and have contracted for another. In No. 6, the trustees have built a neat log house. In No. 7, one neat log house is built and another under contract; and a frame house has been given to the trustees, which will be nicely fixed up."

Richmond City.--"The brick buildings spoken of in my last report were completed and occupied January 1st, 1872. An additional brick building to accommodate eight schools is in process of erection. The city council has appropriated $40,000 in eight per cent. bonds for the erection of additional school buildings, and also for a high and normal school, which we hope to have completed during the next year."

Roanoke.--"There has been great improvement in school houses, and the prospect of continued improvement is very encouraging. In Big Lock district especially is this advance observed, several roomy and comfortable buildings have been recently erected. Four excellent houses have been erected in the county for colored schools."

Russell.--"Great improvement. The trustees are, as a general thing, abandoning the old log hut and erecting neat frame houses."[77]

In summarizing the reports of the local superintendents on this question, Ruffner stated that eighty-seven counties (school systems) reported improvements.[78] The above reports summarized the means of providing school buildings and equipment as Virginia's public school system began: private subscriptions, donations, and public funds from the district

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[77]Ibid.

[78]Ibid., 109.

school tax. Comments by the local superintendents reflected a great range in local efforts relative to providing schools. In Giles County very little was being accomplished, but Clarke County, Lynchburg, and Richmond cities were making considerable progress in building schools.

The Diversion of School Funds

During the first ten years of Virginia's public school system, a severe problem was encountered regarding the "diversion" of state school funds. Buck wrote that this difficulty overshadowed all others during the early years.[79] The difficulty was of a complicated nature involving the constitutional mandate, several laws, and a court decision. The constitution and laws of 1869 and 1870 provided for certain taxes and funds for support of the public school system. In an effort to fund and pay interest on the state's post-Civil War debt, the General Assembly passed an act on March 30, 1871, known as the Funding Bill.[80] According to Knight, holders of the state bonds could exchange them for new bonds whose coupons were to be "receivable for

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[79]Buck, 78.

[80]Acts of Virginia Assembly (1871), chap. 282, 378-380.

all taxes due, debts and demands due the state."[81] A year later, March 7, 1872, an act was passed to repeal the Funding Bill of 1871.[82] The 1872 act stipulated that coupons would no longer be accepted for taxes--that taxes had to be paid "in gold or silver coin, United States treasury notes, or notes of the National Bank of the United States."[83] Knight reported that a court case in 1872, Antoni v. Wright, upheld the Founding Act of 1871 and ruled the 1872 act as unconstitutional on the basis that the 1871 action constituted a contract on part of the state (to meet the debt obligation) which subsequent legislation could not impair ". . . that school funds were sacred and the duty to education was paramount; but, however sacred and high, such an obligation should not be met at the sacrifice of other obligations . . . the people must be educated, but they must not be educated at the price of reputation and dishonor . . . better would be ignorance than enlightment purchased at such a fearful price."[84] The problem, therefore, for the

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[81]Knight, A Documentary History, 51-52.

[82]Acts of Virginia Assembly (1872), chap. 148, 141.

[83]Ibid.

[84]Knight, A Documentary History, 52; and Grattan's Reports, vol. xxii, 54, 833.

school funds, as explained by Knight, was: "By the constitution and law of the state a certain amount of revenue at a fixed rate was to be raised and applied to education; but by subsequent legislation such revenue could, to the extent of the coupons issuable, be paid in tax-receivable coupons."[85]

The problem of school funds being diverted to help pay the state debt, therefore, continued until 1879 due to taxes being paid with coupons and the inability of the bookkeeping system to show the proportionate share of revenue belonging to the schools. An act was passed on March 29, 1873 which ordered the auditor to pay "over in money . . . all that portion of the annual revenue of the state which is set apart for public free school purposes in cash all money for school purposes."[86] This action, however, did not eliminate the fund diversion problem since the auditor continued to prorate school funds on the same basis as other state needs when the revenues were insufficient.[87] Knight wrote that the funding controversy was very damaging to the schools causing curtailment of operations, dissatisfaction and

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[85]Ibid., 51.

[86]Acts of Virginia Assembly (1873), chap. 275, sec. 1, 253.

[87]Virginia School Report (1877), 10.

discontent, and in the "dark days of 1878 and 1879 schools were temporarily suspended in many places and in others the terms considerably decreased. . . . Teachers were not paid . . . and there was a general relaxation of effort."[88]

During the years 1870-79 Ruffner waged a vigorous battle to stop the diversion of school funds. In the Annual School Report for 1877, Ruffner, under the heading of "The Diversion of School Funds" wrote: "The annual and increasing diversion of school funds is so plain a violation of the constitution and law of the State, and so destructive of the school system, that I deem it my duty to ask the serious attention of the legislature . . ."[89]

Heatwole reported that in 1878 conditions were such that attendance decreased by 27,300 pupils and expenditures for education by $88,451.[90] Ruffner continued his efforts to communicate the devastating effect of the fund diversion to the school system. The auditor's position and interpretation of the law were that "all claims authorized and directed by law to be paid, stand upon precisely the same platform, and are as matters of law and right, equally entitled to their proportionate part of the currency in the

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[88]Knight, A Documentary History, 28.

[89]Virginia School Report (1877), 10.

[90]Heatwole, 227.

treasury, where, and whenever there is not an amount sufficient to pay them off in full. I can see no reason why the public free schools of the state should be an exception to this principle."[91] While not being critical of the auditor for his position and interpretation of the law, Ruffner stated the effect on the school system: "Whether right or wrong, this principle of action practically abrogates the constitution and destroys the existence of school money . . . it is no longer school money but simply revenue for general use . . . and the support of the public school system is no longer assured, but is liable to all possible fluctuations . . . it is of highest importance that its (school system's) income be regular and sacred . . . the evils of irregularity have already been seriously felt and during the now current school year (1878) I apprehend serious damage . . . (relief) must come through the general financial policy of the state, I submit the matter to the wisdom of the General Assembly."[92] Finally, in 1877, a legislature was elected that pledged to restore to the schools the funds that had been used for other purposes.[93]

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[91] Virginia School Report (1877), 13-14.

[92] Ibid., 14.

[93] Knight, A Documentary History, 29.

Legislative Protection of School Funds--Henkell and McCulloch Bills

Two acts were passed in 1879, without the support of the Governor, known as the Henkell and McCulloch bills.[94] These bills provided for protection of school funds as set apart by the constitution. Knight noted that the financial maintenance of the schools showed decided improvements after 1878.[95] Bell observed that Ruffner's role in support of these two bills cost him re-election to office in 1882.[96]

Restoration of School Funds--Riddleberger Bill and Granstaff Acts

Bell stated that despite the passage of the Henkell and McCulloch bills in 1879, the financial situation affecting the schools was not cleared up until the passing of two more pieces of legislation: the Riddleberger Bill and the Granstaff Act. The Riddleberger Bill passed in 1882 directed the auditor to calculate the amount of funds diverted since 1871 and to make annual payments on the

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[94] Acts of Virginia Assembly (1879), chap. 177, 157-159; and Sadie Bell, The Church, The State, and Education in Virginia (New York: Arno Press & the New York Times, 1969), 433.

[95] Knight, A Documentary History, 32.

[96] Bell, 434.

arrearages.[97] The Granstaff Act restored the portion of diverted school funds resulting from payment to the state of certain assessed and past-due funds from the reorganization of the Atlantic, Mississippi, and Ohio Railroad Company at a foreclosure sale under the name of the Norfolk and Western Railroad.[98] These bills directed restoration of the funds due the schools. Knight reported that in March, 1884, the auditor furnished a statement of the amounts due the schools saying that the arrearages account would soon be settled in full.[99]

Authorization for School Boards to Sell or Exchange Public School Property

An act was passed on May 21, 1887, providing authority to local county and city school boards for the exchange or sale of public school property subject to approval of the local court--the court order to provide for the proper investment of any proceeds.[100]

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[97] Acts of Virginia Assembly (1882), chap. 254, sec. 7, 262-264; and Virginia School Report (1888-89), xlii.

[98] Acts of Virginia Assembly (1882), chap. 199, sec. 1, 473-474.

[99] Knight, A Documentary History, 33.

[100] Acts of Virginia Assembly (1887), chap. 374, 470.

Literary Fund 1870-1900

The Constitution of 1869 gave constitutional status to the Literary Fund and provided for certain revenues to accrue to the fund.[101] The act of July 11, 1870, to establish and maintain a uniform system of public schools transferred custodianship of the Literary Fund from the Board of the Literary Fund to the State Board of Education in 1870.[102] Ruffner commented in 1877 that the Literary Fund was placed (by the 1869 Constitution) in charge of the Board of Education, to which was transferred the same general powers and duties as had been previously exercised by the Board of the Literary Fund, including the power to change the investment.[103] The fund has continued under the supervision of the State Board of Education since that time.

During the Civil War much of the Literary Fund was invested in confederate bonds which resulted in a loss of a great part of the fund. There had also been losses prior to the Civil War. Heatwole noted that between 1810 and 1871 the sum of $440,837 was lost by bad investments.[104] The

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[101] Constitution of Virginia (1869), art. viii, sec. 7.

[102] Acts of Virginia Assembly (1870), chap. 259, sec. 56, 415.

[103] Virginia School Report (1877), 11.

[104] Heatwole, 108.

Second Auditor's report in 1871 gave the balance of the Literary Fund in 1871 to be $1,596,069.[105] In that 1871 report the auditor also stated that interest on stocks and bonds due by the state was calculated from July 1, 1865, since the ordinance of the convention in 1861 appropriated all interest during the war to the military defense of the state and that, accordingly, no interest had been accrued to the fund during the war.[106]

Ruffner noted that the principal of the Literary Fund in 1870 "consisted almost exclusively of state bonds."[107] In commenting on the investment of the Literary Fund principal in state bonds and the state's payment of interest, Ruffner commented in 1877:

> The annual interest on bonds actually funded amounts to $64,904. This interest has been paid annually except for the last year.
>
> It has commonly been supposed that the general assembly was bound by the constitution to pay full interest regularly on these bonds. I thought so myself at one time, under an opinion of the attorney-general, but it now appears to me that the state bonds belonging to the literary fund stand upon exactly the same footing as any other part of the state debt. They were bought by the board of the literary fund as an investment, and could be sold at any time, and the money invested in something else. The fund as a whole was devoted to school purposes, but the particular bonds composing the fund were not so devoted, because they are a variable

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[105] Virginia School Report (1871), 200.

[106] Ibid.

[107] Ibid., (1877), 11.

> and uncertain element. Though they happen to be state bonds now, they might be bank stock to-morrow, and United States bonds at some other time. Hence I do not believe that the legislature is constitutionally bound to make any different provision for those bonds from what is made for any other part of the public debt. Therefore, I could not regard the failure to pay full interest on those bonds as so serious a matter as the failure to pay over the proceeds of the capitation and property tax.[108] (The diversion of funds has been previously examined in this study.)

Knight reported that the amount of arrears of interest due on the Literary Fund in 1879 was $381,178.74 and $40,520.22 due on fines.[109] These amounts were restored under legislation passed in 1879 and 1882 as previously reviewed in this study. The Second Auditor's report for the year ending August 31, 1900, reflected Literary Fund receipts and disbursements of $310,491.47. The principal of the fund amounted to $1,955,627.28[110]

Statistical Data

Improvements in number and quality of school buildings were indicated by subsequent reports of Virginia's first Superintendent of Public Instruction and his successors in the first three decades of Virginia's public school system. The number of pupils enrolled in the public schools

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[108] Ibid., 11-12.

[109] Knight, A Documentary History, 28.

[110] Virginia School Report (1899-1900 - 1900-01), 56-57.

increased from 131,088 in 1871 to 370,595 in 1900.[111] These figures reflect an increase in enrollment of 239,507 pupils or 183 percent for the thirty-year period. The number of schoolhouses increased from 2,904 in 1871 to 7,262 in 1900, and the value of property owned by the districts increased from $189,680.36 to $3,536,293.14 during the same period.[112] Shown in Table 5 is statistical growth of Virginia's free school system during its early years.

Summary

The first thirty years of Virginia's public schools, 1870-1900, provided a stable basis for the system to enter the twentieth century. The period of implementing the free public school system between 1870 and 1900 was characterized by significant problems related to providing school capital facilities and the financing thereof. Despite the many and varied difficulties confronting its progress, significant strides were made in attempts to develop the necessary school facilities to provide the free common school education established by the Underwood Constitution of 1869 and passage of the law in 1870 establishing public schools. William H. Ruffner, as the first State Superintendent of

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[111] Ibid., 1900-01, xix.

[112] Ibid.

Table 5.--Statistics on the Growth of the Virginia Public Free School System from 1871 to 1900.

Number Pupils Enrolled

Years	White	Colored	Total
1871	92,534	38,554	131,088
1880	152,136	68,600	220,736
1890	220,210	122,057	342,269
1900	250,697	119,898	370,595

Schoolhouses

Years	Whole No.	No. Bricks	No. Frame	No. Log	No. Stone	No. Owned by Districts	No. Built During Year
1871	3,047	170	988	1,725	21	190	--
1878	4,144	--	--	--	--	1,977	250
1890	6,408	163	4,490	1,725	30	4,971	299
1900	7,262	176	5,904	1,160	22	6,292	211

Value of School Property Owned by Districts

Years	Amount
1871	$ 189,680.36*
1880	1,177,544.86
1890	2,235,085.05
1900	3,536,293.14

*Note: This number was shown as $211,166 in the 1872 Virginia School Report and $189,680.36 in the 1900 Virginia School Report.

Table 5.--Continued.

Years	Total State and Local Expenditures Amount
1871	545,826.98
1880	946,109.33
1890	1,604,508.80
1900	2,012,734.78

Source: Virginia School Report (1899-1900 - 1900-01), xviii-xxiv.

Public Instruction from 1870-82, was recognized as an outstanding educational leader. Heatwole stated that he was looked upon as the "Horace Mann of Virginia"--that his work during the years of 1870-82 as the first State Superintendent will forever stand out as a most remarkable piece of constructive work in the history of education in Virginia.[113]

Dabney quoted J. L. M. Curry, second agent of the Peabody Board, with regard to Ruffner's educational work: "For whatever of success has crowned the system, Dr. Ruffner is entitled to the credit . . . Ruffner will hereafter be ranked alongside of Mann, Sears, Wickersham, and other such educators.[114] Buck stated that "the accomplishments of this courageous crusader who guided the Virginia public school system through the first ten years of its existence seem almost phenomenal in view of the appalling difficulties which had confronted him."[115]

Lack of adequate funding was a major difficulty for the new school system. In 1876 Ruffner expressed his sentiments as follows:

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[113]Heatwole, 241.

[114]Dabney, 162.

[115]Buck, 93.

> "Inasmuch as a large portion of what we are expending is for the education of the children of our late slaves, and the additional burden required is occasioned by the same object, it is not surprising that we should shrink from asking our poverty-stricken people to raise the additional sum required to carry out the mandate of our constitution. But we have no option, I suppose: and, besides, the evils of ignorance are worse than poverty, and will perpetuate poverty. So that upon the whole it is better to carry our burden of education than be crushed by the burden of ignorance."[116]

Ruffner urged the local school districts to provide proper school buildings and equipment. In the first annual report in 1871 he stated: "Moreover, the quality of schools is always much affected by the condition of the school-houses, furniture and apparatus."[117]

Hunt observed that Ruffner was plagued with the question of financial problems throughout his superintendency.[118] Heatwole credited the efforts of Ruffner and friends of the free public school system with saving the system from ruin and defeat by their efforts resulting in the legislation of 1879 and 1882 which restored school funding and insured the security of funding the school system and "settled for all time that public free schools for the children of all the state was to be one of the main

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[116] Virginia School Report (1876), 136.

[117] Ibid. (1871), 14.

[118] Hunt, 45.

functions of the state government."[119]

During its first thirty years of operation the public school system was firmly established in Virginia. Ruffner was succeeded as State Superintendent on March 15, 1882 by R. R. Farr who served four years. Farr reported during the last year of his administration that "the schools have improved in every detail; that the system is stronger than ever before and that it now commands the respect of all classes of people in the state."[120] John L. Buchanan was State Superintendent from March 15, 1886, to December 31, 1889. John E. Massey was elected to the position on January 1, 1890, and served until March 15, 1898. Massey's recommendations for greater efficiency of the schools included the need for more school funds and better schoolhouses.[121] Superintendent Massey requested suggestions from local superintendents on increasing the efficiency of the schools. Among the suggestions received were better equipment for schools and improved buildings.[122]

John W. Southall became State Superintendent of Schools on March 15, 1898, and served until February 1, 1906. He

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[119]Heatwole, 227-228.

[120]Ibid., 251.

[121]Virginia School Report (1895-96 - 1896-97), xxiv.

[122]Ibid., (1890), 89-96.

devoted attention to the "wild and insane tendency" to multiply small rural schools caused by the pressure to plant a schoolhouse "on every hilltop and in every valley."[123] The National Education Association appointed a "Committee of Twelve" in 1895 to report a plan of improvement for the rural schools.[124] Southall urged that a high school be established in every county and reemphasized the recommendation of former Superintendent Massey of the need to introduce manual training into the schools.

The primary responsibility for funding and providing schools during these years was underscored by Superintendent Buchanan in his report of 1885-86 in which he wrote on the power of the local district school trustees: "They are required to provide school houses, school furniture, apparatus, etc."[125]

W. T. Harris, United States Commissioner of Education, noted in 1895 that the school attendance in the South had increased 130 percent compared to an increase in 54 percent of the total population of the South--that the school was the cornerstone of the "New South."[126] Harris also reported

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[123] Virginia School Report (1899-1900 - 1900-01), xxvii.

[124] Virginia School Report (1895-96 - 1896-97), xxvi.

[125] Ibid., (1885-86) 23.

[126] Ibid., (1896-97), lx.

that the average value of a schoolhouse in the South had increased from $373 in 1874 to $643 in 1894.[127] In 1899 State Superintendent Southall reviewed the progress and needs of Virginia's public schools and concluded:

> To show the (positive) hold that the public schools of Virginia have on the people, it is only necessary to mention the fact that of the two millions of dollars expended annually for common school education in the state nearly one-half is raised by local taxation. Since 1871 our school population has increased more than two fold; our schools nearly threefold; we now spend nearly four times as much money as we then spent for public education, and the value of school property owned by districts is more than sixteen times as great as it was at the close of the first year of the existence of the system.[128]

Substantial progress had been made from the beginning of a free public school system in the Commonwealth of Virginia in 1870 until the end of the nineteenth century, but there was a need for much more to be accomplished to bring the public school system to greater achievements.

Barr and Wilkerson observed that the financing of local school facilities at the turn of the century presented simple alternatives: borrowing or pay-as-you-go. Provision of funds for public school construction was the sole concern of local government.[129]

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[127] Ibid.

[128] Ibid., (1898-99), lvii.

[129] Barr and Wilkerson, 19.

CHAPTER IV

THE PERIOD OF EXPANSION 1901-1930

A number of significant changes affected the fledgling Virginia Public School System as the twentieth century began. Among these changes were educational meetings, educational association activities supporting public schools, adoption of a new state constitution in 1902 with revisions in 1928, state financial assistance for high school buildings and equipment, state and federal assistance for vocational programs, expansion of the Literary Fund and authorization of loans to counties and cities for school plants, and statutory provision for localities to issue bonds as a means of providing school capital needs. The most significant of these developments pertaining to school buildings and the financing thereof during the period 1900-30 are reviewed in this chapter.

Educational Conferences

Several regional meetings held around 1900 were influential in providing impetus to succeeding developments in school finance. Heatwole described some of these meetings as the starting point in the "educational renaissance," which swept through a number of southern states including Virginia.[1] The first of such meetings was held

[1]Heatwole, 306.

at Capon Springs, West Virginia in 1898, with subsequent meetings in 1899 and 1900; and at Winston-Salem, North Carolina in 1901. Buck stated that the first idea of these meetings was to cultivate a more favorable sentiment in the South toward better education facilities.[2] An organization known as the Southern Education Board was founded from these meetings to promote better education in the South.[3] These meetings also gave impetus to a meeting in Richmond in January, 1902 of local school superintendents of Virginia. State Superintendent Joseph W. Southall reported on this meeting as follows:

> It was the opinion of all who attended this conference that it was the most important educational meeting they had ever known to be held in Virginia, and its stimulating effects have been visible in almost every department of school work.[4]

Subjects of discussion at this meeting reflect the public educational issues of that time:

1. State and local taxation for school purposes
2. Consolidation of schools; transportation of pupils; location and erection of school-houses
3. The kinds of industrial training needed in the rural schools and how to introduce it
4. Preparation and selection of teachers for the public schools

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[2]Buck, 121.

[3]Ibid., 122.

[4]Virginia School Report (1901-02 - 1902-03), xxxv.

5. The kind of education best suited for Negroes, and how to secure the best training for Negro teachers
6. The advisability of the State's enacting a compulsory education law at the present time
7. The means of securing the most efficient supervision for the rural schools.[5]

It is significant to this study that the first two subjects of discussion at this conference dealt with financing the schools and the provision of facilities.

Cooperative Education Association and Campaign of May 1905

Although public schools had been in existence for thirty years, continuous efforts were required to solidify and enhance public and financial support. A cooperative education association to promote public schools was formed in 1904 under Governor Montague's leadership.[6] State Superintendent Southall paid tribute to this association for one of the activities it sponsored known as the May Campaign of 1905. Southall stated: "The Cooperative Education Association made possible the splendid movement known as the May Campaign of 1905 in which more than a hundred of the leading citizens of Virginia delivered educational addresses in nearly every city and county of the Commonwealth."[7]

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[5]Ibid.

[6]Buck, 124.

[7]Virginia School Report (1903-04 - 1904-05), Introduction.

Heatwole reported that the cooperative association raised $750,000 over a five-year period for physical improvements to rural schools.[8] A portion of these funds was from donations of John D. Rockefeller through the General Education Board of New York City. Rockefeller donated $100,000 annually for a period of ten years to be distributed throughout the South to stimulate education.[9]

State Constitutional Revision of 1902

The renewed interest in education and changes in state government in the early years of the twentieth century resulted in passage of a bill by the General Assembly, approved by the voters on May 24, 1900, calling for a constitutional convention.[10] The new state constitution went into effect on July 10, 1902.[11] Southall reported that it contained "very liberal provisions for the public schools . . . and equally wise and liberal are the provisions regulating taxation for school purposes."[12] The 1902

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[8]Heatwole, 317.

[9]Ibid., 316-317.

[10]Meade, 255.

[11]Ibid., 382; and Virginia School Report (1901-02-1902-03), xl.

[12]Virginia School Report (1901-02 and 1902-03), xl.

Constitution's Education Article began with a mandate to the General Assembly to "establish and maintain an efficient system of public free schools throughout the state."[13] The changes were largely by way of direction and emphasis.[14] The ninth article contained the provisions for public schools, and the Literary Fund was continued with no change.[15] The establishment of agricultural, normal, manual training, and technical schools was authorized.[16] Provision was made for compulsory education for children between the ages of eight and twelve years, textbooks were required to be furnished to children who could not pay for them, white and black children were prohibited from being taught in the same school, and appropriations of funds were restricted to schools owned or exclusively controlled by the state or some political subdivision.[17]

The thirteenth article of the Constitution passed by the 1901 convention provided for a state capitation tax of one dollar and fifty cents yearly, "one dollar of which shall be applied exclusively in aid of the free public

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[13]Constitution of Virginia (1902), art. ix, sec. 129.

[14]Howard, Commentaries on Constitution of Virginia, 882.

[15]Meade, 337.

[16]Constitution of Virginia (1902), art. ix, sec. 137.

[17]Ibid., secs. 138, 139, 140, 141.

schools."[18] This article of the Constitution also provided that the General Assembly might "authorize the board of supervisors of any county, or the council of any city or town, to levy an additional capitation tax not exceeding one dollar per annum on every such resident within its limits, which shall be applied in aid of the public schools of such county, city or town or for such other county, city or town purposes as they shall determine."[19] Meade noted that these provisions differed from the 1869 constitutional provisions in that the General Assembly was directed to levy the state tax of one dollar and half, while in the old constitution the limit of one dollar for a school capitation tax had been stated as a limit within which the General Assembly might use its discretion.[20] Another change was that the 1902 constitution specified that all of the state tax was to go to the primary and grammar schools and none to the high schools.[21]

Other major changes by the 1902 Constitution, as summarized by Meade, included the provision for making the office of the State Superintendent of Public Instruction one

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[18]Ibid., art. xiii, sec. 173.

[19]Ibid.

[20]Meade, 339.

[21]Constitution of Virginia (1902), art. ix, sec. 135.

to be filled by election of the people rather than the General Assembly and making experience as an educator a qualification for the office, with the duties of the office to be assigned by the State Board of Education; giving the state board the power of dividing the state into appropriate school divisions; and changing the school age limits from five and twenty-one to seven and twenty.[22] According to Meade two very important decisions which did not appear as changes were the refusal of the convention to authorize a division in the school fund between the races and the decision to keep the office of county superintendent.[23]

The necessary acts to amend the laws in order to effect the changes required by the new constitution were enacted by the General Assembly in 1902, 1903, and 1904.[24] Southall wrote that "under the operation of these excellent provisions in the constitution, and such appropriate legislation as may be enacted to put them in force, we may reasonably expect to see the public schools of Virginia enter a new era of increasing usefulness and prosperity."[25]

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[22]Meade, 383.

[23]Ibid., 384.

[24]Acts of Virginia Assembly (1902, 1903, 1904).

[25]Virginia School Report (1901-02 - 1902-03), xliii.

The High School Movement and the Mann Act

One of the most significant developments in the early 1900s on providing and financing schools was the impetus for establishing high schools. Although secondary education in high schools had been authorized as early as 1875, Buck observed that at the turn of the century opportunities for getting a high school education were limited.[26] In 1904 the Virginia State Board of Education took the first action for requiring standards in the high schools when minimum requirements for the high school course of study and certain requirements for teachers who taught in the high schools were adopted.[27] On March 14, 1906, an act was passed to "establish and maintain a system of public high schools and to appropriate money therefor."[28] This act was known as the Mann Act and provided for an "annual appropriation of $50,000 to be placed to the credit of the Literary Fund for the establishment and maintenance of public high schools."[29] An additional provision was also made for state matching

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[26]Buck, 129.

[27]Ibid., 130.

[28]Acts of Virginia Assembly (1906), chap. 211, sec. 1, 350.

[29]Buck, 143; and Acts of Virginia Assembly (1906), chap. 211, sec. 4, 351.

funds, "not to exceed $400 annually for any one high school in any one year."[30] The annual Literary Fund appropriation for high schools was increased from $50,000 to $100,000 in 1908.[31] In 1909 State Superintendent Joseph D. Eggleston, Jr. reported the growth of high schools from seventy-four in 1905 to 345 in 1909.[32] In 1930 the number of high schools in Virginia had grown to 423.[33]

Establishment of Agricultural Schools

Agricultural high schools were established by an act of the Virginia General Assembly in 1908.[34] Heatwole reported that eleven such schools, one for every congressional district, were established, and an annual appropriation was made for these schools. The appropriation in 1908 was $20,000, increased to $30,000 in 1910, and an additional sum of $25,000 was appropriated in 1911 for permanent improvements to these schools.[35]

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[30] Ibid.

[31] Virginia School Report (1905-06 - 1906-07), 19; and (1907-08 - 1908-09), 18.

[32] Ibid.

[33] Annual Report of the Superintendent of Public Instruction (1930-31), 22.

[34] Heatwole, 328.

[35] Ibid.

State Board Examiners

In 1905, the Virginia Board of Education divided the state into five grand divisions, each including about fifteen counties, and appointed an "examiner" to perform certain duties including leadership in building schoolhouses, consolidating schools, establishing routes for school wagons, creating public sentiment for better schools, holding public meetings of patrons in every community, cooperating with district and county officials in securing funds for school buildings and increasing the pay of teachers.[36] In 1910 the office of the examiner was abolished by the State Board of Education and some of these men were retained as "inspectors" or "supervisors" of schools under the Department of Education with offices in Richmond.[37]

Literary Fund, Williams Building Act, and Strode Legislation

The role of the Literary Fund in financing public schools in Virginia was substantially increased during the first thirty years of the twentieth century. As already noted in this chapter the new state Constitution of 1902 continued the role of the Literary Fund. The constitutional

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[36]Ibid., 323.

[37]Ibid.

provision of the 1869 Constitution became Section 134 of the Constitution of 1902.

The Mann Act of 1906, previously discussed in this chapter, provided funding through the Literary Fund for high schools. Another act was passed in 1906 that would prove to be one of the most significant in funding public school capital outlay in Virginia. This act was known as the Williams Building Act.[38] The act granted permission to local district school boards to borrow funds from the Literary Fund for the purpose of erecting school buildings.[39] The 1906 law stipulated that building plans were to be approved by the State Superintendent of Public Instruction and that the "loan amount was not to exceed three thousand dollars on any one building, nor shall it exceed fifty percentum of the same, and no loan shall be made to aid in the erection of a building to cost less than two hundred and fifty dollars."[40] The interest rate was to be 4 percent, and the loan was to be repaid in ten annual installments.[41] Two years later this act was amended to increase the maximum loan amount to $10,000 on any one

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[38]Buck, 144.

[39]Acts of Virginia Assembly (1906), chap. 252, 446.

[40]Ibid.

[41]Ibid.

building and the number of annual installments to fifteen.[42] On the same day the Williams Act was passed by the legislature, another significant law was enacted that authorized district school boards to borrow money and issue general revenue bonds for "the purpose of erecting and furnishing school houses."[43] Certain conditions were stipulated by this act: approval by the county board of supervisors; approval by vote of the majority of qualified voters; issuance of bonds for no longer than thirty years, rate not exceeding six per centum per annum; and amount of outstanding bonds restricted to a maximum of the 17 percent of the aggregate assessed value of the school district.[44] State Superintendent Eggleston stated that the 1906 act had "a splendid effect" in stimulating the building of schools.[45]

On March 11, 1908, the Strode Bill was passed "for the purpose of regulating the construction of public school buildings in order that the health, sight, and comfort of all pupils may be properly protected."[46] The bill contained

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[42] Acts of Virginia Assembly (1908), chap. 83, 106.

[43] Ibid., (1906), chap. 255, 448.

[44] Ibid, 449.

[45] Virginia School Board (1907-08 - 1908-09), 18.

[46] Acts of Virginia Assembly, (1908), chap. 187, 266.

provisions that future schoolrooms had to meet: fifteen square feet of floor space and two hundred cubic feet of pure air a minute for each pupil; facilities for exhausting foul air, twelve foot high ceilings, exit doors to open outward, light to come from the left and rear, light space (windows) to be equal to 25 percent of the floor space, and at least two closets or outhouses.[47]

In 1916 the legislature took important steps to facilitate the raising of more money for schools. Superintendent Stearnes reported that the law on local school levies was raised from fifty cents to seventy-five cents on the hundred dollars, and the law was amended to permit localities to borrow from the Literary Fund for the purpose of enlarging buildings as well as constructing new facilities. The new law raised the amount that could be borrowed from one-half the cost of the building not to exceed $10,000, to two-thirds and $15,000 limits.[48] In 1930 the Literary Fund principal had increased to $6,367,865.90. Disbursements from accumulated interest thereon included

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[47] Ibid.

[48] Annual Report of Superintendent of Public Instruction (1915-16), 59.

loans totaling $248,049 to local school boards for capital projects.[49]

Jeanes and Slater Foundations

Private donations, most notably the Jeanes and Slater Foundations, contributed significantly to the benefit of black schools during the first thirty years of the twentieth century. The Jeanes Fund made possible better teacher salaries and supervision while the Slater Fund was dedicated to developing educational facilities.[50] Buck stated that the major portion of the Slater Fund was used in establishing and maintaining public training schools for blacks in the southern states and that Virginia received a large share.[51] Heatwole observed that the Jeanes and Slater funds were important sources of funds for black education with emphasis on training in domestic science, manual training, and industrial arts.[52]

Rosenwald Fund

The Rosenwald Fund was incorporated on October 30, 1917, by Julius Rosenwald, president of Sears - Roebuck

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[49] Ibid., (1930-31), 131.

[50] Buck, 158, 161.

[51] Ibid.

[52] Heatwole, 364.

Company, for the purpose of aiding blacks in the South in building schoolhouses.[53] Superintendent Stearnes emphasized the important role of the Rosenwald funds in his report for the year 1916-17. Stearnes reported:

> Mr. Rosenwald set aside the sum of $11,100 for Virginia, to be supplemented by appropriations of local school boards and contributions by the Negroes themselves (which) will result in the erection of fifty or sixty new colored school buildings which will conform to the latest requirements of school architecture.[54]

The Rosenwald authorities gave $500 for a one-teacher structure, $800 for a two-teacher building, $1,000 for a three-teacher plan, $1,200 for a four-teacher plan, $1,400 for a five-teacher plan, and $1,600 for a six-teacher plan provided the same amount was given by local authorities.[55]

From its establishment in 1917 until 1930 this fund was used for building schools. After 1930 it was directed to other areas including aiding libraries in black schools and establishing health services.[56]

Superintendent Sidney B. Hall reported in 1931 that 363 Rosenwald schools had been built in Virginia and five

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[53] Annual Report of Superintendent of Public Instruction (1916-17), 22.

[54] Ibid.

[55] Annual Report of Superintendent of Public Instruction (1920-21), 73.

[56] Buck, 232.

thousand such schools in the United States.[57]

Handley Fund

Another notable example of private donations to finance public schools was the Handley Fund. Buck noted that an important event occurred in 1918 for the Town of Winchester, Virginia when Judge John Handley's will directed that income from part of his estate be used for the "erection of school houses for the education of the poor." The Handley Board of Trustees authorized the use of these funds for public schools, and, as a result, several new schools were built in Winchester.[58]

Inglis and O'Shea Educational Surveys

Two educational surveys during this period had a profound effect on education in Virginia. A statewide school survey was done in 1918-19 by Alexander Inglis of Harvard University. The survey resulted from an act passed by the General Assembly in 1918 establishing a commission charged with studying Virginia's public schools; comparing them with systems elsewhere; and making recommendations to the General Assembly, including revision of the school laws and

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[57] Annual Report of the Superintendent of Public Instruction (1930-31), 78.

[58] Buck, 174.

suggested amendment to the constitution.[59] The Inglis Commission recommended certain changes in the constitution and laws.

The O'Shea survey was a statewide survey made in 1927. It was also initiated by the General Assembly and was given impetus by Governor Harry F. Byrd.[60] Buck wrote that the Inglis and O'Shea surveys provided priceless information and had a profound effect on education in Virginia through the revision of the state constitution in 1928 and subsequent changes in statute laws.[61]

State Constitutional Revision of 1928

Howard stated that before 1928 county borrowing was not the subject of constitutional mandate but was traditionally passed on by the General Assembly as "general acts of special application" at the mere request of the county's delegate.[62] Under the leadership and initiative of Governor Byrd, the constitution was amended on June 19, 1928, encompassing significant changes relative to financing

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[59]Ibid., 262.

[60]Ibid., 273.

[61]Ibid., 288.

[62]Howard, Commentaries on Constitution of Virginia, 582.

schools.[63] Section 115-a was added to the Constitution requiring voter approval of most county borrowing and limiting the bonded indebtedness of cities and counties to eighteen per centum of the assessed valuation of the taxable real estate in such cities and towns respectively.[64]

Federal Financial Assistance

The United States Constitution does not mention education either in its body or in any of the amendments. The Tenth Amendment is usually cited as providing for a state or local system of education. During the last thirty years of the nineteenth century there were pleas from such notable educational leaders as William H. Ruffner for federal financial aid for public schools. The Virginia legislature, along with legislatures of other states, supported such efforts.[65]

The role of the federal government in education, however, was a complex problem involving many issues. The first legislation specifically involving the federal government in education was passage of the Land Ordinance of 1785 and the Northwest Ordinance of 1787. These ordinances

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[63] Ibid.

[64] Constitution of Virginia (1928), art. vii, sec. 115-a.

[65] Buck, 88.

provided "lot no. 16 of every township for the maintenance of public schools. . . . The means of education shall forever be encouraged.[66] Federal aid to public education, however, was viewed with alarm by many people as an intrusion of the federal government into the prerogatives of the states. With the passage of the Morrill Act in 1862 granting land to each state for the establishment of colleges to teach agriculture and mechanical arts, the federal government began a new policy of exercising authority and control over education.[67] Several bills were introduced in Congress to provide generalized federal aid to public education during the later part of the nineteenth century, but none passed. It was not until the Smith-Hughes Act of 1917 that the federal government began financial aid to public schools below the college level. The purpose of the Smith-Hughes legislation was to foster vocational education and home economics training for high school students.[68] It also involved the federal government in the payment of teacher salaries and applied the principle of matching funds. This act required a State Board of

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[66]Cubberley, School Funds, 57.

[67]Grieder, Pierce and Rosenstengal, 66.

[68]Sidney W. Tiedt, The Role of the Federal Government in Education (New York: Oxford University Press, 1966), 23.

Vocational Education to make state appropriations to match federal funds, to prepare a state plan, and render reports to the Federal Board for Vocational Education.[69] Consequently, in 1918 the Virginia General Assembly designated the State Board of Education as the State Board of Vocational Education.[70]

The Smith-Hughes Act of 1917 authorized $1.7 million annually for the promotion of vocational education in agriculture, trade and industrial education, and home economics.[71] The Smith-Hughes Act was supplemented by the George-Reed Act of 1929, which provided additional opportunities for agricultural and home economics education.[72]

Buck noted the significant stimulus provided to vocational education in Virginia by the Smith-Hughes and George-Reed acts as evidenced by an increase in enrollment in home economics programs from 579 in 1917-18 to 5,363 in 1926-27. Enrollments in other vocational areas also

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[69] Forrest E. Conner, ed., The Federal Government and Public Schools (Washington, D.C.: American Association of School Administrators, 1965), 20.

[70] Buck, 214.

[71] Tiedt, 23.

[72] Edwin L. Kurth, Federal Aid to Education (Gainesville, Fla.: Florida Educational Research & Development Council, 1968), 5.

increased significantly.[73] The rapid development of vocational education required new schools to accommodate the programs.

Statistical Data

The lively interest in education during this period brought many changes and improvements affecting Virginia's public schools, the number of schoolhouses, and the means of financing them. The problem of numerous small community schools resulted in consolidation of schools and establishment of transportation systems. Table 6 reflects the growth of enrollment, number of facilities, and expenditures in 1910, 1920, and 1930.

Summary

The turn of the century brought a revival of interest in public education in Virginia which resulted in an increase in the means of providing and expanding all facets of the public school system. In 1902 State Superintendent Southall commented that, although much progress had been made in the provision of proper school buildings since the beginning of the public school system in Virginia in 1870, the tendency prevailed to erect unsuitable schoolhouses and noted the need for a "book of plans" for the guidance of

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[73]Buck, 232.

Table 6.--Statistics on the Growth of the Virginia Public Free School System for 1910, 1920, and 1930.

Number Pupils Enrolled

Years	Total
1910	402,109
1920	505,190
1930	562,956

Schoolhouses

Years	Total
1910	6,843
1920	6,532
1930	5,618

Value of School Property

Years	Amount
1910	$ 8,555,343.60
1920	22,425,103.74
1930	68,453,725.00

Total State and Local Expenditures

Years	Amount
1910	$ 5,078,042.89
1920	13,102,543.05
1930	25,313,506.85

Source: Annual Report of Superintendent of Public Instruction (1909-10), 14, 21, 22, 34; (1919-20), 80, 144, 154, 160; and (1929-30), 107, 127, 152, 156.

local school trustees in the erection of school buildings.[74] In his 1902-03 report, Southall stressed the importance of making the schoolhouse the most attractive house in the community:

> It is the home, for the time being, of the children of the neighborhood. . . . It should be not only sightly on the outside, but also comfortable and attractive on the inside. . . . An unsightly, uncomfortable schoolhouse is a standing lesson in ugliness to the children and the older people of the community, but more especially to the children, whose tastes are thereby vitiated to such an extent as to make them satisfied with common things.[75]

Southall quoted the following statistics in 1902 relative to school buildings:

> The statistics for the past year show that, of the 7,412 public school-houses in the Commonwealth, 187 are brick, 49 stone, 177 frame, and 999 log. It is rather humiliating to think that Virginia still has one thousand log school-houses, but by examining the comparative statistics of former years it will be seen that these discredited relics of antiquated school architecture are fast disappearing. According to the reports of the local superintendents, 6,895 of the schools have suitable grounds, 4,501 have good furniture, and 2,650 are furnished with patent desks and seats. It is earnestly hoped that the people of every community will manifest an increasing interest in the construction, ornamentation, and preservation of their school buildings. When the people demand better school-houses, their demand will be heeded.[76]

Former Governor Colgate W. Darden, Jr. stated that the

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[74] Virginia School Report (1902-03), xxx.

[75] Ibid., xxxi.

[76] Ibid., xxxii.

May campaign of 1905 was generally thought to be the turning point of establishing acceptance of the public school system and its needed improvements and support.[77] In 1909 State Superintendent Eggleston wrote that "liberal subscriptions from private means for the erection of school buildings continue to be made in every section of the state."[78]

The period of 1900-30 was filled with eventful developments relative to providing public school facilities in Virginia. The Mann High School Act of 1906 appropriated $50,000 for new high schools and established the principle of state intervention in secondary education. The Williams Act, also passed in 1906, established the practice, which has continued throughout the period of this study, of providing Literary Fund loans to the local district school boards for school buildings and requiring state approval of building plans. The Strode legislation of 1908 authorized the localities to borrow funds by issuing bonds and established specifications regarding ventilation, lighting, fire exits, outhouses, and design of buildings. These legislative acts of 1906 and 1908 were highly significant to financing school capital facilities in Virginia and

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[77]Colgate W. Darden, Jr., "Virginia's Responsibility: First Rate Public School System for All," Address given to the Commonwealth Club, Richmond, Va., 1964.

[78]Virginia School Report (1907-08 - 1908-09), 36.

establishing precedents that still exist.

Buck summarized other significant developments during this period:

> . . . rapid development of vocational and agricultural education and the provision of proper facilities for these programs; consolidation of small rural schools and provision of new and larger schools; development of transportation systems; revision of the state constitution; and the change from a district system of school organization to the county unit plan in 1922.[79]

Buck considered the latter event one of the most important relative to progress in education.[80] Also, it was during this period that the first attempt was made to "equalize" educational opportunity in the public schools through state financial allocations. Superintendent Hart brought the matter into focus by recommending a state appropriation to guarantee minimum basic educational facilities all over the state. The legislature, however, followed an alternative plan recommended by Hart to subsidize poor counties and allowed the State Board of Education wide latitude in distribution of the funds. The sum of $500,000 was appropriated in 1930 which, combined with elementary funds of $760,000, was distributed on the basis of an "equalization fund."[81]

In the Annual Report of 1930-31, objectives of the

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[79]Buck, 258-259.

[80]Ibid.

[81]Ibid., 226-228, 259.

Division of School Buildings of the Virginia Department of Public Instruction included references to the need for constructing only fire resistive type buildings and noted "that of the twenty-six buildings erected from plans furnished by the division, costing over $10,000 each, nine were of Class B construction, or so-called fireproof, four were of Class C with fireproof corridors and stairs, and thirteen were of Class D or the usual exterior walls and wood inside."[82]

The O'Shea Survey and Education Commission Report in 1928 included some vital information on the condition of Virginia's school buildings and equipment. Following is an excerpt from the commission's report reflecting, in general, the acute need for more and better school facilities:

> School buildings that have been erected within the last few years are, for the most part, spacious, safe and possessed of many features of modern architecture. Most of these newer buildings are provided with an auditorium and some have gymnasiums, shower baths, cafeterias, and similar attachments.
>
> However, when attention is called to the older structures, a disheartening sight often meets the eye. Not only are many of these buildings wholly without modern improvements but they, too often, are not kept in even decent conditions. Many of them are dark, dingy and inexcusably dirty. Wall plaster and wall paper frequently hangs in great patches; window glass is broken out; window shades are in tatters . . ., basements are cluttered up with discarded school benches, rags, old stoves, and junk of various kinds. . . .

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[82] Annual Report of Superintendent of Public Instruction (1930-31), 95.

> Toilets emit a nauseating odor; the library is a hole in the wall; paper and other refuse litter the stairs and school grounds; laboratories are in a condition of disorder; playgrounds (if they exist) are uneven and their usefulness often spoiled by the existence of boulders, boards and other obstacles. While it (these conditions) does not characterize the majority of the older schools, it does characterize many of them. Moreover, parts of the indictment would apply to almost any one of the very old structures. There is, in general in the Virginia schools a lack of appreciation for the aesthetic. The schools and equipment for the colored students were in even worse condition.[83]

The period of 1900-30 was one of great expansion relative to financing provisions for public schools in Virginia, but much improvement was still needed as evidenced by the O'Shea Survey and Education Commission Report.

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[83]M. V. O'Shea, Public Education in Virginia, Report to the Commission of Virginia of a Survey of the Public Educational System of the State (Richmond, 1928), 193, 284.

CHAPTER V

THE PERIOD OF DEPRESSION, WORLD WAR II, AND POSTWAR DEVELOPMENTS 1931-1960

In 1930 a period known as "the great depression" began. Economic conditions were severely depressed, and the number of unemployed women and men in the United States reached an alarmingly high rate. During the early years of the 1930s, school enrollments decreased, and funds for public schools were curtailed. In 1934 State Superintendent Sidney B. Hall noted that "no school year in the past two decades has been fraught with such serious difficulties as was experienced by the schools of Virginia during 1933-34. . . . Shortly before the year began a thirty per cent reduction in the appropriations for public education was applied by executive order."[1] Despite declining enrollment and limited funding the decade of the 1930s was one in which substantial progress was made in Virginia's public schools in many areas: improvement of instruction, state supervisory leadership, standardized testing programs, teacher salaries, state certification of teachers, school accreditation standards, and a rapid increase in new school facilities. School attendance was another area of improvement as indicated in a statement by Superintendent Hall in 1939:

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[1] Annual Report of Superintendent of Public Instruction (1933-34), 13.

"Though the number of children in Virginia is gradually decreasing and the number in our schools reached its peak of 592,038 in 1935-36, the average daily attendance continues to show a slight increase."[2]

The 1940s and 1950s were periods of preparation and participation in World War II, the post-World War II period of cold war with the communist countries, and the Korean War. These events had drastic effects upon educational programs in Virginia and all areas of the United States. As during the Civil War and World War I, the demands of war and its aftermath took precedence over other endeavors. The period after World War II brought renewed interest in enhancing educational programs at all levels.

In this chapter, a review is made of the significant developments during the period relative to planning and financing school facilities.

Federal Financial Assistance

Several federal public works agencies were organized and federally funded as measures to provide employment and stimulate the economy during the 1930s. Federal funding was subsequently increased during the 1940s and 1950s to assist with matters of national interest. A brief summary of those

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[2]Ibid., (1938-39), 13.

programs which had relevance to the topic of this study follows.

Public Works Administration and Works Progress Administration

Among the various measures enacted by Congress to provide employment and spur the economy were the Public Works and Works Progress Programs. Although these programs were not designed specifically to assist education, they contributed greatly to funding public school buildings. For several years beginning in 1934 these federal programs provided 30 percent of the cost of new school buildings.[3] In 1938 the proportion of federal funding was increased to 45 percent.[4] The State Superintendent's Report of 1938-39 stated that:

> The program of school buildings for the past year has greatly exceeded in volume and in cost that of any one year in the history of school building development in Virginia. . . . This is largely accounted for by the unusual and very generous distribution of grants from the Public Works Administration to the school building program.[5]

Buck commented on the rapid increase of school buildings and sites due largely to the federal programs--a 28

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[3]Buck, 349.

[4]Ibid.

[5]Annual Report of Superintendent of Public Instruction (1938-39), 125.

percent increase in value from 1931 to 1941--during which time a total of $21,244,775 was spent on sites, buildings, and equipment.[6]

Vocational Education: George-Deen Act of 1936 and George-Barden Act of 1946

The George-Deen Act of 1936 increased appropriations for vocational education by extending the Smith-Hughes Act and authorized appropriations for a new program in "distributive occupations."[7] This program was later to be known as "distributive education" and currently as "marketing and distributive" education. The George-Deen Act, with later amendments, provided additional funding and new provisions for vocational education.[8] The George-Barden Act of 1946 amended the George-Deen Act. The annual reports of the State Superintendent reflected an increase in the annual grant to Virginia from $344,688.80 in 1946-47 to $967,458.27 in 1947-48.[9]

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[6]Buck, 349.

[7]Kurth, 5.

[8]Tiedt, 196.

[9]Annual Report of Superintendent of Public Instruction (1946-47), 189; and (1947-48), 206.

Lanham Act and Impact Laws

The Lanham Act passed by Congress in 1941 was directed toward the alleviation of hardships in communities whose schools were expanding as a result of proximity to military establishments and war factories. This act provided federal funds "in lieu of taxes" and made funds available for school buildings, school services, and nursery schools.[10] The State Superintendent reported in 1942 that school construction for the past year had been primarily in the areas of the state experiencing large increases in school enrollment due to effects of the war and that buildings erected in those areas were financed mainly from federal funds made available through the Lanham Act.[11] The report reflected total construction costs of $1,219,657.51 for 1941-42.[12] The program initiated by the Lanham Act was expanded in 1950 by passage of the so-called Impact Laws--Public Law 81-815 for schoolhouse construction and Public Law 81-874 for school operating funds.[13] The Impact laws were essentially continuations of the Lanham Act. The basis

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[10]Tiedt, 25.

[11]Annual Report of Superintendent of Public Instruction (1941-42), 169.

[12]Ibid., 171.

[13]Tiedt, 26.

for these laws was the federal government's responsibility to provide money for community services in lieu of taxes because of the tax-free status of federal property at the local level. Public Law 815 established and included federal funds for disaster assistance, classroom needs where federal impact is temporary, direct federal construction for children who reside on Indian lands, and construction for school districts which were heavily impacted because of activities (many of them military) of the federal government.[14] The State Superintendent's report for 1959-60 reported that six counties and three cities received $4,027,652.38 under Public Law 81-815 for school building construction and noted that the law had been amended and extended.[15] Public Law 874 exemplified the first granting of federal funds to school districts for general operating costs.[16]

Congress considered various proposals for federal aid to school capital outlay during the 1950s, but none passed. Introduced in 1957, the McConnell Bill, which would provide

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[14]Annual Report of the Commissioner of Education Fiscal Year 1975 (Washington, D.C.: United States Department of Health, Education, and Welfare, 1976), 132.

[15]Annual Report of Superintendent of Public Instruction (1959-60), 132.

[16]Tiedt, 27.

funds for school construction; and the Murray-Metcalf Bill which would aid teacher salaries, were two of the more prominent of these proposals.[17]

Surplus Property Act

The Surplus Property Act, Public Law 78-457, was passed by Congress in 1944 authorizing the transfer of surplus property to educational institutions.[18] The program was included under the provisions of Public Law 152 as amended by Congress in 1950. The State Educational Agency for Surplus Property was established in 1950 by the Virginia Department of Education to review, secure, and allocate surplus property to the local school divisions.[19] For the school year 1960-61, property with an acquisition cost of $13,954,434.48 was allocated to eligible participants in Virginia.[20] Surplus property availability has been a significant resource for equipping public schools.

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[17] Ibid., 29.

[18] W. Vance Grant and C. George Lind, Digest of Education Statistics 1977-78 (Washington, D.C.: National Center for Education Statistics, United States Department of Health, Education, and Welfare, 1978), 150.

[19] Annual Report of Superintendent of Public Instruction (1950-51), 154.

[20] Ibid., (1960-61), 132.

National School Lunch Act

The National School Lunch Act of 1946, Public Law 79-396, authorized regular federal appropriations for nonprofit school lunch programs in public and private schools.[21] The purpose of the act was to safeguard the health and well-being of the nation's children and to encourage the consumption of nutritious agricultural commodities and other foods through grants to states.[22] The National School Lunch Act was supplemented by the Special Milk Program for Children, Public Law 85-478, passed July 1, 1958.[23] Virginia had instituted a school lunch program in November, 1938, under the joint sponsorship of the State Board of Education, the local school divisions, and the Works Progress Administration.[24] Federal funds enhanced the program and created a demand for school cafeteria facilities to be added to existing schools and to be included when new school buildings were provided.

National Defense Education Act

The National Defense Education Act, Public Law 85-864,

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[21] Kurth, 6.

[22] Ibid.

[23] Grieder, Pierce, and Rosenstengel, 69.

[24] Annual Report of Superintendent of Public Instruction (1938-39), 92.

was passed in 1958 as a result of reaction in the United States to Soviet success in the space (Sputnik) program.[25] National Defense Education Act funding authorized over $1 billion to be directed to several endeavors including enhancement of equipment for mathematics, science, and foreign languages in the public schools.[26] Tiedt reported that more than 180,000 projects for local public schools were approved for National Defense Education Act funding by 1963.[27] Virginia was allocated $1,397,752 under the National Defense Education Act for 1958-59.[28]

Discretionary and Equalization Funds

As noted in the preceding chapter, efforts to "equalize" state funding for public school operations began in 1930-31. At the request of the Governor a study of school finance was made in Virginia in 1934 by William H. Stauffer. A similar study was made by the State Supervisor of Research of the Virginia Department of Education.[29] These studies emphasized the need for a more equitable

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[25]Grieder, Pierce, and Rosenstengel, 69.

[26]Ibid.

[27]Tiedt, 27.

[28]Annual Report of Superintendent of Public Instruction (1958-59), 39.

[29]Buck, 359.

distribution formula and resulted in the establishment in 1934 of a fund known as the "Discretionary Fund" to give some additional state financial assistance to the economically poor localities.[30] The appropriations to this fund, however, were insufficient to provide any significant assistance. After World War II, renewed interest was expressed about the wide range in expenditures for education in Virginia. In 1948-49 the per capita operational expenditure for schools among the 110 Virginia school divisions varied from a minimum of $58.75 to a maximum of $196.51.[31] Other states had the same problem. Buck noted that the per capita expenditures for each of the forty-eight states showed a similarly wide variation from $66.54 in Mississippi to $260.80 in New Jersey.[32] A new method of distributing state money to the localities incorporating factors of "equalization," "minimum educational program," and "no loss" was enacted by the 1946 General Assembly.[33] Neither the 1934 discretionary plan nor the new formula of 1946 addressed the funding needs for school facilities.

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[30] Ibid., 360.

[31] Annual Report of Superintendent of Public Instruction (1948-49), 298,300.

[32] Buck, 414.

[33] Acts of Virginia Assembly (1946), chap. 388, 814-816.

Special Education

Buck reported that a survey made in 1937 on the needs of exceptional children, including special facilities, indicated that special programs were needed for 30,000 or more Virginia children of school age.[34] The General Assembly appropriated $50,000 in 1938 to be allocated to the school divisions requesting funding on a matching basis requiring one-third from local funds.[35] Programs for special education would expand significantly in subsequent years and have a momentous effect on the need for facilities and specialized equipment.

Commission Surveys and Recommendations

The decade of the 1940s was a period during which several important surveys were made of public education in Virginia. A review is made of four of these surveys which had significance for the topic of this study.

The Virginia Education Commission Study of 1944--Denny Commission

The Virginia Education Commission of 1944 was created by the General Assembly for the purpose of making a "thorough and complete study of the public free schools in

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[34] Buck, 452.

[35] Ibid.

Virginia, including the subjects taught in said schools, the curricula and their method of establishment, the degree of existing centralized control over the conduct and operation of the schools, the method of distribution of state funds, and such other matters as the Commission may deem proper."[36] Dr. George H. Denny, retired President of the University of Alabama, was appointed Chairman, and Dr. Wilson Gee of the University of Virginia was released by the University to serve as Executive Director.[37] The Commission organized fifteen research committees and held hearings across the state. The first of the fifteen committees listed was "plant and equipment;" the third, "financing education."

The Commission began its work in May 1944 and rendered its report in the fall of 1944. The findings and recommendations in the various areas of study were thorough and extensive. Commission findings and recommendations pertinent to the subject of this study are:

> Plant and Equipment.--The study revealed a striking deficiency in both buildings and equipment. The committee's survey showed that 50 per cent of the buildings in the counties are deficient in classrooms, 73 per cent in gymnasiums, 38 per cent in auditoriums, and 41 per cent in sanitary toilet rooms. In the high schools, 78 per cent were found to lack adequate library rooms. Such conditions indicate that the

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[36] Acts of Virginia Assembly (1944), Senate Joint Resolution 11, 822.

[37] Buck, 470-471.

> problem of providing fully adequate plant and equipment facilities for the entire state is one of huge proportions and one that cannot be accomplished except on a long-term basis.[38]

The Commission noted that "under existing arrangements in Virginia the responsibility for school plant and equipment rests with the locality. However, the State bears certain very definite obligations in the matter."[39] The two state obligations defined by the Commission were (1) planning in consolidation; and (2) "that the state owes it to the locality to make available at low rates of interest and convenient periods of time for repayment the funds necessary to construct the buildings and purchase the equipment for them."[40]

The Commission further recommended (1) "that the localities take effective measures to remedy the school plant situation in Virginia . . . and that the State provide adequate funds at low rates of interest and convenient periods of repayments for loans to the localities to cover the costs of new buildings and equipment;" (2) that provisions be made for adequate maintenance and repairs to

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[38] The Virginia Public School System, Report of the Education Commission, by George H. Denny, Chairman (Richmond, Va.: Virginia Department of Education, 1944), 27.

[39] Ibid.

[40] Ibid., 27-28.

buildings and equipment; (3) that the State provide an advisory board to assist and cooperate with the localities "in making plans for the development of sound building programs;" and (4) that emphasis continue to be placed on vocational education and consolidation of schools where feasible.[41]

Virginia Advisory Legislative Council

In 1947 a report with recommendations was given to the General Assembly on public schools in Virginia by the Virginia Advisory Legislative Council. The focus of these recommendations was upon scholarships, student loan funds, teacher salaries, and retirement benefits. The recommendations included that more funds be made available for vocational schools and that some localities be required to assume a greater share of school operating costs.[42] Delegates Edward O. McCue, Jr. and M. M. Long were chairmen of the two committees that made the report for the council.

The Moses Commission

The Moses Commission, named for its chairman Senator Charles T. Moses, held public hearings and rendered a report

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[41] Ibid.

[42] Buck, 488.

in 1947 dealing with higher salaries for teachers, retirement, sick leave benefits, enlarged vocational training facilities, and increased minimum educational programs for needy counties.[43]

The Gray Commission

The Gray Commission was established by Senate Joint Resolution No. 32 of the General Assembly in 1948 and was officially The Commission on State and Local Revenue and Expenditures. State Senator Garland Gray was chairman. One of the many assignments given to this commission was a study of taxes, expenditures, revenues, grants-in-aid, and the kind of building program needed.[44] The firm of T. Coleman Andrews and Company was engaged to make this study, and an extensive report, known as the Andrews Report, was made on this topic. Much interest, discussion, and disagreement had been generated by a 1948 survey on school building needs circulated to local superintendents by the State Department of Education. Survey results indicated a need of $396,014,204 for the next ten years.[45] T. Coleman Andrews and Company was requested to verify this need and did so

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[43] Ibid., 491.

[44] Acts of Virginia Assembly (1948), Senate Joint Resolution 32, 1356.

[45] Buck, 455.

through another survey of local superintendents in 1949. Using projected enrollment increases and a per pupil cost of construction of $466 for an elementary school and $560 for a high school, the Andrews survey reported a ten-year school building need of $401,633,904.[46]

The following recommendations by the Gray Commission pertained to school buildings and state financing of schools:

> 1. That any extravagant extension of the present State services requiring greatly enlarged expenditures of State funds will compel the State to seek new sources of revenue.
>
> 6. That in view of the differences which prevail among the localities in ability to finance schools, a larger equalization fund be established.
>
> 7. That, with the exception of a discretionary fund, all State funds for education in excess of those available in 1949-50, and distributed on the basis of average daily attendance, be distributed on an equalization basis.
>
> 9. That the present discretionary fund of $100,000 be increased to $350,000.
>
> 10. That 90% of any such funds as may be made available to the localities by the General Assembly for school construction be distributed on the basis of pupils in average daily attendance and that each locality be required to match dollar for dollar its proportionate share as a requisite for receiving any portion of the amount so distributed.
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> 12. That 10% of any such funds as may be made available by the General Assembly for school construction be distributed as an equalization fund and

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[46] Ibid., 456-457.

> proportioned to the localities by the State Board of Education according to the need, effort, ability, and special problems peculiar to those localities--but that no locality be permitted to receive an amount in excess of 5% of the amount so distributed.
>
> 13. That all costs for school construction incurred or contemplated by a locality, beyond the amount made available by the General Assembly and matched in part . . . be borne entirely by the locality.
>
> 14. That the General Assembly give careful consideration to changing the present rigid statutory requirements governing the construction of school buildings so as to grant more authority to the localities in the matter of school construction.[47]

A few members of the Gray Commission disagreed with the recommendations, being of the opinion that a greater portion of state funds for operation and capital outlay should be upon the basis of equalization.

The Andrews survey and the Gray Commission report underscored the need for greater state assistance for expanding and improving school plants in Virginia and provided the basis for special state grants for school buildings in 1950 and 1952. These grants, known as Battle Funds, are subsequently reviewed in this chapter.

Literary Fund

In 1931 the Supreme Court of Appeals held that loans made by the Literary Fund were not within the classification

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[47] Ibid., 497-498.

of those loans necessary for voter approval.[48] An amendment to Article ix, Section 134 of the Constitution of Virginia ratified on November 7, 1944, affected the Literary Fund. The amendment "provided that when and so long as the principal of the Literary Fund amounts to as much as $10 million, the General Assembly may set aside all or any part of the moneys thereafter received into the principal of said fund for public school purposes including the teachers' retirement fund to be held and administered in such manner as may be provided by general law."[49] The 1946 Acts of Assembly stated that a Literary loan was not to:

> Exceed one hundred per cent of the cost of the schoolhouse, addition thereto, and site. . . . No loan shall be made to aid in the erection of a building or addition to cost less than five hundred dollars. Proceeds of such loan may, in the discretion of the State board, be used to retire any previous loan, or loans, on such schoolhouse . . . and no loans to be made to any school board which is in default in the payment of the principal on any previous loan.[50]

The General Assembly transferred $11 million from the state sinking fund to the Literary Fund in 1950 to increase the amount available for loans to the localities.[51] On

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[48] Board of Supervisors v. Cox, 155 Va. 687, 156 S.E. 755 (1931).

[49] Constitution of Virginia, art. ix, sec. 134, 99-100.

[50] Acts of Virginia Assembly (1946), chap. 337, 564-565.

[51] Ibid., (1950), chap. 575, 1310.

April 7, 1950, the State Board was authorized to make Literary Fund loans for "construction of school buildings on leased property." The lease had to be for ninety-nine years with renewal privileges of ninety-nine years. Action by the General Assembly on April 8, 1950, required that "an attorney's certificate of title" to the property on which the school building was to be erected be submitted by the local school board when applying for a Literary Fund loan.[52] The Acts of Assembly on April 3, 1954, authorized the State Board to establish an interest rate after July 1, 1954 at an "amount less than two per centum per annum and not to exceed four per centum per annum."[53] Legislation passed on April 7, 1954 exempted a town school district, which levied its own taxes for debt service and capital outlay, from a county tax for debt service on a Literary Loan.[54] In the same year, the Legislature also required local school boards to consult with the State Superintendent concerning plans, materials, costs, terms of contract, and required competitive bids.[55] The State Superintendent's report for the year ending June 30, 1960 showed a balance in

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[52]Ibid., chap. 516, 998.

[53]Ibid., (1954) chap. 476, 558-559.

[54]Ibid., chap. 671, 866.

[55]Ibid., chap. 675, 871.

the Literary Fund of $59,574,882.23.[56]

Virginia Supplemental Retirement System Funding for School Buildings

Edison noted that in 1947 the General Assembly granted approval to a process whereby the Virginia Supplemental Retirement System (hereinafter sometimes called Retirement System) could purchase local bonds held by the Literary Fund thereby enhancing the flow of funds to the Literary Fund. The Literary Fund could then loan the money acquired from the Retirement System to localities for schools.[57] This system, however, was ruled unconstitutional in 1948 by the Virginia Supreme Court of Appeals.[58]

On April 7, 1954, the Virginia General Assembly authorized local county school boards to borrow money from the Retirement System for the purpose of school construction without a vote of the people "at such time as SEC. 115-a of the Constitution of Virginia be amended to permit same."[59] In response to the 1954 legislation and the continued need

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[56] Annual Report of Superintendent of Public Instruction (1959-60), 195.

[57] Patricia Anne Edison, "An Analysis of the Laws in Selected Areas Affecting Public Elementary and Secondary Education in the Commonwealth of Virginia," (Ed.D. diss., Virginia Polytechnic Institute & State University, 1979), 151.

[58] Almond v. Gilmer, 188 Va. 1, 49 S.E. 2d 431 (1948).

[59] Acts of Virginia Assembly (1954), chap. 633, 800.

for funding the construction of new schools, a paragraph was added in 1958 to Section 115-a of the Virginia Constitution explicitly permitting county borrowing, without voter approval, from Retirement System funds to finance school construction.[60] Thus, this constitutional amendment overruled the Almond decision and permitted the counties to borrow funds directly from the Retirement System without voter approval.

At the extra session of the Virginia General Assembly in 1959, legislation was passed authorizing investment of Retirement System funds in county school bonds.[61] On May 5, 1960, the Virginia Supplemental Retirement System Board of Trustees authorized the investment of "funds of VSRS and the State Police Officers Retirement System by the Treasury Board in county school bonds."[62] The Board of Trustees retained approval authority for each issue. The first loans were approved by the Retirement System Board on October 10, 1960, for a total of $5,881,000 as shown in Table 7. The bond proceeds could be used only for the purpose of school construction. Higher than the Literary Fund, the interest

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[60]Howard, Commentaries on Constitution of Virginia, 863.

[61]Acts of Virginia Assembly (extra session 1959), chap. 46.

[62]Virginia Supplemental Retirement System, Minutes of Board of Trustees (May 5, 1960), 46.

Table 7.--First County School Loans Approved by the Virginia Supplemental Retirement System Board of Trustees on October 10, 1960.

School Division	Amount
Wythe County	$ 456,000
Rockingham County	200,000
Prince William County	700,000
Roanoke County	1,000,000
Southhampton County	200,000
Henry County	1,000,000
Isle of Wight County	1,000,000
Smyth County	975,000
Frederick County	350,000
Total	$5,881,000

Source: Virginia Supplemental Retirement System, Minutes of Board of Trustees (October 10, 1960), 89.

rate charged to localities by the Retirement System was based on the average municipal rate at the time of sale. The Retirement System resold the bonds it purchased from a county on the public market within several months.[63] The amount of money that could be borrowed was limited, and, thus, this source of borrowing did not provide a great deal of relief to the larger, urban counties which had the greatest need to borrow funds for building schools.[64]

Increased Need for School Buildings and Battle Funds

Except in defense areas of the state, very little was done to improve school facilities during World War II. Buck reported an exception: an allocation of $2.2 million in 1944 for establishing new institutions and improving existing schools for vocational education.[65] The Annual Report of the State Superintendent for 1944-45 noted that "the Governor appropriated from the special $2,200,000 fund, which was set up for buildings and equipment for regional vocational schools, sums for certain vocational schools."[66]

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[63] Howard, Commentaries on Constitution of Virginia, 867.

[64] Ibid.

[65] Buck, 389.

[66] Annual Report of Superintendent of Public Instruction (1944-45), 129.

The inadequacy of Virginia's public school buildings was reported by the Virginia Education Commission in 1944 and again by the Gray Commission in 1949. The findings of these Commissions have been previously discussed in this chapter. Such inadequacy was greatly intensified after the war by the increasing birth rate. During the depression years of the 1930s and the war years through 1945, the birth rate averaged twenty per thousand of population; from 1946 through the 1950s, it averaged twenty-five per thousand.[67] The increasing birth rate and an additional year of schooling--twelve-year school system--along with the need for buildings that had accumulated during the war years, created a necessity which the localities could not meet. The State Superintendent reported in 1947 that "the need for new school housing facilities in some localities is urgent and in many other localities it is acute."[68] In the 1950-52 biennium, the General Assembly, led by Governor John Battle, provided some much-needed assistance by making an unconditional grant, known as "Battle Funds," in the amount of $45 million to "assist the counties and cities in the

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[67] Committee on Public School Accounting, Public School Costs, (New York: American Institute of Certified Public Accountants, 1963), 6.

[68] Annual Report of Superintendent of Public Instruction (1946-47), 180.

construction of needed public school buildings and to meet the emergency existing because of the inadequacy of public school facilities."[69] An allocation of $30 million was made available for immediate distribution; the remaining $15 million was distributed in the 1951-52 fiscal year. In 1952 the General Assembly increased the grant by an additional $30 million.[70] The Battle Funds were allocated on the basis of 90 percent of actual enrollment as of December 1, 1949, and 10 percent, less amounts as provided for development of vocational schools, on an equalization basis.[71] Battle Funds were allocated to the locality on a matching basis for new school building construction as the first priority, renovation of existing school buildings as the second priority, and debt service as the third priority.[72] In commenting on the $75 million appropriation during this period of time, State Superintendent Dowell J. Howard stated that "the localities were required to submit a four-year building program to be approved by the State Board of Education; and that the stimulus to public education

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[69] Acts of Virginia Assembly (1950), chap. 14, 12.

[70] Buck, 417.

[71] Acts of Virginia Assembly (1950), chap. 14, 12.

[72] J. G. Blount, Jr., retired Deputy Superintendent for Finance, Virginia Department of Education, interview by author, October 28, 1987, Richmond, Va.

provided by the appropriation for school construction had been extremely far reaching."[73]

State School Planning Manual

Legislation by the 1950 General Assembly, as amended in 1952 and 1958, provided for an Advisory Research Committee on School Buildings to be appointed by the Governor. The purpose of this committee as set forth in the statutes was to "assist the State Board by advising it as to efficiency of school building design with due regard to economy, operation, maintenance, design, function, instructional facilities, as the same relate to the safety and health of the school child; and advise with the State Board of Education in the preparation of a school construction manual and on standard school building plans."[74] The committee held a number of hearings and developed a proposed manual which was adopted by the Virginia State Board of Education and became effective April 1, 1955.[75] The School Planning Manual contained the regulations of the State Board of Education applicable to school sites and the planning and

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[73] Annual Report of Superintendent of Public Instruction (1952-53), 24.

[74] Acts of Virginia Assembly (1950), chap. 485, 951-953.

[75] Annual Report of Superintendent of Public Instruction (1954-55), 116.

construction of school buildings.[76]

Concerned with the lighting of school buildings, the General Assembly passed legislation in 1950 requiring that all public schoolhouses shall provide "ample light--natural or artificial--for pupils, and the total light area for admission of natural light had to be at least twenty per centum of the floor space."[77] A fire inspection program in the schools was begun in 1960 in cooperation with the State Fire Marshal. A manual of instructions for periodic inspections of schools was developed for local fire departments.[78]

Massive Resistance and Integration

The decision of the United State Supreme Court in Brown v. the Board of Education of Topeka in 1954 ruled that racially segregated schools were unconstitutional--"that in the field of education the doctrine of separate but equal has no place."[79] This decision voided the provision in

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[76]School Building Service, School Planning Manual, vol. 42, no. 3 (Richmond, Va.: Virginia Department of Education, 1959), preface.

[77]Acts of Virginia Assembly (1950), chap. 293, 473.

[78]Annual Report of Superintendent of Public Instruction (1959-60), 26.

[79]347 U.S. 483 p. 873, 74 S. Ct. 686 (1954).

Virginia's Constitution relative to separate schools for blacks and reversed the United States Supreme Court's decision in Plessy v. Ferguson in 1896 upholding "separate but equal" facilities.[80]

The Virginia General Assembly enacted legislation in 1956 to provide "massive resistance" to integration of the public schools.[81] Edison reported that state funds were cut off and the public schools closed in any school division which integrated schools, and a system of tuition grants was provided for attendance of white students at nonsectarian private schools in such school divisions.[82] The Virginia Supreme Court ruled in Harrison v. Day in 1959 that the massive resistance laws were unconstitutional, and all closed public schools in Virginia reopened except Prince Edward County where the County Board of Supervisors refused to levy any taxes for the support of schools.[83] The Prince Edward County Public schools were not reopened until 1964 when a ruling by the United States Supreme Court in Griffin v. County School Board found Prince Edward County in

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[80]163 U.S. 537, 16 S. Ct. 1138; 41 L.Ed. 256 (1896).

[81]Acts of Virginia Assembly (Extra Session 1956), chaps. 56-71.

[82]Edison, 54.

[83]Ibid; and 106 SE 2d. 636, 200 Va. 439 (1959).

violation of the equal protection clause of the Fourteenth Amendment and ordered that the Prince Edward County school children were entitled to their constitutional right to an education "equal to that offered by the public schools in other parts of Virginia."[84]

The court decisions on integration of all students into the same schools had wide-ranging implications for public schools in Virginia, including the utilization of facilities, during the late 1950s and for many succeeding years. In some school divisions, school buildings were not properly located, or otherwise suitable, to meet the needs presented by integration. Schools were closed, existing buildings were expanded and renovated, and new facilities erected to meet the needs of the integrated student population.

Statistical Data

Public school enrollments in Virginia increased from 578,066 in 1931 to 841,574 in 1959-60 and were projected to continue to increase at the annual rate of 2 to 3 percent through the early years of the 1960s.[85] The growth of public schools in Virginia from 1931-60 is reflected in Table 8.

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[84] Ibid; and 377 US 218, 267 (1964).

[85] Annual Report of Superintendent of Public Instruction (1930-31), 155; and (1959-60), 310.

Table 8.--Statistics on the Growth of the Virginia Public Free School System for 1931-1960.

Number Pupils Enrolled

Years	Total
1931	578,066
1940	539,465
1950	607,198
1960	841,574

Schoolhouses

Years	Total
1931	5,504
1940	4,541
1950	3,368
1960	2,349

Value of School Property

Years	Amount
1931	68,781,653
1940	88,488,868
1950	204,720,101
1960	707,797,804

Table 8.--Continued.

Total State and Local Expenditures	
Years	Amount
1931	25,704,974.33
1940	31,466,398.60
1950	97,481,738.81
1960	268,028,562.44

Source: Annual Report of Superintendent of Public Instruction (1930-31), 155, 182, 186, 196; (1939-40), 165, 247, 260, 270; (1949-50), 278, 333, 338, 340-41; and (1959-60), 318, 356, 362, 364-65.

Summary

The decades of the 1930s, 1940s, and 1950s reflected vast changes for the need and provision of public schools in Virginia. Enrollments declined in the 1930s but were mushrooming in the 1950s. War and inflation had drastic effects upon the cost of school construction. The State Superintendent commented in 1946 that "the effects of the war . . . and the very alarming extent of the inflationary trend have resulted in costs of new school construction at the end of the period (July 1946) rising approximately 100 per centum above prices which prevailed in the prewar period (1939-40)."[86]

The public school system was studied and evaluated extensively during the 1940s by several commissions. Recommendations by these commissions were subsequently addressed by state leadership.

The Virginia Department of Education provided valuable leadership to the localities during the period of 1931-60 in planning and building schools. The report of the Superintendent of Public Instruction indicated that a landscape architect had been added to the staff of the

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[86] Annual Report of Superintendent of Public Instruction, (1945-46), 173.

Division of School Buildings in 1938 and that "each set of plans for a new school building will carry with it plans and specifications for a complete landscaping program."[87]

In the State Superintendent's Annual Report for 1944-45, an estimate of $15 million was given as the postwar need for public school buildings in Virginia.[88] This need had increased to $401,633,904 in 1949 when the Andrews survey was done as part of the Gray Commission study.

In response to the vast need for school facilities in Virginia, the Battle Funds were an extraordinary occurrence for funding school facilities. Such an appropriation has never been experienced in Virginia before or after the 1950-52 Battle Funds.[89]

Considerable progress was made in building new schools in Virginia during the 1950s. The Battle Funds, Literary Fund loans, and loans from the Virginia Supplemental Retirement System represented state assistance. State Superintendent Howard commented in his 1954 report that "progress has been slow but in less than five years the people of Virginia have made great progress, having spent

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[87]Ibid., (1937-38), 117.

[88]Ibid., (1944-45), 164.

[89]Blount, interview, October 28, 1987.

approximately $250 million in building and equipping elementary and secondary schools."[90] In 1960 the Virginia Board of Education adopted a revised state planning manual to update state regulations relative to plans and specifications for school buildings.[91]

The federal government provided very little funding for public education prior to 1931 but was contributing substantial sums for various public school programs by 1960 and had firmly established the federal government as a "partner" along with the state and locality in the support of public education. By 1960 federal aid had largely been switched from school buildings to diversified programs.[92]

As the decade of the 1950s ended, the most pressing issue concerning Virginia's public schools was that of integration. In the report for 1959, State Superintendent Paschall wrote that:

> The future historian will undoubtedly record the 1958-59 school year as a year of crisis in its impact for public education in Virginia. . . . Whereas there were many factors that impinged on the course of public

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[90] Annual Report of Superintendent of Public Instruction (1953-54), 25.

[91] Ibid., (1959-60), 137.

[92] Finis E. Engleman, "Annual Report of Executive Secretary, Official Report for the Year 1957 (Washington, D.C.: American Association of School Administrators, 1958), 10.

> education, the main focus was two-pronged: the explosive series of events related to integration suits emanating from the Supreme Court decision of 1954, and the birth pangs of a space age that turned critically to education as a determiner in the sudden warfare of ideologies for the capture of the minds of men.[93]

Despite the accelerated school building program of the 1950s, the need for more and better school facilities across Virginia and the United States was still acute as the decade of the 1950s came to a close. Finis E. Engleman, Executive Secretary of the American Association of School Administrators, reported in 1958 that in spite of the heroic efforts by many local communities to adequately house the school children, the great backlog of shortage continues."[94] Engleman further observed that the 63,000 classrooms reported by the United States Office of Education as being built in 1957 hardly kept pace with the increased enrollments.[95] In 1959 the National School Boards Association expressed concern about the need for school buildings: "For more than a decade, in most American communities, the building of schools has not kept pace with the rapidly

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[93] Annual Report of Superintendent of Public Instruction (1958-59), 23.

[94] Engleman, 10.

[95] Ibid.

increasing school-age population."[96] Anxiety was expressed about temporary measures--double sessions, makeshift spaces, large classes, etc.--being used to house school children.

Virginia continued to experience the same needs for additional school buildings as other states. Gordon reported that the Salisbury study in 1959, under the auspices of the Virginia State Chamber of Commerce, ranked Virginia extremely low in adequacy of plant facilities to house pupil enrollments.[97] The 1959-60 report of the Superintendent of Public Instruction, Davis Y. Paschall, on school buildings indicated that plans and specifications for 124 projects were approved by the Virginia Department of Education. The report noted, however, that "some of these projects had to be redesigned and reprocessed because of insufficient funds, failure of bond elections, changes in programs and the like."[98] The need for more school facilities was still acute as the decade of the 1950s ended.

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[96]"What Price Double Sessions?" (Evanston, Ill.: National School Boards Association, 1959), 3.

[97]Deanna W. Gordon, "The Influence of the Virginia State Chamber of Commerce on Policies of the State Department of Education as Related to Economics Education-1959-1981," (Ed.D. diss., Virginia Polytechnic Institute and State University, 1982), 50-51.

[98]Annual Report of Superintendent of Public Instruction (1959-60), 137.

CHAPTER VI

THE CONTEMPORARY PERIOD 1961-1987

The period of 1961-1987 contrasted growth and decline and variations in the need for public school facilities. The decade of the 1960s was marked by a continuation of the school construction boom to meet facility demands of increasing school enrollment in the United States. Worner stated that the American educational enterprise reached its high point in terms of enrollment increases and public support during the 1960s.[1] Adequate funding, however, was a problem for public education during this time. A report by the American Association of School Administrators in 1969 stated that the situation of adequate revenue for schools was of such dimension that "the limits of the ability of local communities and states to finance education may soon be reached."[2]

During the 1970s, public school enrollments peaked and began to decline, tax reduction movements began, and allocation of educational resources was focused on the disadvantaged student.

The 1980s represented the first decade in the history

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[1]Wayne M. Worner, "Educational Programs of the Future," A Journal for Educational Managers, vol. 1, no. 1 (1980): 3.

[2]Forrest E. Conner, The Realities of School Finance (Washington, D.C.: American Association of School Administrators, 1969), 6.

of American schools in which education was not a growth industry. The early years of this decade produced much public debate about what schools can and should do and for whom.[3] Such debate and concern resulted in a multitude of studies, reports, and recommendations by committees, councils, task forces, boards, and other groups. The report of the National Commission on Excellence in Education, A Nation at Risk: The Imperative for Educational Reform, became one of the most widely publicized studies of education in recent history.[4] The core of the report was the Commission's concern that the United States was "at risk" due to the educational foundations of American society being eroded by a "rising tide of mediocrity" and focused attention on fostering excellence in the public schools.[5] One recommendation among many was that citizens should provide the fiscal support and stability to bring about the reforms.[6] United States Secretary of Education, Terrel H.

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[3]Worner, 3.

[4]Michael J. Bakalis, "Power and Purpose in American Education," Phi Delta Kappan, vol. 65, no. 1 (September 1983): 7.

[5]National Commission on Excellence in Education, A Nation at Risk: The Imperative for Educational Reform (Washington, D.C.: U. S. Department of Education, April 1983), 5, 12.

[6]Ibid., Recommendation E, 34.

Bell, stated that the report "sparked a cry of educational improvement that permeated the land."[7] The same concerns, trends, and problems manifested nationally were being experienced by the public schools in Virginia. The most significant of these developments are reviewed in this chapter.

Enrollments and Fluctuating Demand for School Facilities

Enrollment in Virginia's public schools continued to increase through the 1960s and into the 1970s reaching a record high in 1975-76. In 1961-62, 900,267 children were enrolled in Virginia's public schools; 1,142,998 were enrolled in 1975-76 with an average daily membership of 1,080,091.[8] The enrollment declined to 1,026,980 in 1979-80 and to 999,252 in 1984-85.[9] The increasing and declining enrollments in Virginia had significant implications upon the provision of school facilities and funding thereof. The school enrollment decline of the 1970s was not unique to Virginia alone but was similarly experienced in all states. Enrollment in public schools in the United States reached a

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[7]Terrel H. Bell, "Bell Marks Anniversary of Nation at Risk," Education Week, vol. 3, no. 32 (May 2, 1984): 1.

[8]Annual Report of Superintendent of Public Instruction (1961-62), 345; and (1975-76), 168.

[9]Ibid., (1979-80), 98; and (1984-85), 102.

high of 46,081,000 students in 1971-72 and then declined to 39,358,982 in 1984-85.[10] Between 1960 and 1970 the number of births in the United States declined by 13 percent--the major reason for the subsequent decreased school enrollment.[11] Other causes contributing to enrollment decline were geographic mobility and social trends.[12] Epstein noted that declining enrollments brought pressure on school systems to pay greater attention to racial and socioeconomic balance within the schools along with the consolidation and closing of schools in many communities.[13] As discussed by Earthman, student enrollments have a direct bearing on "the four 'Fs' of school administration: facilities, faculty, funding, and function."[14] Moore observed that the declining enrollment in Virginia's public

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[10]Educational Research Service, ed., "Cost of Education: An Investment in America's Future," America's Investment in Public Education, (Arlington, Va.: American Association of School Administrators & National School Boards Association, 1987), 2.

[11]N. L. Englehardt, "How to Estimate Your Future Enrollment," School Management, vol. 17, no. 6 (June/July 1973): 40.

[12]Carol B. Epstein, "Current Trends in School Policies and Programs," Declining Enrollments (Arlington, Va.: National School Public Relations Association, 1976), 5.

[13]Ibid.

[14]Glen I. Earthman, "Alternative Methods of Projecting School Enrollments," Journal for Educational Managers, vol. 1, no. 3 (Spring 1981): 11.

schools since 1976 had caused a marked reduction in new school construction--that plans for only eight new schools were approved by the Virginia Department of Education in 1979-80 and nine in 1980-81. In contrast, in 1961-62 plans and specifications were approved for 119 projects; in 1970-71, 188 projects; and, during the four-year period between 1975 and 1979, the Department approved construction of twenty-two new schools on an average per year.[15] The rate of enrollment decline in Virginia during the 1970s was less than the national rate because of three factors--a statewide program of kindergarten education; concentrated efforts to reduce the dropout rate by offering alternative forms of instruction; and lowering the age of entry into the first grade.[16] The State Superintendent's report of 1978-79 noting an enrollment decline of 2.3 percent from the previous year attributed the decrease to the declining birth rate.[17] The United States Census Bureau reported in 1986 that preschool enrollments in kindergarten and nursery schools in

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[15]H. Hugh Moore, "Declining Enrollment Cuts New School Construction," Public Education in Virginia, vol. 17, no. 2 (Summer 1981): 3; and Annual Report of Superintendent of Public Instruction (1960-61), 153; (1961-62), 161; and (1970-71), 100.

[16]Annual Report of Superintendent of Public Instruction (1976-77), 4.

[17]Ibid., (1978-79), xvi.

1985 were at a new high--2.5 million in nursery school and 3.8 million in kindergarten--and predicted that the decline in elementary school enrollment would be reversed and local school systems faced with a shortage of teachers and classrooms in the next few years.[18] Enrollment in the public schools of the United States in 1986-87 was 39,800,608, a slight increase over the previous year's enrollment of 39,529,922, signaling the continuation of a baby boomlet and the end of a long period of enrollment decline.[19] The Superintendent of Public Instruction reported that enrollment in Virginia's public schools increased consecutively for 1985-86 and 1986-87, reaching 977,224 as of September 30, 1987.[20] Student membership in Virginia's public schools is projected to continue to increase annually through 1995-96 to 1,060,100.[21]

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[18] "Preschool Enrollment at a New High," Roanoke Times & World News, October 15, 1986, sec. A-10.

[19] Thomas A. Shannon, ed., "Education Vital Signs-State of the States," American School Board Journal, vol. 174, no. 10 (October 1987): A-19.

[20] "Public School Census Rises Third Year In Row," Roanoke Times & World News, January 17, 1988, sec. C-5.

[21] Virginia Department of Education, "Projected Membership in Virginia's Public Schools," Public Education in Virginia, vol. 23, no. 1 (Spring 1987): 24.

State Constitutional Revision of 1971

The Commission on Constitutional Revisions was authorized by joint resolution of the 1968 General Assembly and appointed by Governor Mills E. Godwin, Jr. to recommend revisions to the Constitution of Virginia.[22] Chaired by former Governor Albertis S. Harrison, Jr., the Commission reported proposed revisions to the Governor and General Assembly in January 1969.[23] In the form of amendments, the revisions were reviewed by the General Assembly in 1969 and 1970, approved by a vote of the people on November 3, 1970. The revised Constitution became effective on July 1, 1971.[24]

Article viii of the 1971 Virginia Constitution contained the provisions for education. The Constitution assigned the responsibility of providing a system of free public elementary and secondary schools in Virginia to the General Assembly.[25] In addition to requiring the Standards of Quality, which are subsequently reviewed, the 1971 Constitution stated that the General Assembly should determine the manner in which funds are to be provided for the

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[22] Acts of Virginia Assembly (January 15, 1968), House Joint Resolution No. 3, 1568.

[23] A. E. Dick Howard, foreword to Constitution of Virginia, 1.

[24] Ibid.

[25] Constitution of Virginia, art. viii, sec. 1.

cost of maintaining an educational program meeting the prescribed Standards of Quality and should provide for the apportionment of the cost of such program between the Commonwealth and the local units of government comprising such school divisions. Each unit of local government was required to provide its portion of such cost by local taxes or from other available funds.[26] The Virginia Board of Education was authorized, subject to such criteria and conditions as the General Assembly may provide, to divide the Commonwealth into school divisions of such geographical area and school-age population as would promote the realization of the prescribed Standards of Quality.[27] The Constitution vested the responsibility for operating, maintaining, and supervising schools in the localities to the local school board.[28] Thus, the 1971 Constitution continued the tradition in Virginia of the localities being responsible for financing school facilities.

Standards of Quality

The revised Virginia Constitution of 1971 stipulated that "Standards of Quality for the several school divisions

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[26]Ibid., sec. 2.

[27]Ibid., sec. 5.

[28]Ibid., sec. 7.

should be determined and prescribed from time to time by the Board of Education, subject to revision only by the General Assembly."[29] Accordingly, Standards of Quality for public schools were adopted by the Virginia Board of Education in August, 1971, and were revised and enacted by the General Assembly for the biennium beginning July 1, 1972.[30] Woodrow W. Wilkerson, State Superintendent of Public Instruction, commented that "the Standards of Quality and Objectives for Public Schools in Virginia provide new impetus for improving public education . . . they offer new opportunities for the State Department of Education and the local school division to work together to improve the quality of education in Virginia."[31] Wilkerson called the adoption of Standards of Quality "an event that ranks as one of the major developments in the history of public education in the Commonwealth."[32] The Standards applied to public school personnel, instructional materials, planning and management,

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[29]Ibid., sec. 2.

[30]Woodrow W. Wilkerson, introduction to Standards of Quality and Objectives for Public Schools in Virginia 1971-74, (Richmond, Va.: Virginia Department of Education, 1972).

[31]Ibid.

[32]Annual Report of Superintendent of Public Instruction (1972-73), 26.

and programs.[33] Revised Standards have been approved by the Virginia Board of Education and the General Assembly for each biennium from 1972 to the date of this study (1987). The Standards of Quality establish the foundation program for public education in Virginia but are devoid of any specific mention of providing for capital outlay needs of the localities. One of the most pertinent of the Standards of Quality with relevance for additional capital facilities was the requirement for a kindergarten program.

Kindergarten Program

In 1965 the Virginia Board of Education supported in principle the idea of state aid for kindergarten programs as a part of the public schools of Virginia and authorized a study by the Department of Education on the need for teachers, classrooms, and transportation.[34] During the 1968-70 biennium, state funds were made available for the first time in Virginia's history to assist localities operating kindergartens when the General Assembly appropriated $15 million for the two-year period.[35] The Virginia Board of Education in 1968 adopted regulations governing the

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[33] Ibid.

[34] Annual Report of Superintendent of Public Instruction (1965-66), 25.

[35] Ibid., (1967-68), 26.

length of the school day, classroom size, and teacher endorsements for kindergarten along with furnishing curriculum guides and other assistance to the localities.[36] Approximately 23,300 children were enrolled in kindergarten programs in twenty-one localities in 1968-69.[37] The kindergarten enrollment had increased to only 26,813 children--36 percent of the 74,286 five-year olds in Virginia--in 1971-72.[38]

The Standards of Quality enacted by the General Assembly in 1972 included the following provision regarding kindergarten:

> Each school division that does not provide a kindergarten program shall by the end of the 1972-74 biennium develop a plan to provide such a program, and shall state in the plan a date acceptable to the Board of Education on which the kindergarten program will be implemented.[39]

The Standards of Quality adopted by the Board of Education and approved by the General Assembly for the two years beginning July 1, 1974, stipulated that each school

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[36] Ibid.

[37] Ibid., (1968-69), 27.

[38] Ibid., (1971-72), 28.

[39] Standards of Quality and Objectives for Public Schools in Virginia 1972-74, Program Standard 3 (Richmond, Va.: Virginia Department of Education), 2.

division offer kindergarten education by September 1976.[40] The report noted that 122 of 139 school divisions were prepared to offer kindergarten education in September, 1975.[41]

Federal Financial Assistance

The post-Sputnik surge of federal support for science and math education continued in the 1960s followed by federal efforts to improve educational opportunities for children from disadvantaged families. In response to the need for greater administrative responsibility for federally financed programs, the Virginia Department of Education established the Office of the Special Assistant for Federal Programs in 1965-66.[42] A review was made of the federal programs which provided funding for capital outlay--either equipment or buildings.

Elementary and Secondary Education Act

The Elementary and Secondary Education Act of 1965, Public Law 89-10, was significant legislation since it

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[40] 1974-75 Report on Public Education in Virginia, Standard 6 (Richmond, Va.: State Board of Education, November 1975), 4.

[41] Ibid., 9.

[42] Annual Report of Superintendent of Public Instruction (1965-66), 160.

represented the first general aid to education from the federal government.[43] The Act enabled qualifying school districts to purchase much needed equipment, enhanced the need for more school rooms, and provided some funds for buildings. Title I of this act provided $1.06 billion for compensatory education programs, including school construction and special programs, for students whose economic deprivation put them at an educational disadvantage.[44] From its enactment in 1965 to 1977, the Virginia Department of Education reported that more than $300 million had been received by Virginia to finance Title I programs.[45] Title II provided $100 million for books and other instructional materials; Title III included $100 million for educational improvement centers to provide audio visual materials, television equipment, programmed learning materials, guidance services, mobile libraries, and laboratories; Title IV established a network of university based research and development centers; and Title V provided $25 million to state departments of education to strengthen

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[43]Benjamin D. Stickney and Laurence R. Marcus, "Education and the Disadvantaged 20 Years Later," Phi Delta Kappan, vol. 66, no. 8 (April 1985): 561.

[44]Tiedt, 190.

[45]Frank J. Walin, "Title I, Plus Eleven," Public Education in Virginia, vol. 12, no. 4 (Winter 1977): 16.

their coordination and information functions.[46] The report of Virginia's Superintendent of Public Instruction in 1964-65 noted that "new federal aid became available during the year as a result of the passage by Congress of the Elementary and Secondary Education Act of 1965. . . . Virginia is eligible to receive approximately $35,000,000 during the year."[47] The next annual report indicated that $24,500,000 was the actual amount received by Virginia in 1965-66 for 154,000 educationally disadvantaged students.[48] Title VI-A of Public Law 89-10 was passed in 1967 to provide states with grants for handicapped students.[49] In 1974 Public Law 93-380 amended and enhanced federal funds for educationally disadvantaged students.[50]

Provisions of the Elementary and Secondary Education Act were incorporated into the Education Consolidation and Improvement Act (Public Law 97-35) in 1981--the "Block

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[46]Stickney and Marcus, 561.

[47]Annual Report of Superintendent of Public Instruction (1964-65), 25.

[48]Ibid., (1965-66), 26.

[49]Annual Report of Superintendent of Public Instruction (1968-69), 39.

[50]Ibid., 32.

Grant" program.[51] This act consolidated twenty-eight federally funded categorical programs (special education and vocational education were excluded) into a single block grant to each state with a reduced budget and a reference change in the various programs from "titles" to "chapters."[52] The funding level was reduced from $510 million under the antecedent programs in fiscal year 1981 to $451 million under the first-year appropriation for the block grant in fiscal year 1982.[53] Grant awards to Virginia for Chapter 1 programs for the past several years are shown in Table 9.

Impact Aid--Public Law 81-815

Public Law 815 of the Impact Aid Program continued to provide funds for school building construction in federally impacted areas. During the school year ending June 30, 1961, seven counties and two cities received $4,120,655.48 under Public Law 815 for school building construction.[54]

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[51]Richard Jung and Robert M. Stonehill, "Big Districts and the Block Grant: A Cross-Time Assessment of the Fiscal Impact," Journal of Education Finance, vol. 10, no. 3 (Winter 1985): 308, 309.

[52]Ibid.

[53]Ibid.

[54]Annual Report of Superintendent of Public Instruction (1960-61), 148.

Table 9.--Grant Awards to Virginia for Chapter 1 Programs 1982-83 Through 1987-88.

Year	Amount of Chapter 1 Grant to Virginia (Excluding Bypass Funds)	Amount of Chapter 1 Grant Expended for Capital Outlay
1982-83	$55,324,472	$1,370,583.57
1983-84	$56,278,872	$2,003,933.54
1984-85	$56,086,749	$1,637,268.49
1985-86	$59,310,097	$1,876,858.79
1986-87	$57,668,834	Not Available
1987-88	$66,643,072	Not Available

Source: Kathryn S. Kitchen, Administrative Director, Financial and Support Services, Virginia Department of Education, interview by author, December 29, 1987, Richmond, Va.

Funding under Public Law 815 continued on a regular annual basis during the 1960s and intermittently during the early 1970s and 1980s for federally impacted school divisions as reported annually by the State Superintendent. During the period of 1977-78 through 1982-83, no federal funds were received by Virginia under this program.[55] The purpose of Public Law 81-815 was redefined by Congress in 1981 "to provide assistance for the construction of urgently needed minimum school facilities in school districts which have substantial increases in school membership as a result of new or increased federal activities."[56]

A study was made in 1982 for the Virginia Department of Education on the significance of federal impact funds for the eligible localities in Virginia. The study revealed that the impact funds, in certain districts, were a significant funding source for school operations. Public Law 815 funding for capital outlay was not included in the study.[57] The amounts received by certain Virginia school

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[55]Ibid., (1977-78 - 1982-83).

[56]United States Department of Education, "A Compilation of Public Law 815, Eighty-First Congress, as Amended" (October 19, 1984): 1.

[57]Richard G. Salmon, William Seawell, and Kenneth Fulp, The Impending Loss on Reduction of Federal Impact Aid in Virginia: The Problem and Alternatives (Richmond, Va.: Virginia Department of Education, 1982), 35-37.

divisions since 1983 are reflected in Table 10. The fiscal year 1987 appropriation for the entire United States was $22.5 million; for fiscal year 1988, $22.9 million.[58] In 1981 federal impact programs were consolidated as part of the "block grant" program by the Education Consolidation and Improvement Act.[59]

Vocational Education Funding

The Vocational Education Act of 1963, Public Law 88-210, (the Perkins-Morse Bill) was enacted "to strengthen and improve the quality of vocational education and to expand the vocational education opportunities in the nation."[60] The act represented an effort to "retool" vocational education in order to teach modern skills and was considered the first major revamping of vocational education since the Smith-Hughes Act of 1917. Sixty million dollars was authorized for the first year, $118.5 million for the second year, and $225 million for each subsequent year.[61] The

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[58]Adam Fischer, Administrative Assistant, National Association of Federally Impacted Schools, interview by author, January 5, 1988, Washington, D.C.

[59]Dexter A. Magers, "The Shrinking Role of Federal Dollars," Journal of Education Finance, vol. 10, no. 3 (Winter 1985): 409.

[60]Tiedt, 153.

[61]Ibid.

Table 10.--Impact Funds for Capital Outlay Received in Virginia Under Public Law 815 (1983-84 Through 1985-86).

Year	Amount	School Division
1983-84	$1,086,962.92	Accomac County Page County Poquoson City Virginia Beach City (received majority of funds)
1984-85	$2,323,843.55	Montgomery County Page County Newport News City (received $2 million)
1985-86	$ 8,232.94	Page County

Source: Kathryn S. Kitchen, Administrative Director, Financial and Support Services, Virginia Department of Education, interview by author, December 29, 1987, Richmond, Va.

annual report of Virginia's Superintendent of Public Instruction reflected an increase in federal funds for capital outlay over the previous fiscal year of 134 percent in 1964-65, the first fiscal year in which funds were received by the state under the 1963 act; an increase in total federal funds received for capital outlay from $1,571,788.28 in 1963-64 to $3,675,915.84 in 1964-65; and an increase in the percentage distribution of costs for school capital outlay from federal funds from 2.25 percent in 1963-64 to 5.53 percent in 1964-65.[62] To be eligible for federal aid under the Vocational Act of 1963, a construction project had to provide facilities for five or more occupational offerings.[63] Many vocational facilities were built and equipped in Virginia with assistance from federal funds under the 1963 Vocational Education Act.

Additional federal funding was also provided for vocational education facilities in eligible counties in the Appalachian region of the United States by Public Law 89-4 in 1965 and Public Law 90-103 in 1967.[64] Financial assistance for vocational education facilities in the Appalachian

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[62] Annual Report of Superintendent of Public Instruction (1963-64), 246; and (1964-65), 234, 235.

[63] Ibid., (1966-67), 153.

[64] Kurth, 35.

area of Virginia began in 1966-67.[65] Eight projects were approved in the first two years at an estimated cost of $5,250,000.[66] Federal funds for capital facilities are not currently available under this provision.[67]

Carl D. Perkins Vocational Education Act

The Carl D. Perkins Vocational Education Act of 1984 (Public Law 98-524) and subsequent amendments created new challenges and opportunities for local education agencies to improve programs and services for vocational, disadvantaged, and handicapped students. The Act placed much emphasis on the need to assure equal access to quality vocational programs and the need to provide necessary special services to enhance the participation of special needs youth and adults.[68] Funds identified to serve handicapped and disadvantaged students were limited to expenditures for supplemental or additional staff equipment, materials, and

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[65] Annual Report of Superintendent of Public Instruction (1973-74), 106.

[66] Ibid., (1967-68), 167; and (1968-69), 166.

[67] George A. Eanes, Jr., Supervisor of Budget and Facilities, Vocational and Adult Education, Virginia Department of Education, interview by author, December 22, 1987, Richmond, Va.

[68] Public Law 98-524 - Serving the Handicapped and Disadvantaged in Vocational Education, Virginia Department of Education, Division of Vocational Program Services, Special Programs, Sept. 1986, Richmond, Va., 1.

services on a 50 percent matching basis. Capital funds were provided on a matching basis for qualifying vocational projects, for "acquisition of equipment, renovations, and (if necessary) construction of vocational education facilities."[69] Craig County received the most recent grant--$200,000 in 1986-87.[70] Table 11 shows expenditures of federal vocational education funds for capital outlay in recent years.

Revenue Sharing Funds

At the end of 1973, the first year of the revenue sharing program, the National School Boards Association reported that 39 percent of the $1.7 billion received by the states had been used for land acquisition and construction, including a number of schools.[71] Revenue sharing funds had an indirect effect on assisting all facets of educational funding in Virginia as indicated by Governor Linwood Holton in 1973 when he told the Virginia General Assembly that revenue sharing funds could not be used for educational

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[69]Charles J. Edwards, ed., "Vocational Education Basic Grants," in 1987 Guide to Federal Funding for Education, vol. 1 (Arlington, Va.: Education Funding Research Council, 1987), E-9.

[70]Eanes, interview, December 22, 1987.

[71]James Betchkal, ed., "Washington Report," The American School Board Journal (October 1973): 52.

Table 11.--Expenditures of Federal Vocational Education Funds for Capital Outlay (1982-83 Through 1986-87).

Year	Amount
1982-83	$2,192,874.95
1983-84	$1,645,850.93
1984-85	$1,464,183.88
1985-86	$2,005,846.96
1986-87	Not Available (except $200,000 to Craig County)

Source: Kathryn S. Kitchen, Administrative Director, Financial and Support Services, Virginia Department of Education, interview by author, December 29, 1987, Richmond, Va.; and George A. Eanes, Jr., Supervisor of Budget and Facilities, Vocational and Adult Education, Virginia Department of Education, interview by author, December 22, 1987, Richmond, Va.

purposes but would "free other local funds which can be used for the financing of public schools."[72]

Special Education

During the 1961-62 school session, eighty-three counties and thirty cities provided one or more special education services to 21,040 exceptional children.[73] Special education programs in Virginia continued to make significant progress during the 1960s and early 1970s. The report of the State Superintendent for the year ending June 30, 1972, reported a state appropriation for special education of $23 million for the biennium--an increase of $7,2280,000 over the previous two-year period.[74] The report also mentioned legislation by the Virginia General Assembly to require a statewide program of mandatory education for handicapped and visually-impaired persons from the age of two through twenty-one years of age. Additionally, the Standards of Quality of 1972 required each school division to identify exceptional children, including the gifted, and to develop a plan acceptable to the Board of Education to

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[72]Virginia Department of Education, Public Education in Virginia, vol. 8, no. 4 (Winter 1973): 1.

[73]Annual Report of Superintendent of Public Instruction (1961-62), 35.

[74]Ibid., (1971-72), 27.

provide appropriate educational opportunities for them.[75] The State Superintendent's report for 1974-75 noted that a wide range of special education programs was developed in the early 1970s, including special schools and classrooms and a comprehensive state plan for the education of young handicapped children below age five.[76]

Public Law 94-142 and Section 504 of Rehabilitation Act

The decade of the 1970s brought renewed efforts by the federal government to improve educational opportunities for handicapped children.[77] The Education for All Handicapped Children Act, Public Law 94-142, was passed by Congress in 1975 to provide federal funding to local school districts for education of handicapped children and succeeded the funding program established in 1967 for the handicapped under Title VI of the Elementary and Secondary Education Act.[78] The implementation of Public Law 94-142 worked in tandem with Section 504 of the Rehabilitation Act of 1973 (Public Law 93-112), a federal civil rights statute that

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[75]Ibid., 28.

[76]Ibid., (1974-75), 80-81.

[77]Thomas A. Shannon, "The Emerging Role of the Federal Government in Public Education," Phi Delta Kappan, vol. 63, no. 9 (May 1982): 595.

[78]Kurth, 31.

prohibited discrimination by public schools against children because of their handicaps.[79] To be eligible to receive funding under the provisions of Public Law 94-142, a school system agreed to certain conditions that guaranteed a free and appropriate education for handicapped students. Initial fiscal year funding for Public Law 94-142 was $315 million nationwide.[80] Virginia received a grant of $2,294,680 under Public Law 94-142 in 1975-76.[81] Localities in Virginia have used limited amounts of 94-142 funds to provide building renovations--ramps and restrooms--for the handicapped.[82] Federal funds continue to be allocated annually to support programs for exceptional children, although funding to Virginia for special education capital projects is currently limited to equipment.[83]

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[79]Shannon, "The Emerging Role," 595.

[80]James Betchkal, ed., "Washington Report," American School Board Journal, vol. 164, no. 5 (May 1977): 42.

[81]Annual Report of Superintendent of Public Instruction (1975-76), 33.

[82]Martha S. Phillips, Supervisor, Energy and Facilities Services, Virginia Department of Education, interview by author, December 4, 1987, Richmond, Va.

[83]James T. Micklem, Director of Division of Special Education Programs and Pupil Personnel Services, Virginia Department of Education, interview by author, December 22, 1987, Richmond, Va.

Removal of Architectural Barriers to the Handicapped

The Emergency Jobs Bill, Public Law 98-8, enacted on March 24, 1983, appropriated funds on a one-time basis for the purpose of altering existing buildings and equipment in an effort to help schools remove architectural barriers that impeded the mobility of disabled students, employees, and parents. The program for the removal of architectural barriers to the handicapped was authorized in 1983 under Section 607 of the Education of the Handicapped Act, as amended by Public Law 98-199.[84] Special consideration was required for projects in areas experiencing high rates of unemployment. Virginia was eligible to receive $943,651.[85]

Public Works Capital Development and Investment Act

The Public Works Capital Development and Investment Act enacted in 1976 to stimulate economic development provided funding that year to thirteen localities in Virginia for school capital projects. Grants under this act were based on depressed economic conditions. The most significant grant was $5 million each to Halifax County and South Boston

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[84] Davis, "Superintendent's Memo No. 5" (Administrative), January 8, 1986.

[85] Ibid.

City to fund a joint senior high school.[86]

Gramm-Rudman-Hollings Deficit Reduction Act

In the fall of 1985, Congress passed the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), popularly known as the Gramm-Rudman-Hollings deficit reduction law to mandate annual deficit targets that could be met with automated across-the-board budget cuts.[87] Under the Gramm-Rudman-Hollings legislation, the annual addition to the nation's accumulated debt is to be reduced $36 billion each year for five years until it is zero by 1991. Congress can reduce the deficit and reach the Gramm-Rudman-Hollings target by enacting spending cuts, tax, or other revenue increases, or a combination of cuts and revenues.[88] If Congress falls short of the target reductions, the Gramm-Rudman-Hollings Act requires across-the-board cuts evenly distributed between defense and

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[86] Federal Register, vol. 41, no. 248, Dec. 23, 1976, part vi; and Phillips, interview, Dec. 4, 1987.

[87] Angela M. Evans, "Gramm-Rudman-Hollings and Department of Education Programs," Journal of Education Finance, vol. 11, no. 3 (Winter 1986): 315.

[88] Nick Penning, "Tax Reform vs. Lower Deficits: Something's Got to Give," The School Administrator, vol. 43, no. 8 (September 1986): 21.

domestic programs.[89] The United States Supreme Court in July 1986, however, invalidated the law's procedure for forcing across-the-board spending cuts in the budget should the President and Congress fail to reach deficit targets.[90]

Congress is presently trying to find a constitutional means of restoring the mandatory cutting procedure. It is also trying to relax the deficit targets and extend the deadline for a balanced federal budget beyond the original goal of 1991 as set by the Gramm-Rudman-Hollings legislation. Concern is being expressed that federal appropriations for education in all categories may be reduced from the current fiscal year 1987 level of $19.5 billion as efforts are made to meet the deficit target reductions of the Gramm-Rudman-Hollings law.[91] The School Improvement Act of 1987--the omnibus education bill that renews all major federally funded education programs--was passed by the United States House of Representatives in mid-1987 with few changes.[92]

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[89] Ibid.

[90] Ibid.

[91] Nick Penning, "Administration to Seek Deep Cuts in Education," The School Administrator, vol. 44, no. 2 (February 1987): 37.

[92] "Washington Report," The American School Board Journal, vol. 174, no. 8 (August 1987): 43.

On November 20, 1987, President Reagan and congressional leaders announced an agreement on a two-year deficit reduction package that would lower the deficit by $30.2 billion in fiscal 1988 and $45.85 billion in fiscal 1989. Some education programs were granted limited protection from deep cuts by the agreement--the funding level for such programs is not to be cut below a baseline level of their fiscal 1987 funding level plus inflation. Chapter 1, Handicapped Education and Indian Education funds are included in the limited protection programs. Vocational education and impact aid are in the unprotected programs and are subject to some reduction below the fiscal 1987 levels.[93]

State Financial Assistance and Legal Issues

Equalization Efforts and Task Force on Funding

As reflected in the annual reports of the State Superintendent, efforts were made in the 1960s to equalize funds to the localities. The report for 1961-62 noted that the 1962-64 biennium appropriations "reflected significant

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[93]"Chapter 1 Could Lose Under Accord," Leadership News, no. 17 (November 30, 1987): 5.

changes designed to provide more understandable and equitable formulas for distributing state funds for public education."[94] The report for 1963-64 also referenced a "more equitable" formula embodying "the principles of need, effort, and ability" to finance a "well-defined minimum educational program."[95] School administrators, legislators, and others continued to express concern about the state's system of determining financial aid for schools. A newspaper reported such concerns expressed on September 26, 1968, at a public hearing before a state commission studying school financing. Two of the major concerns expressed at this hearing were "that the program of state support for education required the locality to meet the entire cost of growth and that state school aid does not include money for buildings."[96] This state commission was created by the General Assembly and was known as the McMath Commission.[97] No significant changes in distribution of state funds were

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[94] Annual Report of Superintendent of Public Instruction, (1961-62), 24.

[95] Ibid., (1963-64), 24.

[96] "School Administrators Rap Formula for Financial Aid," Roanoke World News, September 27, 1968, p. 7.

[97] Ibid.; and Acts of Assembly (March 1, 1968), House Joint Resolution no. 89, 1580.

recommended.[98] Bath County instituted litigation in 1969 on Virginia's distribution formula of public education funds. The Bath County suit is subsequently reviewed in this chapter.

In order to determine the funding method of the constitutional Standards of Quality, Governor Linwood Holton in October 1972, appointed a Task Force on Financing the Standards of Quality for the purpose of determining:

> 1. The cost of implementing the "Standards of Quality and Objectives for Virginia Public Schools--1972-74."
>
> 2. Local ability to pay.
>
> 3. The distribution method for a 1973-74 supplemental appropriation that will enable the localities to meet this cost.[99]

The Task Force, headed by J. Fred Young, Deputy Superintendent of Public Instruction, reported that spending in Virginia during 1971-72 amounted to $1,036 per student in average daily membership. That figure included $208 for capital outlay, debt service, and State Department of Education expenses; $62 for expenditures not related to the Standards of Quality; and $128 for categorical funds, including social security payments and retirement costs for

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[98]Blount, interview, October 28, 1987.

[99]Task Force on Financing the Standards of Quality, "A Report to the Honorable Linwood Holton, Governor, Commonwealth of Virginia" (December 1972): 5.

professional employees. The remaining $638 per student was set as the foundation cost for the Standards of Quality with the funds to be provided from state and local funding.[100]

The Governor concurred with the recommendation of the Task Force that the local share of education should be based on an expenditure equivalent to eighty-two cents per $100 of 1970 true property values, plus revenue from the one cent sales tax earmarked for public education. The General Assembly acted on the recommendation and established $628 per pupil in average daily membership as the "foundation cost" for the Standards of Quality with the local share of such cost to be as recommended by the Task Force.[101] The state's share of funding for the Standards was provided through the basic school aid appropriation plus an additional appropriation of $24,700,000 for fiscal year 1973-74 to meet the constitutional requirement for providing quality education.[102]

Noting that the ability of localities to finance public education had traditionally been determined on the true value of real property, the Task Force suggested, instead, a

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[100]Ibid., 8.

[101]Virginia Department of Education, Public Education in Virginia, vol. 8, no. 4 (Winter 1973): 1.

[102]Annual Report of Superintendent of Public Instruction (1972-73), 27.

composite index which would include true property values, personal income, and sales tax revenue as the method of determining state and local funds as required by the Standards of Quality. The task force further recommended that:

> (1) The Basic School Aid Fund be distributed on the basis of fifty professional instructional staff members per 1,000 pupils in average daily membership (ADM);
>
> (2) After subtracting the one-cent sales tax for education, the cost of the basic program should be apportioned between the Commonwealth and school divisions of average capacity to pay on an equal basis--50 percent state and 50 percent local funds;
>
> (3) The State should provide for vocational and special education instructional costs that exceed the basic cost for regular instruction;
>
> (4) Each locality should provide a reading and mathematics skills development program for low achieving pupils in grades K-6;
>
> (5) Incentive funds should be provided as a method for encouraging and rewarding school divisions that make an effort greater than that required to meet the Standards of Quality; and
>
> (6) Local units of government should be provided with a reasonable period of time to adjust local financial patterns to this recommended program. Any loss in total State support per ADM should be presented, and the amount of increased local expenditure required in any one year should be limited.[103]

The recommendations of the Task Force on the new state distribution formula were passed by the General Assembly in 1974. The General Assembly appointed a Public School

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[103]Ibid.

Finance Study Commission in 1978 to "review the bases for locating state funds to the school divisions of the Commonwealth including the basic school aid formula and categorical aid, and shall recommend such changes as it deems advisable."[104] At the conclusion of its study in 1981, the Commission did not recommend any substantial changes in the state aid formula.[105] With only the established cost per pupil being increased annually and the use of current data, the formula was still in effect essentially as adopted in 1974 when this study concluded (1987). Appendix A reflects the Basic State School Aid Formula for a locality (Roanoke County) in 1981-82, and Appendix B reflects calculations of the "Composite Index" factor of the state aid formula for the same locality. Neither the state aid formula revisions of the 1960s nor the 1974 revision contained any provision for assisting the localities with the cost of providing school facilities.

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[104] Acts of Virginia Assembly (1978), Senate Joint Resolution 42, 2023.

[105] William H. Cochran, former Deputy Superintendent for Public Instruction, interview by author, October 28, 1987, Richmond, Va.; and Richard G. Salmon, Consultant to Commission, interview by author, November 3, 1987, Blacksburg, Va.

Review of Certain School Finance Court Cases

Concern continued to be expressed about Virginia's allocation method of state funds for public schools. As previously mentioned in this study, various attempts were made to address this concern through discretionary funds and minimum program funds. The complexity of developing a school finance law that assures adequate quality and quantity of educational services and facilities and substantially equalizes educational opportunity throughout the state was described by Johns as being the most difficult and complex problem facing a legislature.[106] Such concern reached litigation in 1969, Burrus v. Wilkerson, when the parents and school children of Bath County, Virginia brought a class action suit attacking the constitutionality of Virginia's statute for the distribution of public education funds.[107] The district court was convinced that the deficiencies and disparities existing between school districts in Virginia were not "creatures of discrimination by the

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[106] R. L. Johns, "The Cost of Delivering Equivalent Educational Services," Futures in School Finance: Working Toward a Common Goal - Proceedings of the 17th National Conference on School Finance, eds. K. Forbis Jordan and Kern Alexander (Bloomington, Ind.: Phi Delta Kappa, 1974), 86.

[107] 310 F. Supp. 572 (1969), affirmed 397 U.S. 44, 25 L Ed 2d 37, 90 S.C. 812 (1970).

state" and observed that "the blame is ascribable solely to the absence of taxable values sufficient to produce the required moneys."[108] The court further stated that "courts have neither the knowledge, nor the power to tailor the public moneys to fit the varying needs of these students throughout the state. We can only see to it that the outlays on one group are not invidiously greater or less than that of another. No such arbitrariness is manifest here."[109] Two other notable school financial equity court cases followed the Burrus decision. In the Serrano v. Priest (1971) ruling, the California Supreme Court determined that a child's education in public school is a "fundamental interest" that could not be dependent on the wealth of a particular locality but rather on the state as a whole since it had a "compelling state interest" in public education.[110] During the two years following the Serrano decision, challenges to state school finance schemes were generally successful but such trend ended in 1973 when the United States Supreme Court reversed the decision of the District Court in Texas in San Antonio Independent School

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[108] Ibid.

[109] Ibid.

[110] Sup. Ct. of Cal., 5 Cal. 3d 584, 96 Cal. Rptr. 601, 487 p. 2d 1241 (1971).

District v. Rodriguez.[111] The decision in the Rodriguez case marked a return to the traditional "rational basis" standards in judging state finance methods and a "noninterference posture" by the federal courts regarding state financial schemes for public schools and determined that education is not a substantive constitutional right guaranteed by equal protection under the United States Constitution.[112] Other court challenges were made of state-funded allocation schemes, but the "rational basis" standard of the Rodriguez decision prevailed.[113]

Virginia Supplemental Retirement System

Section 15.1-228 of the Code of Virginia authorizes any school board to borrow money from the Virginia Supplemental Retirement System, with approval of the governing body, for school capital projects.[114] The interest rate is an "agreed rate or rates" between the locality and the Board of

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[111]Sup. Ct. of U.S., 411 U.S. 1, 93 S.Ct. 1278, rehearing denied 411 U.S. 959, 93 S.C. 1919 (1973).

[112]Richard C. Vacca, "The Courts and School Finance: A Reexamination," in Futures in School Finance: Working Toward A Common Goal: Proceedings of the 17th National Conference on School Finance Held in Orlando, Florida March 17-19, 1974, eds. K. Forbis Jordan and Kern Alexander (Bloomington, Ind.: Phi Delta Kappa, 1975), 129.

[113]Ibid.

[114]Code of Virginia, chap. 6, sec. 15.1-228, 133.

Trustees of the Retirement System and is payable semiannually.[115]

As previously noted in Chapter V of this study, the Virginia Supplemental Retirement System began a program of loans to the counties for school facilities in 1960 with the Retirement System Board of Trustees approving or disapproving the request of each county on an individual basis. A review of the minutes of the monthly meetings of the Board of Trustees indicated that loans were approved in each year of the 1960s and in 1970 and 1971. The aggregate Retirement System loan amount to the various counties during the twelve-year period of 1960-71 inclusive ranged from $1,780,000 in 1967 to $8,950,000 in 1971.[116] The Board of Trustees discontinued approval of loans to Virginia counties after 1971 due primarily to better investment markets elsewhere.[117]

Virginia Public School Authority

In the 1960s public school bonding authorities and state bond banks were created by the localities and states

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[115]Ibid., 15.1-230, 134.

[116]Virginia Supplemental Retirement System, Minutes of Board of Trustees, 1960-71.

[117]Glen D. Pond, Director of Virginia Supplemental Retirement System, interview by author, December 4, 1987, Richmond, Va.

as a means of financing school facilities. Camp and Salmon noted that state bond banks were introduced in the early 1960s to consolidate the issues of subordinate political entities under the auspices of a state corporation and have proved in many cases to be an effective and efficient method of assisting local educational agencies in financing school facility construction and other capital improvement programs.[118] In 1962 an independent state authority, the Virginia Public School Authority, was created by the Virginia General Assembly for the purpose of supplementing the existing methods of financing capital projects for public schools in the counties and cities of Virginia.[119] The 1962 legislation, known as the "Enabling Act," established the Virginia Public School Authority "as a public body corporate" and an agency and instrumentality of the Commonwealth of Virginia. The governing body of the Authority was established as a Board of Commissioners consisting of the State Treasurer, the State Comptroller, Superintendent of Public Instruction or his designee, and five additional members to be appointed by the Governor,

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[118] William E. Camp and Richard G. Salmon, "Public School Bonding Corporations Financing Public Elementary and Secondary School Facilities," Journal of Education Finance, vol. 10, no. 4 (Spring 1985): 495.

[119] Acts of Virginia Assembly (1962), chap. 194, 287.

subject to confirmation by the General Assembly, who would serve a six-year term.[120]

The 1962 Enabling Act authorized the Virginia Public School Authority to:

> (a) to manage and administer as provided in the Enabling Act all moneys or obligations that may be set aside and transferred to the Authority from the principal of the Literary Fund by the General Assembly of Virginia for public school purposes pursuant to Section 134 of the Constitution of Virginia,
>
> (b) to purchase, with any funds of the Authority available for such purpose, at public or private sale and for such price and on such terms as it shall determine, bonds or other obligations issued by counties, cities and towns under the provisions of the Public Finance Act of 1958, being Chapter 19.1, Title 15, Code of Virginia, 1950, as heretofore or hereafter amended, for the purpose of constructing, extending, repairing and equipping public schools (said bonds or other obligations, together with any other bonds or obligations issued by counties, cities, towns and other political subdivisions of the Commonwealth of Virginia for such purpose which the Authority may hereafter be authorized to purchase, being hereinafter sometimes collectively called "local school bonds"), and
>
> (c) to issue, at one time or from time to time, for the purpose of providing funds for the purchase of local school bonds, bonds of the Authority in such amount or amounts as the Board shall determine, payable solely from funds of the Authority, including, but without limitation, (i) payments of principal of and interest on local school bonds purchased by the Authority, (ii) the proceeds of the sale of any such local school bonds, (iii) payments of principal of and interest on obligations transferred to the Authority from the Literary Fund, (iv) the proceeds of the sale of any such

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[120]Virginia Public School Authority, "Bond Resolution of the Virginia Public School Authority, Opinion of Supreme Court of Appeals of Virginia," adopted May 21, 1963, Richmond, Va., 1; and Code of Virginia, sec. 22.1-164.

obligations, and (v) any moneys transferred to the Authority from the Literary Fund, and . . .[121]

Barr and Wilkerson stated that the Virginia Public School Authority is not a school building authority. It was created solely for the purpose of purchasing local school division bonds at a lower rate than was available on the open market.[122] The Authority was authorized to purchase bonds of counties, cities, and towns for public school purposes and was, therefore, considered a "defined pool bond bank."[123] As expressed by the Director of Debt Management of the Virginia Public School Authority in a memo to local school divisions, the objectives of the loan program through the Authority are to make financing available to the localities in Virginia in a manner that "provides market access to communities which do not have ready access; to provide low cost financing to communities needing assistance; and to maintain the high credit quality of the Virginia Public School Authority financing program--thus ensuring that the lowest possible interest rates are

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[121]Ibid., Virginia Public School Authority, 1, 2.

[122]Barr and Wilkerson, 113.

[123]David L. Richardson, II, Bond Attorney with McGuire, Woods, Battle, and Boothe Law Firm, interview by author, January 12, 1988, Richmond, Va.

obtained for participating localities."[124] A subsequent memo to division superintendents summarized the process of funding school capital projects through the Authority:

> Under the provisions of the Virginia Public School Authority's enabling act, the Virginia Public School Authority issues bonds, the proceeds from which are used to purchase local school bonds, issued by counties, cities, and towns of the Commonwealth of Virginia under provisions of the Public Finance Act, for the purpose of financing capital projects for public schools.[125]

The 1962 Act required that the principal of the Literary Fund in excess of $10 million be transferred to the Virginia Public School Authority "for public school purposes" on July 1, 1962, and semiannually thereafter.[126] Accordingly, on July 1, 1962, $51,763,284.32 was transferred from the Literary Fund to establish the beginning balance of the Virginia Public School Authority.[127] On or before the tenth day of January in each year, the Authority is required to repay the Literary Fund "an amount equal to the excess of

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[124]Pat Watt, Richmond, Memo to Local School Divisions, May 19, 1987, Information on the Virginia Public School Authority Financing Program, 1.

[125]Pamela A. Currey, Debt Manager, and Joseph A. Niggel, Debt Analyst, Virginia Public School Authority, Richmond, to Division Superintendents, November 23, 1987, Memo of information on the VPSA Financing Program, Attachment A.

[126]Acts of Virginia Assembly (1962), chap. 194, 287.

[127]Annual Report of Superintendent of Public Instruction (1962-63), 230.

the principal and interest collected by the Authority in the preceding year on account of obligations transferred to the Authority from the Literary Fund over such portion of such principal and interest as shall have been pledged by any trust indenture or resolution authorizing bonds of the Authority."[128]

Edison observed that a ruling by the Virginia Supreme Court of Appeals in Almond v. Gilmer in 1948 prohibited the Literary Fund from borrowing money, and the Virginia Public School Authority was thereby created to circumvent such restriction.[129] The constitutionality of the Authority was upheld by the Virginia Supreme Court of Appeals in Button v. Day in 1962.[130] The Virginia Supreme Court ruling in the Craige case granted a mandamus requiring the transfer of funds from the Literary Fund to the Authority and thereby assured the continued existence of the Authority.[131] As observed by Peccia, one of the principal advantages of the Authority is that localities do not have to obtain voter

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[128]Code of Virginia, sec. 22.1-170.

[129]188 Va. 1, 49 SE 2d 431 (1948); and Edison, 154.

[130]203 Va. 687, 127 S.E. 2d 122 (1962).

[131]Virginia Public School Authority v. Craige, 212 Va. 464, 184 S.E. 2d 803 (1971); and Edison, 156.

approval for bonds sold to the Authority.[132] Approval of the loan request must be given by both the local school board and governing body--County Board of Supervisors or City Council.[133] The Authority uses proceeds from the sale of its bonds to purchase general obligation bonds from the localities. The Authority bonds are secured by principal and interest on the underlying locality's bonds, proceeds from the sale of the local bonds, and payment of principal and interest on obligations transferred to the Authority from the Literary Fund.[134] Bonds of the Authority are "not a debt of the Commonwealth or a pledge of the faith or credit of the Commonwealth."[135]

The "flow through" of the Literary Fund loan repayments is the only security enhancement of the Authority since its bonds have neither the full faith and credit nor moral obligation of the state as backing.[136] The capacity of the Authority to make loans is limited by the amount of loans made annually by the Literary Fund. The combination of the

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[132]Peccia, 40.

[133]Watt, Memo, Virginia Public School Authority, 2.

[134]Code of Virginia, sec. 22.1-168.

[135]Ibid., sec. 22.1-167.

[136]Davis, "Superintendent's Memo No. 26" (Informational), February 4, 1987, 11.

Literary Fund loan repayments and debt service from the school division on Authority bonds must equal at least one and one-half times (150 percent) the debt service requirement for Authority bonds to the bondholders. Literary Fund loan receipts must equal approximately 50 percent of the annual debt service on Authority bonds to provide the necessary debt security.[137] The credit rating of the Authority bonds is Aa by both major rating agencies--Standard and Poor, and Moody's Investors.[138] Separate purchase, income, sinking, general, and reserve funds serve the operational functions of the Authority.

Once the Authority receives sufficient applications and determines that it has sufficient capacity to issue additional bonds, plans are begun for a bond issue. In recent years, the Authority has sold bonds twice annually at six-month intervals. Although there is no required minimum amount for a sale, the Authority prefers to have an aggregate amount of bonds from the localities in a minimum amount of approximately $10 million in order to obtain the lowest possible interest rate.[139]

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[137]Ibid.

[138]Watt, Memo, Virginia Public School Authority, 1.

[139]Pamela A. Currey, Debt Manager, Virginia Public School Authority, interview by author, July 9, 1987, Virginia State Treasurer's Office, Richmond, Va.

Traditionally, the bond structure of local general obligation bonds has been fifteen or twenty-year serial bonds with equal principal payments and flat (equal) coupon rates for all maturities.[140] The Authority charges the locality a fee of one-tenth of one percent on the interest rate to cover the issuance and administration of the bonds by the Authority (i.e. if a bond sale of Authority bonds achieves a true interest cost of 7.10 percent, the interest rate to the locality becomes 7.20 percent).[141] Since 1963 the Authority has issued thirty-one series of bonds through 1987 in the total amount of $546,500,000.[142] Interest rates paid by localities for bonds purchased by the Authority since its creation to the date of this study (1987) have ranged from a low of 2.75 percent in 1963 to a high of 11.9 percent in 1982.[143] Current legal requirements for the Virginia Public School Authority are contained in the Code of Virginia, Chapter 11, Sections 22.1-162 through 22.1-175. Appendix C is a listing of all thirty-one

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[140] Watt, Memo, Virginia Public School Authority, 3.

[141] Ibid.

[142] "Official Statements of the Virginia Public School Authority Relating to School Financing Bonds" (Richmond, Va., 1963-87).

[143] Ibid.

bond series sold by the Authority from 1963 through 1987.

Literary Fund

The Literary Fund continued as a viable lending source for financing public school capital facilities during the 1960s, 1970s, and 1980s. Establishment of the Virginia Public School Authority was a significant expansion of the state loan program for local public schools. The Literary Fund and Authority loan programs were operationally interlocked by the 1962 legislature. Eanes quoted the Treasurer of Virginia (1967) in describing the lending and investing of money of the Literary Fund and the legal requirements relative to the Virginia Public School Authority and its relationship to the Literary Fund:

> . . . This (Literary) fund is loaned, invested and managed by the State Board of Education. The State Board of Education is empowered to lend money from the Literary Fund to political subdivisions of the Commonwealth for school construction and the Board of Education, at its discretion, may charge interest on such loans at a rate of no less than 2% nor more than 3%.
>
> As set forth in explanation under Virginia Public School Authority, there shall be transferred, from the Literary Fund on July 1 and January 1 to the School Authority, funds in excess of the constitutional requirement of the fund in the amount of $10,000,000 plus any appropriations made by the General Assembly. On January 1 of each year, the Virginia Public School Authority shall transfer, to the Literary Fund, monies collected on principal and interest of the Literary Fund loans held by the Authority to excess of amounts needed for operation and debt service. Under this plan, the Literary Fund has the same lending ability for loans to counties and cities as it had before the enactment of

the Virginia Public School Authority Act.[144]

As of June 30, 1962, the Literary Fund had a balance of $63,955,704.86 which diminished to $17,653,835.60 by June 30, 1963, reflecting the first transfer of loans to the Virginia Public School Authority.[145] In 1969 the amount of principal to be retained in the Literary Fund was raised to $80 million by the General Assembly to be effective in 1971 as a part of the 1971 Amendments to the Constitution of Virginia.[146] The Literary Fund balance fluctuated during the 1970s increasing to $58,906,278.81 on June 30, 1980.[147] On June 30, 1987, the balance of the Literary Fund principal was $334,512,450.[148]

In October 1974, the Virginia Department of Education reported that, due to the backlog of loan commitments of more than $20 million, the maximum loan for construction for

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[144]George A. Eanes, Jr., "An Investigation of the History Constituents, and Money Appropriations of the Literary Fund of Virginia," Paper presented to Dr. William Seawell, University of Virginia, Charlottesville, Virginia, May 1968.

[145]Annual Report of Superintendent of Public Instruction (1961-62), 227.

[146]Acts of Virginia Assembly (1969), chap. 27, Senate Joint Resolution No. 23, 85.

[147]Ibid., (1979-80), 39.

[148]Financial Report on Literary Fund, Report of Superintendent of Public Instruction to Virginia Board of Education, July 24, 1987, Agenda Item G, Attachment A.

each individual loan project was $750,000 at 3 percent interest; that thirty-one loan projects in the amount of $14,945,906 were being funded that fiscal year; and that another thirty-three loans in the amount of $20,959,137 had been approved subject to approval of plans and availability of funds.[149] Preference was given to projects for vocational education, special education, and kindergarten.[150] During the decade of 1961-71, Literary Fund loans totaling $75,306,421.28 were made to counties, towns, and cities in Virginia to finance public school facilities.[151]

The 1980s brought increased requests for Literary Fund loans, waiting lists, and transfer of Literary funds to other state uses to benefit education as the Legislature struggled with ways to increase teacher salaries and overall support for public education without raising taxes. In January 1980, the Board of Education increased the maximum amount of a Literary Fund loan to $1 million.[152] In

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[149]"History and Uses of the Literary Fund of Virginia," October 17, 1974, Virginia Department of Education, Richmond, Va., 2.

[150]Sandidge, 25.

[151]Ibid., 4.

[152]Virginia State Board of Education, Minutes, vol. 51 (January 25, 1980), 10.

December 1980 priority was established for asbestos control projects to meet the requirements of the Federal Asbestos Detection and Control Program.[153]

On January 29, 1982, the Virginia Board of Education noted that Literary Fund loans were limited to buildings of instructional nature, excluding administrative offices, bus garages, playgrounds, athletic facilities, parking lots, and site beautification; and adopted the following changes and additions relative to the Literary Fund:

1. The ceiling on individual loan requests was increased from $1 million to $2 million.

2. Energy conservation loans were approved at the statutory minimum of five years or twice the anticipated payback period, whichever was greater.

3. Five years was established as the maximum period of time a Literary Fund loan application would be active after approval by the Virginia Board of Education.

4. Localities were required to expend other funds allocated to a project prior to requesting release of Literary Loan funds when the total cost exceeds the amount approved from the Literary Fund.

5. Provision continued for the annual interest rate of 3 percent and repayment schedule of twenty annual installments on all Literary Fund loans with the exception of energy conservation (as noted in item 2 above).[154]

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[153] Davis, "Superintendents Memo No. 163" (Informational), December 30, 1980, 1.

[154] Ibid., No. 3 (Regulatory), February 17, 1982, 1, 2; and Virginia State Board of Education, Minutes, vol. 53 (July 29, 1982), 126.

The Virginia Department of Education reported in October 1982 that Literary Fund loan requests had increased to $62,130,960 from only $17,703,259 in 1980-81 due primarily to the increased ceiling of $2 million on an individual loan and low interest rate.[155] As a result of the substantial increase in requests for funds and subsequent depletion of available funds, a waiting list was established for initial commitment of funds from the Literary Fund.[156] Priority on the waiting list was determined by the date of receipt of request for the initial release of funds subsequent to award of the main construction contract.[157]

Governor Robb's budget recommendation to the Virginia General Assembly in January 1983, included a transfer of $53 million from the Literary Fund to the state general fund for teacher retirement costs and a moratorium on funding all new Literary Fund loans to the localities for a period of eighteen months--January 1, 1983, through June 30,

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[155]M. E. Cale, Associate Superintendent, Virginia Department of Education, Richmond, to Division Superintendents, October 4, 1982, Memo on Literary Fund Recommendations, 1; and Donald J. Finley, Secretary of Education, Richmond, to Stephen M. Baker, Superintendent of Hanover County Schools, November 3, 1986, Letter concerning availability of Literary Loan funds.

[156]Ibid.

[157]Ibid.

1984.[158] The unanticipated eighteen month moratorium on Literary Fund loans caused great concern among the affected localities and was so expressed to legislators and the Virginia Department of Education. Appendix D, a letter of correspondence from the writer as chairman of one of the local superintendents' groups to the Speaker of the House, describes some of these concerns. In response (Appendix E), the Director of the Department of Planning and Budget stated the rationale used for transferring Literary funds for various other state education programs. The basis for such transfers is the constitutional provision which stipulates that Literary funds in excess of $80 million may be "set aside by the General Assembly for public school purposes, including the teachers retirement fund."[159] The General Assembly, however, concurred in the Governor's recommendation; and the applications of twenty-one counties and seven cities, totaling $55.1 million for new Literary Fund loans, were frozen until July 1, 1984.[160] The amount of transfer to the state general fund from the Literary Fund

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[158] Davis, "Superintendents Memo No. 10" (Informational), January 13, 1983.

[159] Constitution of Virginia, art. viii, sec. 8.

[160] "List of Inactive Projects, Literary Fund of Virginia," (Richmond, Va.: Virginia Department of Education, December 31, 1982).

was increased from $53 million to $58.2 million on the basis of revised revenue estimates "with the additional funds used (indirectly) to assist in raising the Basic Aid per pupil amount in the state aid formula for public school operations in 1983-84.[161]

The General Assembly in its 1983 Budget Amendments directed the Virginia Board of Education to "consider a policy for committing Literary Loan funds for school construction on the basis of objective criteria that would include each locality's composite index of ability to pay, prior local commitments to match funds from federal or other sources, and the criticality of need for each project; and to consider raising Literary Fund interest rates in light of the prevailing market rates on comparable financial instruments."[162] Consequently, the Board of Education, at its meeting on March 25, 1983, directed that the Superintendent of Public Instruction and department staff discuss the provisions of the Literary Fund changes with division superintendents and make recommendations on such changes as instructed by the General Assembly. After discussion with a group of nine local superintendents, known

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[161]Davis, "Superintendents Memo No. 2" (Regulatory), March 2, 1983, 2.

[162]Cale, Memo on Literary Fund Recommendations, 2.

as the Finance Committee of Division Superintendents, the State Superintendent and department staff recommended that "the Literary Fund regulations of the Board of Education be changed to: (1) place the highest priority on projects for controlling asbestos in the public schools, with all other projects prioritized based on the date of receipt of properly documented requests for release of funds, and (2) the interest rate to be charged for Literary Fund loans be based on a locality's ability to pay (composite index) at the time of Board approval of the initial Literary Fund loan application."[163] Based upon the composite index of that date (1983), forty-seven localities with a composite index between .2000 and .3999 would be required to pay interest at 3 percent; sixty-nine localities with composite indices between .4000 and .5999 would be charged 4 percent; sixteen with indices between .6000 and .7999 would pay a 5 percent rate; and eight with indices of .8000 would pay a 6 percent rate.[164] The Board of Education, after holding a public hearing on September 21, 1983, adopted the above recommendations on Literary Fund loans effective January 1984.[165]

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[163] Ibid., 3.

[164] Ibid.

[165] Virginia Board of Education, Minutes, vol. 54, December 9, 1983, 164, 165.

On July 20, 1984, funds for Literary Fund loans were released to the localities based upon the waiting list and availability of funds. The waiting list on that date included forty-seven approved and active projects totaling $49,658,038.[166] The General Assembly continued to transfer funds from the Literary Fund during 1985 and 1986 to be used for other educational purposes, mainly the state cost of the employee retirement system. According to the Virginia School Boards Association, the Legislature transferred $166 million from the Literary Fund to other educational uses from 1980 through 1986.[167] In 1986-87 and 1987-88, fund transfers from the Literary Fund to the teacher retirement fund were $15 million and $32.1 million respectively.[168] The waiting list for Literary Fund loans grew to an unprecedented eighty-two projects by November 1986, with a waiting period of over two years, and concern was expressed across the state by educational groups--Parent-Teacher

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[166] M. E. Cale, Associate Superintendent, Richmond, to Certain Division Superintendents, July 26, 1984, Memo on Literary Fund Waiting List, 3.

[167] "Added Uses of Literary Fund Anger Areas That Want Schools," Richmond Times Dispatch (October 26, 1986), p.10; and Virginia School Boards Association, Charlottesville, to School Board Chairmen and Division Superintendents, November 7, 1986, Memo on VSBA Literary Fund policy position.

[168] Davis, "Superintendent's Memo No. 94" (Informational), April 16, 1986, 1; and Memo No. 26 (Informational), February 4, 1987, 16.

Association, Virginia Association of School Administrators, local school boards and superintendents--about the delay and transfer of funds.[169] The Board of Education and Superintendent of Public Instruction projected a waiting list into the "foreseeable future" and established a priority policy on release of Literary funds as follows:

1. Asbestos containment or removal;

2. Conversion of classrooms in high schools to science laboratories in support of the new accreditation standards;

3. Restoration due to acts of God, such as fire damage; and

4. Projects on the waiting list.[170]

In response to the statewide concerns, the General Assembly ordered the Secretary of Education to study the fund's use, seek a formula that would prevent delays in school construction, and make recommendations to the House Appropriation and Senate Finance Committees prior to the 1987 session.[171] In a major report, Secretary of Education Donald J. Finley, after consultation with the office of the Executive Secretary of the Supreme Court, the office of the

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[169] "Literary Fund Drain Puts New School Facilities on Hold," Roanoke Times & World News (November 22, 1986), p. 1.

[170] Davis, "Superintendents Memo No. 94" (Informational), April 16, 1986, 1.

[171] Acts of Virginia Assembly (1986), chap. 643, item 144.

Attorney General, the Board of Education, and the State Treasurer, presented recommendations to the Senate Finance Subcommittee on Education on January 27, 1987; to the House Appropriations Subcommittee on Education on January 29, 1987; and to the Board of Education on February 2, 1987. The report of the Secretary of Education included recommendations for increasing the Literary Fund revenues, moving some school divisions to other sources of revenue, and changing the Board of Education policies on making loans from the Fund in order to reduce the waiting period for release of Literary funding to one year by the end of 1990-91.[172] In recommending changes, the Secretary of Education noted the waiting list of seventy-eight projects totaling $84 million in January 1987 and the projected fiscal year 1991 requests of $176 million in excess of available funds; and estimated delays of as long as thirty-six months due to higher construction costs, replacement of aging buildings, and new facilities for increased enrollments in certain localities.[173] A summary of the recommendations of the Secretary of Education included provisions to ensure that:

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[172] Davis, "Superintendents Memo no. 26" (Informational), February 4, 1987, 1.

[173] Ibid.; and "Literary Fund, Report of the Secretary of Education," January 1987, 2.

1. Treatment would be equitable, that Literary Fund loans go to those localities with the greatest need;

2. Interest rates reflect the affluence of the school division seeking support--the poorer the school division, the lower the interest rate;

3. The temporary "bridge loan" period be increased from one year to two years;

4. Those localities which would be adversely affected by the changes--those with high ability to pay as measured by the Composite Index--be encouraged to obtain low interest loans from the presently underutilized Virginia Public School Authority;

5. Access be improved to the Virginia Public School Authority;

6. A minimum loan amount of $100,000 be established; and

7. Several alternatives be considered for enhancing Literary Fund revenues.[174]

The 1986-88 Appropriations Act, as amended by the 1987 session of the General Assembly, set forth priorities for the Literary Fund waiting lists as follows:

First Priority: Applications placed on the waiting list prior to March 1, 1987, having a composite index less than .6000 and an indebtedness less than $10 million to the Literary Fund.

Second Priority: Applications placed on the waiting list subsequent to March 1, 1987, having a composite index less than .6000 and an indebtedness less than $10 million to the Literary Fund.

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[174]Ibid., "Literary Fund."

Third Priority: Applications placed on the waiting list prior to March 1, 1987, having a composite index of .6000 or above or an indebtedness of $10 million or greater to the Literary Fund.

Fourth Priority: Applications placed on the waiting list subsequent to March 1, 1987, having a composite index of .6000 or above or an indebtedness of $10 million or greater to the Literary Fund.[175]

The Board of Education on March 20, 1987, approved emergency regulations for the Literary Fund for one year, effective March 23, 1987, incorporating recommendations of the Secretary of Education relative to interest rates based on a locality's composite index; minimum loan of $100,000 for any single project; maximum loan of $2 million on any single project; loans made for a period of not less than five years or more than twenty years; Literary loans of up to $1 million for a project as a result of closing two or more schools; an additional $1 million authorization if two or more school divisions are consolidated; and continuation of a waiting list based on the four priorities as set forth by the General Assembly and the following:

Sec.7.3 Within each priority, applications shall become eligible for release of funding in the same relative order as having been approved by the Board as having met all conditions for a Literary Fund loan.

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[175] Acts of Virginia Assembly (1987), chap. 723, item 154, 1374.

Sec.7.4 Applications in Priority 3 and Priority 4 shall be eligible for funding only when the Board certifies that all applications, current and anticipated, with higher priorities, and the applications to be added from Priority 3 and Priority 4, can be funded within one year.

Sec.7.5 The Board may place an individual application ahead of its position assigned in Section 7.3, if the Board finds that the best interest of the education in the state is served by such placement. Reasons for such placement may include, but are not limited to, (1) asbestos containment or removal; (2) natural disasters; (3) unique circumstances that may be detrimental to education in the absence of a Literary Fund loan. Such placement shall be acted on by the Board on an individual application basis when all requirements for release of a Literary Fund loan have been met by the school division.[176]

The above emergency regulations governing Literary Fund loan applications which became effective March 23, 1987, were proposed as permanent regulations by the Virginia Department of Education in October 1987.[177] After receiving written comments and holding a public hearing, the Virginia Board of Education adopted the proposed regulations, with revisions, on January 15, 1988, to become permanent regulations in March 1988. The revisions were: increasing the maximum of all Literary Fund loans to a school division from $10 to $15 million, increasing the maximum amount of a Literary Loan for a project from $2 to

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[176]Davis, "Superintendent's Memo No. 7" (Regulatory), March 25, 1987, 4, 5.

[177]Ibid., No. 195 (Informational), October 7, 1987.

$2.5 million, and reducing the minimum Literary Fund loan from $100,000 to $50,000.[178] On December 31, 1987, there were seventy-one projects on the Literary Fund waiting list for a total amount of $73,599,694.[179] Article xiii, Section 8 of the Constitution of Virginia and Chapter 10, Sections 22.1-142 through 22.1-161 of the Code of Virginia provide the legal basis for the Literary Fund.

Spong Commissions

During the period of 1960-87, United States Senator William B. Spong, Jr. chaired two Governor's Study Commissions. The Commission on Public Education issued its first report to the General Assembly in 1960. Gordon noted that the work of this commission was generally acknowledged to be one of the most far-reaching studies in the history of Virginia.[180] The Commission continued its study and issued a second report in December 1961 which contained recommendations related to curriculum, teacher recruitment, teaching

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[178]S. John Davis, Superintendent of Public Instruction, Meeting of Division Superintendents, January 15, 1988, Richmond, Va.

[179]Robert L. Aylor, Director of Accounting and Finance, Virginia Department of Education, interview by author, January 15, 1988, Richmond, Va.

[180]Gordon, 49.

supervision, guidance, and the consolidation of schools.[181]

The 1984 Spong Commission, a thirty-seven member panel, was asked to identify and analyze problems that would decisively affect Virginia's future until the year 2,000.[182] As a part of its key findings and recommendations this commission determined "that Virginia has not honored its constitutional commitment to education and should, as a top priority, increase school financing commensurate with fiscal capacity . . . and should make greater use of bond financing to finance important capital improvements."[183]

Governor's Commission on Excellence in Education

On March 26, 1986, Governor Gerald Baliles convened a sixteen member Commission on Excellence in Education and charged it to develop recommendations for specific actions "to make Virginia one of the nation's top states in the

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[181] Ibid.

[182] Robert M. deVoursney, Charlottesville, to President of Virginia Association of School Administrators, January 12, 1984, Informational survey to division superintendents on educational considerations for the Governor's Commission.

[183] "Commission on Virginia's Future Asks Controversial, Costly Remedies," Richmond Times Dispatch, December 5, 1984, pp. 1, 15.

quality of education it offers."[184] Included in the Commission's report to the Governor on October 28, 1986, were the following recommendations having a bearing on the need for school facilities in the localities:

> That Virginia's school divisions provide voluntary developmental preschool programs for four-year-old children.
>
> That Virginia employ an Assistant Superintendent for Technology to develop and direct a detailed five year plan to make educational technology an integral part of public school education.
>
> That electronic classrooms be available to all schools from the state's five educational television stations in Falls Church, Harrisonburg, Norfolk, Richmond, and Roanoke by July 1, 1988.
>
> That teachers in the middle school grades be provided with microcomputers for the classroom and instruction in their use by July 1, 1990.
>
> That the Virginia Public School Authority initiate a loan program for providing financing to school divisions for computers, video equipment, satellite receivers, video-disc players, and other technological equipment included in the five-year plan for educational technology.
>
> That all school divisions take measures to reduce their dropout rate, with special emphasis on assisting students in the middle school grades, who are potential dropouts. School division's plans should be approved by the Board of Education by July 1, 1988.
>
> That Virginia establish and fund two school grant programs to reward exceptional schools and to help deficient schools.

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[184] Willard L. Lemmon, Richmond, to Governor Baliles, October 28, 1986, Cover letter to Excellence in Education, A Plan for Virginia's Future, The Report of the Governor's Commission on Excellence in Education.

That many of the recommendations should become part of Virginia's revised Standards of Quality. This will require action by the General Assembly to adopt and fund the recommendations. A plan to gradually reduce the average class size to 18 students per teacher in the first grade and in English classes in middle school grades and high school must be included in the new Standards of Quality. So must the preschool programs for four-year-old children, the Literacy Passport test, and programs to reduce the dropout rate.

That the General Assembly consider factors which will make costing of the Standards of Quality more realistic in light of available data.

That the Board of Education must also be prepared to enforce vigorously the revised Standards of Quality.[185]

The Commission concluded that Virginia can improve its educational system in many areas but there are two major obstacles: first is the wide disparity among Virginia's school divisions in the quality and scope of educational programs; and second is an unacceptable high illiteracy rate.[186] The Governor, in a letter to Commission Chairman Lemmon on December 8, 1986, noted that many of the recommendations were within the purview of the Board of Education and should not require any significant additional funding and requested the Board to address them. Noting that other recommendations required additional funding and, in some

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[185] Excellence in Education, A Plan for Virginia's Future, The Report of the Governor's Commission on Excellence in Education (Richmond, Va.: Virginia Department of Education, October 1986), 7-19.

[186] Ibid.

cases, modifications to the Code of Virginia, the Governor stated that proper proceedings would be initiated to address these recommendations. The Governor concluded his letter by stating, "The Commission on Excellence's report affords the Board the opportunity to re-evaluate current program and funding priorities in public education. Such a reassessment should be a major component of the Board's formulation of its priorities for the 1988-90 Biennium."[187]

Cost estimates submitted to the General Assembly in January 1987, by Secretary of Education Finley to implement the Commission's recommendations were shocking to some members of the General Assembly. The estimate for fiscal year 1993 when all recommendations would be implemented was $228 million including $137 million for the four-year old program plus an additional $107 million in local costs to build classrooms.[188] During the period of study, the Commission divided into three committees which reported periodically to the full commission. On June 24, 1987, the Committee on Funding and Equal Access noted in its report that "assistance for capital expenditures from the state's

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[187]Gerald L. Baliles, Richmond, to Willard L. Lemmon, December 8, 1986, letter regarding report by the Commission on Excellence in Education.

[188]"Education Plan's Cost Shocks Some," Richmond Times-Dispatch, January 7, 1987, sec. A-1.

Literary Fund has not been sufficient to meet the need, especially in school divisions with less ability to pay. . . . other resources and incentives should be initiated to improve the system."[189]

Capital Needs Surveys by the Virginia Education Association and Virginia Department of Education

During 1987 the Virginia Education Association surveyed local school divisions in Virginia on unmet capital outlay needs for the next five years--1988-89 through 1993-94. One hundred sixteen, or 85 percent, of the school divisions responded indicating a total capital need of $1,018,178,925 for 167 additional facilities and $621,380,347 for renovations and additions to present structures.[190] The anticipated sources of funding for these facilities as indicated by the survey are shown in Table 12. The Virginia Education Association stated its belief "that the Commonwealth should assist localities in meeting capital outlay costs."[191] Further, the Association noted that:

> The Joint Legislative Audit and Review Commission staff pointed out in its report on funding the Standards of

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[189] Davis, "Superintendent's Memo No. 141" (Informational), July 9, 1986.

[190] Virginia Education Association, "Survey on Unmet Capital Outlay Needs" (October 1987), 1.

[191] Ibid.

Table 12.--Financing Unmet Needs for Capital Outlay, Renovation, and Additions for the Period 1988-93 as Indicated by the Virginia Education Association Survey, October 1987.

	Capital Outlay	Renovation and Additions	Total Capital Outlay/Renovation/ Additions
Literary Fund	13.02%	19.85%	15.67%
Virginia Public School Authority	37.77	27.73	33.87
Local Appropriations	6.40	17.03	10.53
Local Bond Issues	41.00	32.32	37.63
Other	1.81	3.07	2.30
TOTAL	100.00%	100.00%	100.00%

Source: Virginia Education Association, "Survey on Unmet Capital Outlay Needs" (October 1987), 1.

> Quality that "capital outlay and debt service costs appear to fit into SOQ costs conceptually." "Capital costs are involved in providing for basic educational programs. Furthermore, a case can be made that SOQ requirements such as caps placed on class sizes may directly contribute to capital outlay needs."[192]

The Virginia Department of Education also conducted a capital improvement survey in the fall of 1987 in order to project the requests by school divisions for loans from the Literary Fund and Virginia Public School Authority for the next five years. The results of this survey are shown in Table 13.

Statistical Data

Inflation had a drastic effect on public schools during the period 1961-87. Although school enrollment declined and the number of school buildings declined, expenditures continued on an upward spiral. Statistical data for the period 1961-1987 are shown in Table 14.

Summary

The decade of the 1960s and the first half of the 1970s were periods of continued enrollment growth in Virginia's public schools with concomitant expansion of school facilities while the latter half of the 1970s and the 1980s were periods of enrollment decline resulting in school

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[192]Ibid., 48.

Table 13.--Capital Outlay Needs Requests by Virginia Public School Divisions for the period 1988-93 as Determined by a Virginia Department of Education Survey Conducted in the Fall 1987.

	Projected Requests					
Year	Literary Fund		Virginia Public School Authority		Local Funds (General Obligation Bonds)	
1988-89	$ 36,934,262	(13.4%)	$ 65,646,315	(18.6%)	$307,616,201	(32.8%)
1989-90	$ 72,455,550	(26.2%)	$ 71,641,380	(20.3%)	$249,666,828	(26.6%)
1990-91	$ 71,204,000	(25.7%)	$ 85,501,571	(24.2%)	$150,172,457	(16.0%)
1991-92	$ 47,862,004	(17.3%)	$ 72,513,067	(20.5%)	$136,215,961	(14.5%)
1991-93	$ 48,195,500	(17.4%)	$ 57,771,218	(16.4%)	$ 94,904,409	(10.1%)
TOTALS	$276,641,316	(100.0%)	$353,073,551	(100.0%)	$938,575,856	(100.0%)

Source: Robert L. Aylor, Director of Accounting and Finance, Virginia Department of Education, interview by author, December 17, 1987, Richmond, Va.

Table 14.--Statistics on the Growth of the Virginia Public Free School System for 1961-1987.

Number Pupils Enrolled

Years	Total
1961	884,598
1970	1,108,973
1980	1,022,242
1987	963,566

Schoolhouses

Years	Total
1961	2,283
1970	1,807
1980	1,769
1987	1,706

Value of School Property

Years	Total
1961	765,423,494
1970	1,571,206,020
1980	4,690,160,513
1986	7,233,253,254
1987	Not Available

Table 14.--Continued.

Total State and Local Expenditures	
Years	Amount
1961	$ 293,466,289.87
1970	833,894,871.00
1980	2,122,389,682.00
1987	3,999,205,329.19

Source: Annual Report of Superintendent of Public Instruction (1960-61), 336, 382, 390-391; (1969-70), 289, 296-297, 302-303; (1979-80), 102, 103; Robert L. Aylor, Director of Accounting and Finance, Virginia Department of Education, interview by author, December 4, 1987, Richmond, Va.; and Martha S. Phillips, Supervisor, Energy and Facilities Services, Virginia Department of Education, interview by author, December 4, 1987, Richmond, Va.

consolidations, changing of student attendance areas, closing of schools, and disposition of unused school plants.

The 1966-68 biennium marked a substantial increase in state appropriations for public schools--an increase of $130 million or 37.57 percent over the previous two-year period.[193] The General Assembly passed legislation providing for a 2 percent statewide sales tax effective September 1, 1966, and an additional 1 percent beginning in 1968. An option provision for each county and city to levy an additional 1 percent sales tax effective September 1, 1966, was authorized.[194] One-half of the gross receipts of the state's 2 percent sales tax was returned to the localities on the basis of school-age population to be used for public school costs of operation, capital outlay, and debt service.[195]

Revision of the state Constitution in 1971 with the provision of minimum Standards of Quality marked significant commitment to public education in the Commonwealth of Virginia. Implementation of statewide kindergarten education in 1976 as mandated by the Standards of Quality

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[193] Annual Report of Superintendent of Public Instruction (1965-66), 25.

[194] Ibid.

[195] Ibid.

required additional classroom facilities.

From 1961 to 1987, federal financial assistance to public education was greatly enhanced by passage of legislation to improve educational equity for the disadvantaged and handicapped student. Federal impact aid for qualifying school divisions was continued while federal funds for vocational education were expanded and increased. Implementation of the budget reductions required by the Gramm-Rudman-Hollings legislation is projected to reduce federal funds for education beginning in fiscal year 1988.

Concern about equitable state financing of public education resulted in various legislation in the state and federal courts during the 1960s and 1970s resulting in a noninterference ruling by the United States Supreme Court thereby leaving the matter of financial plans for public schools to the states. The Virginia General Assembly continued to seek more equitable means of distributing state funds to the localities. The 1972 Task Force on Financing the Standards of Quality developed the formula that has been continued since its implementation.

Many counties borrowed funds for school capital outlay from the Virginia Supplemental Retirement System, but limitations were placed on the availability of those funds. The need for more state assistance to the localities with

financing school buildings became acute during the early 1960s, and the Literary Fund could not fully meet the demand. The Virginia Public School Authority was established as another means of enabling the counties and cities of Virginia to borrow funds for public school facilities at a more favorable interest rate than the prevailing market rate. The Literary Fund continued as a viable source of borrowing for the localities at a low interest rate. The increased demand for Literary Fund loans and the transfer of funds from the Literary Fund to the State General Fund created a backlog of loan requests and necessitated a waiting list of over two years in the mid-1980s. In an effort to alleviate the situation, the General Assembly and Virginia Board of Education implemented emergency regulations to govern the Literary Fund and encouraged more extensive use of the Virginia Public School Authority. The emergency Literary Fund regulations were revised and adopted as permanent regulations to further enhance the Literary Fund as a viable loan source for financing public school capital outlay needs.

Significant studies and recommendations were made by the Spong Commissions in 1960, 1961, and 1984; and the Commission on Excellence in Education in 1986. The Spong Commissions recommended consolidating schools and stressed

increased use of bond financing for school capital facilities. The Commission on Excellence in Education made extensive recommendations which will have substantial impact on public education in Virginia if enacted--both in implementation and classroom facilities costs. As this study concludes, the Virginia Board of Education and General Assembly are evaluating the various recommendations of the Commission on Excellence in Education and the attendant costs of implementation. A reported surplus of $154 million in state funds for the fiscal year 1986-87, plus an anticipated annual revenue of $200 million from a state lottery to be implemented in 1988 following authorization by a statewide referendum on November 3, 1987, are projected as additional state funds available to the General Assembly to possibly assist with the future financing of Virginia's public school needs.[196] Surveys of the local school divisions by the Virginia Education Association and the Virginia Department of Education in 1987 indicated significant public school capital needs for the next several years.

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[196]"A Surplus in an Election Year," Roanoke Times & World News, Aug. 26, 1987, A10; and "Say No to the Lottery," Roanoke Times & World News, October 28, 1987, A10.

CHAPTER VII

DETERMINATION OF SCHOOL PLANT NEEDS; DEVELOPMENT AND IMPLEMENTATION OF A CAPITAL IMPROVEMENTS PROGRAM

Planning and financing adequate school facilities are vital elements in the provision of public education. Castaldi stated that excellent school facilities and dedicated teachers are the basic ingredients of a good educational program.[1]

Financing capital outlay represents a significant commitment of resources. Therefore, it is incumbent on a local school board to carefully evaluate and plan for school plants to ensure that the educational needs of the community are being satisfied and that resource allocation strategies are established on a solid knowledge base.2 Nationally, expenditures for school construction have reflected a profound increase in the past two years. Educational construction expenditures for 1985 increased almost $1 billion (approximately 22 percent) over 1984, and the 1986 expenditures increased 1 percent over 1985.[3] A recent survey reported that construction for public school educational

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[1]Castaldi, 5.

[2]MacPhail-Wilcox and King, 417.

[3]Paul Abramson, "12th Annual Report on Educational Construction," American School and University, vol. 58, no. 8 (April 1986): 33.

facilities in the United States reached a milestone in 1986 when the cost exceeded $6.1 billion: $2.4 billion for new facilities and $3.7 billion for additions and modernization projects.[4] These statistics indicate the significance of cost effective planning and implementation of a well-defined capital improvements program.

Earthman stressed that planning a school building is a series of interrelated activities involving many people and that the general phrase "school facility planning" encompasses all activities that deal with programs at one end and actual construction and evaluation of the facility on the other.[5] The Council of Educational Facility Planners observed that educational facility planning is a process dealing with complex issues and needs including the projection of enrollments; providing facilities that are appropriate in size, number and cost to a given community; and involving the users (faculty, staff, students, and community) and specialists (architects, engineers, school administrators) in the planning process toward the goal of

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[4] Ibid., "13th Annual Report on Educational Construction," American School and University, vol. 59, no. 8 (April 1985), 25.

[5] Glen I. Earthman, "Facility Planning and Management," Principles of School Business Management, R. Craig Wood, ed. (Reston, Va.: Association of School Business Officials International, 1986), 611.

achieving the optimal facility.[6] The need for long-range planning was emphasized by Earthman: "the limited resources available to public schools and the increasing demand for services from constituents make it mandatory that every school district have in place a long-term plan to guide its development" in providing adequate school facilities.[7]

In this chapter a review is made of the elements of a long-range capital improvements plan for public schools in Virginia with emphasis upon the importance of enrollment projections, surveys, legal requirements, planning and implementation, occupation, and use of the building. The various alternatives for financing public school capital needs in Virginia are reviewed in Chapter VIII.

Factors in the Determination of Public School Facility Needs

The development of a long-range capital outlay plan (often called master plan) by a school system is based upon the existing and expected needs for classrooms and related space to accommodate the educational program and to allow flexibility for future programs. Campbell observed that the major factors influencing the need for school facilities

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[6]Susan K. Gwynne, ed., Guide for Planning Educational Facilities (Columbus, Ohio: Council of Educational Facility Planners International, 1985), A-5.

[7]Earthman, "Facility Planning and Management," 613.

included enrollments, obsolescence of existing structures, and an accumulated shortage of school facilities from past years.[8] Jordan and others stated that pressure to construct new facilities or alter existing school facilities has resulted from declining enrollments, legal requirements for handicapped children, Occupational Safety and Health Act of 1970 (OSHA), and legal implications created by the presence of potentially harmful asbestos in the schools.[9] Three of the most significant elements which serve as a basis for planning future school facility needs are school enrollments, the school survey, and legal requirements.

Enrollment Projections

The number of pupils to be educated has a significant bearing upon the school facility needs of a locality. It is vitally important, therefore, that enrollment trends be continuously evaluated and future projections be made with the greatest possible accuracy. Enrollment predictions serve as a basis for planning to meet the educational needs, including school facilities, in future years. As previously noted in Chapter VI of this study, enrollments in Virginia's

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[8]Robert C. Campbell, "A History of Public School Building Finance in New Jersey, 1871-1961" (Ed.D. diss., Pennsylvania State University, 1963), 54.

[9]Jordan and others, 240.

public schools increased each year until reaching a peak in 1975-76 and thereafter began a gradual decline. Wood and Worner reported that from 1970 to 1980 total public and nonpublic school enrollment in the United States declined significantly--from 51.3 million students in 1970 to 45.8 million students in 1980.[10] The enrollment decline during the 1970s, continuing into the 1980s, added a new element to concern over school costs and effective utilization of school facilities.[11] Hymes noted that in schools operating well under enrollment capacity, the cost of educating each student increased and, as the number of students dropped, so did revenue. Yet, fixed costs and overhead expenses remained constant or even increased due to inflation.[12] Jordan and others considered the decline in school enrollment as the most significant factor to alter school facility planning.[13]

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[10]R. Craig Wood and Wayne M. Worner, "School Closings," Principles of School Business Management, R. Craig Wood, ed. (Reston, Va.: Association of School Business Officials International, 1986), 597.

[11]John Riew, "Scale Economics, Capacity Utilization and School Costs: A Comparative Analysis of Secondary and Elementary Schools," Journal of Education Finance, vol. 2, no. 4 (Spring 1986): 445.

[12]Donald L. Hymes, School Budgeting: Problems and Solutions (Arlington, Va.: American Association of School Administrators, 1986), 8.

[13]Jordan and others, 239.

During 1979-80 fifty-three public schools in Virginia were closed or lost their separate identities due primarily to declining enrollments.[14] Enrollment decline results in fiscal constraints and restrictions over which the local school board and superintendent have no direct control.[15] School consolidations, closing of schools, and disposition of buildings are other consequences that often occur when school enrollments decline. The trend in public school enrollment in Virginia is expected to change from one of decline to a period of increase during the second half of the 1980s and the early 1990s.[16] When enrollments are increasing, school systems must plan expansion of school facilities.

Several techniques for making enrollment projections are currently in use. Earthman described the following techniques:

1. Regression models that take into account variables associated with enrollment changes themselves.

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[14]Moore, 3.

[15]William T. Hartman and Jon W. Rivenburg, "Budget Allocation Patterns: School District Choices for Available Resources," Journal of Education Finance, vol. 2, no. 2 (Fall 1985): 223, 231.

[16]Virginia Department of Education, "Projected Membership in Virginia Public Schools," Public Education in Virginia, vol. 23, no. 1 (Spring 1987), 24.

2. Geographic referenced models that use land saturation and land use projections.

3. Computer based, geographic referenced management information system models that produce student enrollment projections as well as other reports.

4. High altitude infrared photography coupled with land use, land use classifications and identification of population centers to identify growth trends.[17]

Castaldi stated that the most widely used technique for protecting pupil population is the percentage of survival technique in which the percent of retention is computed for each grade, adjustment made for factors foreseeable in the future, and the resulting percent applied to compute future enrollments.[18] Other variables such as migration, private schools, military or industrial impact, and changes in state or local regulations regarding school entry age in grade promotions must also be taken into account when planning for the optimal use of school facilities.[19]

School Needs Survey and School Building Survey

School surveys are considered essential in order for local school boards and school administrators to plan intelligently for the future. According to Castaldi, the

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[17]Earthman, "Alternative Methods of Projecting Student Enrollments," 11-14.

[18]Castaldi, 78.

[19]Wood and Worner, 599.

principal purpose of most school surveys is to develop a long-range plan of action based upon an objective and systematic study of needs, resources, and educational goals of the school district.[20] A school building survey can be included within the scope of a comprehensive school survey or may be a specialized survey. The school building survey should encompass an evaluation of existing buildings in relation to the educational functions desired by the school district, including a calculation of building capacities, a statement of unmet educational needs, and a recommended long-range building program.[21] The Council of Educational Facility Planners International defined the major items to be considered in a building survey:

1. Analysis of the community's characteristics and educational needs.

2. Determination of pupil population and characteristics.

3. Description of the educational program.

4. Appraisal of the educational and structural adequacy of facilities.

5. Development of a master plan.

6. Assessment of financial resources.

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[20]Castaldi, 70.

[21]Ibid., 98.

7. Formulation of specific recommendations.[22]

The Virginia Department of Education recognized the importance of school building surveys and established the School Plant Survey Service in February 1967, in an effort to "provide more prompt and effective service to the localities in the study and evolution of school plant needs."[23]

Legal Requirements Affecting School Facilities

Legal requirements often affect the demand for capital improvements as evidenced by federal requirements relating to asbestos in public buildings and accessibility requirements for the handicapped. In recent years, asbestos materials used in the construction of schools were identified as possible health hazards for students and school staffs.[24] The majority of exposure problems occur when asbestos-containing materials become flaky or "friable," meaning they can easily be crumbled, pulverized, or reduced to powder by hand pressure. Friable asbestos-containing materials may release deadly asbestos into the

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[22] Gwynne, C-2.

[23] Annual Report of Superintendent of Public Instruction (1966-67), 87.

[24] "Principals Must Survey Schools For Asbestos," The Executive Educator, (October 1980): 11.

air as a result of damage, deterioration or building vibration.[25] The Asbestos School Hazard Detection and Control Act of 1980, United States Environmental Protection Agency rules of 1982, and the Asbestos Hazard Emergency Response Act of 1986 required the identification of friable asbestos, testing, and notification to employees and parent-teacher groups.[26] These laws and regulations forced certain actions at the expense of the local school boards since no federal funding was provided.[27]

Recent federal legislation relative to removal of architectural barriers for the handicapped was an example of another legal requirement with implications on capital improvements for existing buildings and the planning of new public school facilities. This legislation was reviewed in Chapter VI.

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[25]"What You Should Know About Asbestos Health Hazards," PTA Today, (November 1986): 8.

[26]"Asbestos Deadline Nears for Schools," What's Happening in Washington, vol. 12, no. 5 (Chicago: National PTA, May 1983): 1.

[27]"A Congress Without Money: If It Can't Do Something For You, It'll Do It To You," The School Administrator, vol. 43, no. 9 (October 1986): 23.

Developing a Capital Improvements Plan

Master Plan

Castaldi stressed that no substantial capital outlay funds should be expended by a school system unless such expenditures are a part of a valid long-range plan.[28] Long-range planning is the process whereby the actions of the past and present are logically and sensibly related to those planned for the future. Because of the permanent and fixed nature of the school plant, it is essential that future planning be based upon sound reasoning and desirable educational objectives.[29] Earthman stated that "the first step to be accomplished in developing a long-range plan is to determine and describe the educational program to be offered the youngsters of the school system."[30] In developing a long-range plan, both the mandated program of the state and the optional programs of the local school system must be identified and described. Both parts of the total school program, mandated and optional, must be planned relative to the number of students, adequate housing, and

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[28]Castaldi, 117.

[29]Ibid., 104.

[30]Glen I. Earthman, "Long-Range Planning: Program Development," Unpublished manuscript, July 17, 1987, p. 20, Virginia Polytechnic Institute and State University, Blacksburg, Va.

means of financing.[31] A capital improvement plan generally includes the acquisition of school sites, construction of new facilities, abandonment of existing schools, the remodeling and expansion of present buildings, a multi-stage plan of action based on priority of need or financial limitation, financial implications of the recommended plan, and the rationale supporting the plan.[32] The Virginia Board of Education and the Virginia Department of Education assign to the local school board the responsibility for a long-range school plant program.[33]

Public Support

The local school system in the United States is largely a product of forces and conditions extant in the community which it serves. The importance of generating public support for a school capital improvement plan was emphasized by Castaldi: "the best-developed plans of a much-needed school building are useless unless the public or its elected representatives provide the necessary funds for its construction, furnishings, and equipment."[34] People in a

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[31]Ibid., 21.

[32]Castaldi, 115.

[33]School Building Service, sec. 2-1.

[34]Castaldi, 120.

local school system must be convinced of the desirability of a particular program before they will support it. Candoli and others noted that public education is the largest government unit controlled and administered at the local community level.[35] Public schools, as tax-supported institutions, must consult citizens in the planning process if the schools expect to obtain continuing and expanding support.[36]

While Virginia has not experienced taxpayer revolt movements that have occurred in other states, most notably California and Massachusetts, it is of prime importance that local school boards and school administrators develop and implement strategies for gaining support for school capital improvements. Local school boards in Virginia are fiscally dependent on the governing body, county board of supervisors or city council, for the appropriation of all funds. The governing body of a locality in Virginia determines the amount and method for financing school facilities.[37] A committee of citizens composed of parents; leaders of the community; and representatives from the various social, economic, racial, religious, and demographic segments of the

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[35]Candoli and others, 153.

[36]Ibid.

[37]Code of Virginia, secs. 22.1-94, 22.1-95, and 22.1-102.

community has been one means that school systems in Virginia have used to study, advise, and build support for capital improvement programs. The school divisions of Fairfax County and Roanoke County have made extensive use of citizen committees in recent years. In addition to community participation and support, Candoli and others urge involvement of faculty and staff in the affected schools as a means of obtaining better acceptance of the planning process, support for the capital improvement system, and finished facility.[38]

Educational Consultant

The services of an educational consultant are quite often used by a local school division to assist with the planning of a proposed school building. An educational consultant is a highly knowledgeable and skilled person who provides professional and/or technical advice and services to school divisions. Consultation is based upon a specialization of ideas, skills, knowledge, and experience. A consultant performs an advisory role, provides information, and makes recommendations but does not have authority or responsibility for decisions within the school district.[39]

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[38]Candoli and others, 256.

[39]C. William Day, "How to Hire An Educational Consultant," American School and University, vol. 59, no. 9 (May 1987): 232.

The consultant assists the administrative planning team by advising on the selection of an architect and school site, assisting with the preparation of the capital improvements plan and educational specifications, reviewing architectural plans and judging them in terms of meeting the educational needs, evaluating ideas and recommendations submitted by the faculty and other advisory groups, and interpreting educational requirements to the architect.[40] In some instances, consultants are also involved in the processes of enrollment projections and surveys.[41] Since no state certification or registration requirements exist for the educational consultant, Castaldi stressed the importance of ensuring that such person, if contracted, has wide and varied experience.[42] Construction management firms are sometimes used in the role of educational and construction consultant and to provide onsite supervision of the project.[43]

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[40]Castaldi, 150.

[41]School Building Service, sec. 2-6.

[42]Castaldi, 149.

[43]Charles H. Kluenker and C. E. Haltenhoff, "How to Hire a Construction Management Firm," The School Administrator, vol. 43, no. 6 (June 1986):25.

Implementation of the Capital Improvements Plan

Implementation of a long-term school capital improvement plan is based on funding through the capital outlay budget of the local school division. When funding of the capital improvements plan has been assured through the capital outlay budget, several discrete and sequential steps are involved in planning, constructing, occupying, and evaluating the facility.[44]

Approval Process

The Code of Virginia stipulates:

> The Board of Education shall prescribe by regulated minimum standards for the erection of an addition to public school buildings governing instructional, operational, health and maintenance facilities where these are not specifically addressed in the Uniform Statewide Building Code.[45]

The Virginia Board of Education, through the Superintendent of Public Instruction, has the responsibility for examining and approving all drawings and specifications of proposed school building projects, whether new construction, additions, or alterations.[46] The School Planning Manual of the Virginia Department of Education contains the regulations

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[44]Candoli and others, 271.

[45]Code of Virginia, sec. 22.1-138.

[46]Davis, "Superintendent's Memo No. 55" (Informational), March 4, 1987.

of the Virginia Board of Education relating to school plant facilities including sites. The division school board, however, has the responsibility relative to securing funds and erecting school buildings in compliance with state laws and regulations. The Code of Virginia enumerates as one of the powers and duties of the division school boards that the local school board shall: "care for, manage, and control the property of the school division and provide for the erecting, furnishing, and equipping of necessary school buildings and appurtenances and the maintenance thereof."[47] Regulations of the Virginia Department of Education note the responsibility of the local board "to authorize the division superintendent to obtain approvals for construction."[48] The necessary approvals for the plans and specifications for school buildings are the administrative approval of the division superintendent, the legislative approval of the local county or city school board, approval of the Virginia Board of Education through the Superintendent of Public Instruction, and approval of three other state agencies having general regulatory authority affecting schools in specific areas: State Corporation Commission - fire and safety regulations; State Department

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[47] Code of Virginia, sec. 22.1-79, par. 3.

[48] School Building Service, sec. 2-1.

of Health - water, sewerage, and sanitation regulations; and State Department of Highways - driveway and school entrance regulations.[49] While approval of plans and specifications in accordance with the Code of Virginia is required by the Virginia Board of Education and State Superintendent of Public Instruction for all school construction, including additions and alterations, approval is not required for other capital facilities of the school division such as maintenance and transportation, athletic, office, and storage buildings.[50]

As the foregoing quoted laws and state regulations indicate, the responsibility of planning and obtaining the necessary approvals for public schools plants in Virginia is that of the local school board which delegates such responsibility to the division superintendent. It then becomes necessary for the division superintendent to determine who is responsible for the planning process. Jordan and others observed that in most instances the Superintendent assigns the responsibility of coordinating the planning to some staff member, but, as the chief administrator, the superintendent should not abdicate his or

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[49]Ibid., secs. 2-4, 2-2.

[50]Code of Virginia, sec. 22.1-140; and Phillips, interview, December 4, 1987.

her ultimate responsibility.[51] While the local superintendent or staff member coordinates the planning of school plants, professional planning services are generally obtained through employment of an architect or professional engineer by the local school board as subsequently discussed in this chapter.

Site Selection and Acquisition

School site selection and development are significant aspects of an educational capital improvements plan. The Commission on School Buildings of the American Association of School Administrators stated that "the successful operation of the school plant depends in great measure upon the well planned acquisition, development, and utilization of the site for the school building."[52] This Commission also stressed that community use of the school facility should be a factor for consideration by the local school board in its capital improvement plan. The National Council on Schoolhouse Construction also emphasized the importance of community purposes as being significant factors influencing the size, shape, location, and development of a

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[51] Jordan and others, 252.

[52] Schools for America, Report of the AASA Commission on School Buildings (Washington, D.C.: American Association of School Administrators, 1967), 57.

public school site.[53] Jordan and others recommended that local school officials give consideration to educational needs, geographical factors, and fiscal resources in making decisions on school sites.[54]

Table 15 shows the standards for minimum site size set by the Council of Educational Facility Planners which are rather generally accepted by school planners and architects. Table 16 shows the minimum usable area of the site for a new school as required by the School Building Regulations of the Virginia Board of Education.

The Council for Educational Facility Planners recommended that site selection be done by a team of persons who have a thorough understanding of the program needs as defined in the educational specifications. The site team must recognize and consider all factors affecting the school site: traffic and accessibility, centrality, topography, availability of utilities, police and fire protection, refuse disposal, zoning, cost of acquisition and development, and the most crucial question--will the potential site allow realization of the educational plan.[55]

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[53] NCSC Guide for Planning School Plants (East Lansing, Mich.: National Council on Schoolhouse Construction, 1964), 23.

[54] Jordan and others, 256.

[55] Gwynne, F8 - F11.

Table 15.--Standards for Minimum Site Size as Set by the Council of Educational Facility Planners.

School Type	Basic Acreage	Additional Acreage Per 100 Pupils in Ultimate Enrollment
Elementary	10	1
Middle	20	1
High	30	1

Source: Susan K. Gwynne, ed., Guide for Planning Educational Facilities (Columbus, Oh.: Council of Educational Facility Planners, International, 1985), F-10.

Table 16.--Minimum Usable Acres of the Site for a New School Required by School Building Regulations of the Virginia Board of Education.

School Type	Basic Acreage	Additional Acreage Per 100 Pupils in Ultimate Enrollment
Primary	3	1
Elementary	4	1
Junior High, Junior-Senior, or Senior High	10	1
High or Combined Elementary and High	10	1

The usable area of the site shall be as identified on preliminary drawings.

Source: School Building Service, School Planning Manual, vol. 42, no. 3 (Richmond, Va.: State Department of Education, 1959), 10-5.

Earthman stated that due to local political problems selection of a school site is often one of the most controversial issues educators face in planning a new school.[56] The most common method of site acquisition by local school boards is through negotiation with the owner. Other site procurement methods are through condemnation procedures, acceptance of a gift of land, and receipt of surplus governmental property.[57] The Code of Virginia requires that the title to all school property, both real and personal, be vested in the school board.[58]

Architectural Services

The selection of architects and engineers is an important decision for the administrative staff and local school board and should be made only after a thorough evaluation of the suitability of the interested professionals for the project involved.

The Virginia Department of Education requires that "all plans for permanent new school plants, or major alterations, renovations, or additions to existing plants, shall be prepared by certified architects, except where work is

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[56]Earthman, "Facility Planning and Management," 620.

[57]Ibid., 622.

[58]Code of Virginia, sec. 22.1-125, chap. 9, 50.

essentially engineering, plans may be prepared by certified professional engineers."[59] The Virginia Department of Education emphasizes that the most important decision of a local school board affecting school building projects is the selection of architects and engineers.[60]

The selection of an architect requires careful consideration of the candidates and their qualifications. The Virginia Board of Education requires that architects for public school projects have certification in effect by the Virginia Department of Professional and Occupational Registration.[61] There are three general methods of selecting an architect by a local school division: direct employment, design competition, and comparative selection. Direct employment is the simplest process as the school division simply contracts with an architectural firm of known qualities to do the project. Design competition is a method in which selected or invited architectural firms submit designs for a proposed capital project. Comparative selection involves choosing an architect from a group of candidates who have submitted the owner information and materials concerning their qualifications. The comparative

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[59]School Building Service, sec. 2-7.

[60]Ibid., sec. 2-4.

[61]Ibid., sec 2-7.

selection method is typically used for procuring an architect for educational facilities.[62] The School Planning Manual recommends four steps in the comparative selection procedure for evaluating and selecting an architect: (1) evaluate data on experience, staff, references, and ability to undertake the project; (2) inspect existing buildings that have been designed by the architectural firm under consideration; (3) obtain evaluations from other clients of the architect and from contractors who have worked with them; and (4) evaluate all data and conferences with the firms under consideration to achieve a "meeting of the minds."[63] These steps must be executed in conformity with the Procurement Act of the Code of Virginia which requires local school divisions to select architects through a variation of the comparative selection method known as competitive negotiation. Competitive negotiation is a process of publicly advertising for a "Request for Proposals," evaluating such proposals, ranking and discussing with the offerors until a contract that is satisfactory and advantageous to the public body can be negotiated at a price considered fair and reasonable.[64] An

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[62]Gwynne, D-4.

[63]School Building Service, sec. 2-4.

[64]Code of Virginia, secs. 11-35, 11-37, and 11-41.

exception to this Code section is available to those towns with a population of less than 3,500 where the cost of professional services is expected to be less than $20,000 if the local procurement policy parallels that of the state.[65]

The services of an architect usually begin before the actual design is started and continues until the facility is complete and accepted by the owner. There are six major phases or basic service areas involved in the architectural planning process: predesign planning, schematic design, design development, preparation of construction documents, bidding, and construction.[66] Architectural services are normally rendered under an agreed fee arrangement or for an agreed fixed amount. Fees for professional services vary depending on the nature and scope of the project. Recent (1987) fee structures ranged from 5.5 percent for new construction to 9.75 percent for renovations and additions.[67] Architects conduct routine inspections of the construction project and test samples submitted by the contractor as part of their standard contract. In some cases, the periodic inspection of the project is not

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[65]Ibid., 11-35.

[66]Gwynne, D-6.

[67]Roanoke County Schools, Proposal from Sherertz, Franklin, Crawford & Shaffer, architects, on Back Creek/Bent Mountain projects, September 4, 1987.

considered sufficient, and local school officials employ a "clerk of the works" who provides continuous inspection of the project.[68] State Board regulations require that the owner (local school board) "provide adequate supervision of construction by a qualified person" and recommends a "Clerk of the Works or Owner's Supervisor" for the required supervision.[69]

Educational Specifications

Educational specifications are a description of the educational programs that will be housed in the proposed facility, the school facility population, and the types of spaces needed to accommodate both the educational programs and the expected population.[70] The Council of Educational Facility Planners stated that educational specifications should adhere to a definite format and should provide information related to the following components:

> (1) Project rationale--a brief description of the planned project including the reason the proposed facility is necessary, its intended uses, and its general purpose.
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> (2) The community--a description of the community's history and citizenry including maps of the community, attendance areas, and site of the proposed project.

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[68]Jordan and others, 262.

[69]School Building Service, sec. 5-1.

[70]Jordan and others, 254.

(3) The educational plans--a description of the curriculum plan including program goals and objectives, the instructional method to obtain the goals and objectives, and the personnel staffing plans.

(4) Description of activity areas--a description of the instructional, administrative, and service areas.

(5) General building considerations--information about the total building complex including health and safety, economy, flexibility, circulation, community use, communication systems, accessibility, and building security.

(6) Spatial relationships--a description of the relationships between activity areas shown through the use of a matrix or bubble-type diagram.

(7) Summary of spatial requirements--a list of all net and gross program square footage within which the architect must work.[71]

Educational specifications provide the program and identify the general facility needs which the architect uses to develop technical design for the engineer and contractor.[72] The Virginia Department of Education requires that educational program data be submitted with each architectural program for review by the State Supervisor of School Buildings.[73]

Building Design

The School Planning Manual describes the building

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[71]Gwynne, E-4 - E-8.

[72]Jordan and others, 255.

[73]School Building Service, sec. 4-7.

design process in terms of an architectural program defining the facilities necessary to house: (1) the educational program; (2) the administrative needs of the school; (3) needs for comfort, health, and safety of pupils, public, faculty, and others; and (4) the services and maintenance of the building.[74] The architect's work of preparing plans and specifications is divided into two areas: (1) preliminary arrangement of spaces to meet the architectural program--the schematic design phase of the building planning process, and (2) preparing detailed instructions for the builders--final working drawings and specifications.[75] After the educational specifications are approved by the local school board, they are transmitted to the architect for use in designing the architectural program and plans for the building. The educational and architectural programs for a project must be approved by the State Supervisor of School Buildings as the basis for the development of preliminary drawings.[76]

The schematic design phase is the time when teachers, school administrators, and educational consultant can get positive responses to change from the architect since

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[74]Ibid., sec. 4-3.

[75]Ibid.

[76]Ibid., 4-7.

changes can be accommodated at the preliminary design stage of the project without substantial additional cost to the architect.[77] After the schematic design phase of the building is completed, the plans must be approved by the division superintendent and State Superintendent of Public Instruction through the School Building Service of the Virginia Department of Education. After local and state approval is received, the architect proceeds with the development plan in which designers, engineers and other specialists prepare the final working drawings and specifications which must also receive both local and state approval. Detailed requirements for preliminary and final drawings, specifications, sites, and the various instructional program area for public school buildings in Virginia are set forth in the School Planning Manual.[78]

Building Construction

After architectural plans and specifications have been developed and approved at the local and state levels, the plans and specifications must be translated into a school plant by the cooperative efforts of the architect and builder. The conversion from plans to building is a

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[77]Castaldi, 129.

[78]School Building Service, secs. 4-7 - 4-14.

crucial part of school plant planning. It includes bidding, supervision, and a good working relationship between architect and general contractor.[79] Almost all school construction in Virginia is done by contract entered into by the school board with a contractor. The selection of the contractor should be through the process of competitive bidding as required by the state statute and local procurement regulations. Any construction project which requires an expenditure of $10,000 or more by appropriation, grant-in-aid, or loan by any local government or subdivision of government is required by the Virginia Code to be awarded after competitive sealed bidding or competitive negotiation.[80] For the most part, the architect is responsible for all the technical work associated with bidding and the awarding of bids to the lowest responsible bidder. Time for preparing the bid, opening of the bid, insurance, performance bonds, and awarding the contract must be done in accordance with legal requirements and standard procedures.

The architect is not responsible for continuous supervision on the job, unless such supervision is specifically stated in the contract. The extent of engineering and

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[79]Castaldi, 359.

[80]Code of Virginia, secs. 11-41, 11-41.1.

architectural supervision should be covered in the architect's and engineer's agreements with the owner. The Virginia School Building Service recommends a Clerk of the Works or Owner's Building Supervisor to represent the owner in continuous inspection and cooperation with the architect and builder.[81] Earthman described the primary function of the clerk of the works as understanding the contract documents, an awareness of the construction schedule, observation of the work in progress, ensuring that the architect's representative is on the premises at the proper time, and that necessary inspections are made.[82] The cost of constructing new school buildings in Virginia has continued to increase significantly in recent years as indicated by the cost per square foot and the per pupil cost for the years 1980-81 and 1986-87 as shown in Table 17.

Change Orders

Change orders are written authorizations for a change in the plans of a building while construction is in progress. Change orders should be kept to a minimum since they are generally more costly than the same changes would have been if they had been included in the original

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[81]School Building Service, sec. 5-1.

[82]Earthman, "Facilities Planning and Management," 639.

Table 17.--Cost Per Square Foot and Per Pupil Cost for the Years 1980-81 and 1986-87.

School Year	1980-81	1986-87
New Elementary Schools		
Average cost per square foot	$45.13	$63.85
Average cost per pupil	$39.79	$65.09
New Middle, Intermediate and Junior High Schools		
Average cost per square foot	$46.18	$72.77
Average cost per pupil	$40.45	$71.28
New High Schools		
Average cost per square foot	$45.42	$59.06
Average cost per pupil	$55.59	$69.05

Source: S. John Davis, "Superintendents Memo No. 259" (Informational), December 31, 1986, Attachments No. 1-3; and "Superintendents Memo No. 238" (Informational), December 2, 1987, Attachment Nos. 1-3.

drawings.[83] Caution should be taken that change orders to not violate regulations. Major changes must be approved by the Superintendent of Public Instruction through the State Supervisor of School Buildings.[84]

Certification of Building Completion

Upon completion, inspection, and acceptance of a new school building, addition, or major alteration to an existing building, the division superintendent is required to certify to the State Supervisor of School Buildings that the project has been constructed according to plans and specifications previously approved by the Superintendent of Public Instruction.[85]

Equipping the School

With the completion of construction and acceptance of the building, the educator assumes the leading role in the planning process even though the architect and engineer will provide some services during the final stage of completing the building.[86] The process of equipping the building involves receipt and installation of furniture and equipment,

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[83]Castaldi, 363.

[84]School Building Service, sec. 5-3.

[85]Ibid.

[86]NCSC Guide for Planning School Plants, 18.

some of which is usually purchased months earlier to insure delivery on time. Identification of furniture and equipment should be part of the study made to prepare educational specifications thereby facilitating the selection in terms of the requirements of the educational program. All equipment may be included in the architect's specifications and purchases installed under architectural supervision. A more common arrangement, however, is for the architect to be given responsibility only for items of equipment which are built or attached to the building and for certain equipment requiring extensive engineering and supervision such as kitchen equipment. It is important that the architect's responsibility in the areas of equipment procurement and installation be clearly understood and delineated in the architect's contract.

Occupying the School

It is imperative that teachers and classified staff of a new or remodeled school be oriented since it is the staff of the school organization that must make the building work to fulfill the educational program.[87] A variety of orientation programs should cover the project background, design concepts, and intended use. Such orientations should

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[87]Earthman, "Facilities Planning and Management," 639.

be explained by the school administrators, educational consultant, and architect. Programs should cover staff use of the entire building and should include the operation and maintenance of various systems, equipment, and interior elements.[88] Public information programs are important in providing an awareness of how the tax dollar is being spent and an understanding of the educational environment in which the students will learn.[89] Earthman also stressed the importance of public information programs--open house, building dedication, publicity, and other means to familiarize the community with the facility and encourage community use and also to bring closure to the minds of the people in the community relative to the planning/construction process.[90]

Postoccupancy Evaluation

Although postoccupancy evaluation has no definite methodology, it is an important activity and an essential part of the total planning process. Earthman noted that postoccupancy evaluation needs to be in two major areas--the product, being the building; and the process, being the

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[88]Gwynne, 0-2.

[89]Ibid., 0-3.

[90]Earthman, "Facilities Planning and Management," 640.

activities of the many persons and groups involved in planning and constructing the facility.[91] Many people should participate in the evaluation: users of the facility-teachers, administrators, students, aides, custodial, secretarial, food services, and other school staff. Additional participants should include the architect, central office and transportation personnel, community members, resource people, state or federal officials, educational consultant, and others involved with planning and constructing the facility.[92] Most architectural contracts specify an inspection of the building by the architect at the end of the warranty period--usually one year.

The evaluation of an educational facility is a continuous, ongoing activity that affords the opportunity to measure the building's effectiveness in providing for the numerous and diversified teaching and learning activities that take place within it.[93] The evaluation also provides useful information that can be used to improve the planning and construction of future educational facilities.

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[91]Ibid.

[92]Gwynne, 0-3.

[93]Ibid.

Maintenance and Operation

Plant operation and maintenance include activities associated with keeping the physical plant open and safe for use and keeping the grounds, building, and equipment in a good working condition and state of repair.[94] As soon as the teachers, students, administrators, and physical plant staff begin to function normally within the spaces specifically designed for them, the building is said to be "operational."[95] There is a "shake-down" or "warranty" period when all equipment and controls are adjusted, rebalanced, or replaced, and other adjustments and corrections made at no further cost to the owner. This adjustment period is usually specified as one year from the date of acceptance of the building. At the end of the warranty period, the maintenance and operation of the school plant is the sole responsibility of the owner. The contribution of the physical plant personnel and the school system's specialized maintenance staff in maintaining a comfortable and healthful environment in a school building is rarely sufficiently recognized by school officials, school board, and the general public.[96] The custodial and

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[94]Jordan and others, 285.

[95]Castaldi, 396.

[96]Ibid., 397.

maintenance employees play an important part in the educational function of the school. Although school buildings are built to last for many years, the materials and surfaces of the structure and the equipment begin to deteriorate immediately. A preventative maintenance program, therefore, should be an integral part of a school division's budget and plan of operation.

Energy Conservation

The increasing cost for fuel oil, electricity, coal, and natural gas since the 1973 Arab oil embargo has resulted in much concern and alteration to means of energy conservation in order to reduce the fiscal impact created by increased energy costs.[97] Quoting a study by the Schoolhouse Energy Efficiency Demonstration Program, Worner and Pusey observed that energy costs had increased from $20 per pupil per year in 1973 to $60 per pupil per year in 1979.[98] A sound energy management program was recommended for local school divisions to include: commitment by the superintendent and local school board to energy conservation through a basic energy policy with certain goals for energy savings;

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[97]Jordan and others, 304.

[98]Wayne Worner and Robert Pusey, "Energy Concerns and Virginia's Schools," A Journal of Educational Managers, vol. i, no. 2 (Winter 1980-81), 4.

conducting an energy audit to identify the quantity and cost of each energy source being used; an inspection of equipment and facilities; and cost analysis and evaluation of certain energy conservation actions.[99] Earthman also recommended an overall energy management plan and reported that some financial assistance was available through the Energizing Act and the Virginia Department of Education.[100] Federal grants were on a 50 percent cost participation basis as evidenced by a grant of $9,743 in 1983-84 to Roanoke County.[101]

Since the mid-1970s, new buildings have been designed to facilitate sources of solar energy, proper insulation, and other means for energy efficiency.[102] Fairfax County, Virginia received a $700,000 grant from Saudia Arabia in 1975 to finance an underground elementary school heated by solar energy.[103] In recent years, energy audits, proper

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[99]Ibid., 6.

[100]Glen I. Earthman, "Effective Administrative Responses to Energy Problems," A Journal of Educational Managers, vol. i, no. 2 (Winter 1980-81): 13.

[101]Jennie F. Fuqua, Department of Energy, Philadelphia, to Superintendent of Roanoke County Schools, July 29, 1983. Notice of Grant Closeout.

[102]Candoli and others, 284.

[103]William J. Burkholder, Deputy Superintendent, Virginia Department of Education, and former Division Superintendent of Fairfax County, Virginia, interview by

maintenance of temperature controls, computer monitoring systems, retrofitting of buildings, and various other undertakings have been made to existing schools to make them more energy efficient.

Summary

Gathering essential educational information from the school community is the beginning of the total school plant and planning process.[104] Subsequently, many things must transpire and much additional thought must be given to the translation of the educational program into educationally functional physical facilities. The educational program and anticipated student enrollment are significant factors that establish the facility needs of a school system. Enrollment projections, along with the information and rationale concluded from the educational plan and the school building survey, provide the foundation for developing a long-range capital program to meet the educational and future space needs of the school community. Earthman emphasized the importance of the results of surveys in developing new programs, extending or deleting existing

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author, Dec. 11, 1987, Richmond, Va.

[104] NCSC Guide for Planning School Plants, 6.

programs, and providing proper facilities.[105]

The law of Virginia assigns the responsibility for furnishing proper school facilities to the division school boards but does not require a long-range capital improvements plan. Earthman observed that only fourteen states in the United States require some form of long-range planning by the local school boards.[106]

Enrollment trends must be continuously studied and evaluated and future projections made to serve as a basis for capital plans of a school system. Increases and decreases in enrollment, however, are not always predictable, and provision for variations should be considered by school planners. Castaldi recommended that provision be made for future facility expansion to accommodate an enrollment increase of about 25 percent.[107] Provisions should also be considered for possible enrollment decreases by planning and designing buildings that would be adaptable to other educational or noneducational uses.[108]

Wood and Worner noted that while certain means of

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[105]Earthman, "Long-Range Planning: Program Development," 276.

[106]Earthman, "Facilities Planning and Management," 613.

[107]Castaldi, 165.

[108]Ibid., 166.

temporary accommodation--rented housing, split-shift scheduling, year-round schools, and reassignment of pupils--may be used, the last and permanent solution for most school systems has been the construction of new educational facilities to meet the needs of expanding enrollments and programs.[109]

Once public support and funding for a capital project have been assured, the planning, design, building, and equipping processes can be implemented. The planning and construction of educational facilities require cooperation and involvement of many people from representative groups--local school board, administrative unit, teachers and other staff members, educational planner, architect, and builder.[110] Legal requirements and budget constraints must be met, timetables should be observed to the extent possible, and efforts to maintain public support should be ongoing. When a building project is completed, certain dedicatory ceremonies should be arranged.

An evaluation should be made after the building is occupied to determine the effectiveness of the facility in meeting the objective for which it was intended: to provide the proper environment for the educational program.

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[109]Wood and Worner, 599.

[110]Gwynne, D-2.

CHAPTER VIII

ALTERNATIVE METHODS OF FINANCING PUBLIC SCHOOL CAPITAL FACILITIES IN VIRGINIA

The availability of the necessary funds at the proper time is crucial to implementing a capital improvements plan for meeting the school division's facility needs. The location, type of project, timetable, and local political considerations are factors that determine the governmental level (federal, state, or local) of funding for a public school capital improvements project. Depending on state statutes, local school systems in the United States may have several alternatives for financing capital outlay programs: current revenues, building reserve funds, general obligation bonds, state loan funding, local or state building authorities, state grants, or full state assumption. The trend has been toward using a combination of these resources.[1]

Federal funds for capital outlay are limited, and Virginia does not provide state funds for public school capital facilities. The purpose of this chapter, therefore, was to examine the various current (1987) methods available to a Virginia locality for financing public school outlay and to present considerations that should be evaluated and

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[1]Jordan and others, 270.

used as guidelines by the decision makers of the locality in determining the most cost-effective option to finance a school capital project at the time of need.

Federal Grants for Public School Capital Outlay in Virginia

Federal funding for local capital improvement projects is now virtually nil. Previously, funds were available to qualifying school systems under impact aid legislation, vocational education, and economic improvement acts; however, the federal government has continued its position that local school systems should provide funds for all school buildings.[2] Federal funds currently available to a locality in Virginia for school capital outlay are:

1. Vocational--Federal vocational funds are allocated to the states on the basis of population and per capita income for the purpose of supporting vocational education programs, including acquisition of equipment and renovation and construction of vocational facilities.[3] The Virginia Department of Education administers the allocation of federal vocational funds. Current priority for such funds is for equipment.[4]

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[2]Earthman, "Facility Planning & Management," 617.

[3]Edwards, "Vocational Education Basic Grants," E-8.

[4]Eanes, interview, December 22, 1987.

2. Federal impact aid under Public Law 81-874 and 81-815 is on a very limited basis for qualifying divisions. Although there is an expressed need for $500 million nationally for school capital outlay, the appropriation for fiscal year 1988 is only $22.9 million.[5] In addition to being a limited source for capital outlay funds, the impact programs provide funds for the restoration and replacement of equipment and facilities damaged or destroyed from a presidentially declared major disaster.[6] Following such declaration, application must be made through the Virginia Department of Education within ninety days after an official notice is published in the Federal Register. Several school divisions received federal financial assistance under the impact program for damages resulting from the flood in November 1985. Roanoke County was allocated $1,286,768.55.[7]

3. Other federal programs providing funds for equipment on a restricted basis are: schools for Indian children, Public Law 92-318, as amended; innovative projects

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[5]Fischer, interview, January 5, 1988.

[6]Edwards, "Impact Aid - Disaster Assistance," J-25.

[7]Robert F. Schneider, Disaster Coordinator for the Division of Impact Aid, United States Department of Education, Washington, D.C., December 27, 1985, to Homer D. Duff, Director of Business and Finance for Roanoke County Schools, Letter acknowledging receipt and approval of application for Federal major disaster assistance under section 7 of Public Law 81-874, as amended.

such as art, career, consumer, metric, and environmental education, education of gifted and talented, community schools, and ethnic heritage studies programs under Chapter 2 of the Block Grant Program Education and Consolidation Improvement Act of 1981, Public Law 97-35, as amended by Public Law 98-211; the acquisition of materials and equipment (including computers) for special magnet schools, Public Law 84-165; and programs for educationally deprived children in low-income areas under Chapter 1 of the Elementary Consolidation and Improvement Act of 1981, Public Law 97-35, as amended.[8] Chapter 1 funds may also "cover the cost of essential construction when the school district has explored, but failed to obtain other support and when the facility conforms to all federal and state standards."[9] Grants for the purchase and installation of energy conservation measures are available under the National Energy Conservation Policy Act, Public Law 95-619.[10] Application for funding under the above-mentioned programs

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[8]Edwards, "Indian Education--Indian-Controlled Schools--Establishment and Enrichment," D-6; "Improving School Programs--State Block Grants (Chapter 2)," H-4; "Magnet School Programs," K-8; and "Chapter 1 ECIA--Aid to Children with Special Educational Needs--Basic Grants," A-6-8.

[9]Ibid., "Chapter 1 ECIA - Aid to Children with Special Education Needs - Basic Grants," A-6.

[10]Phillips, interview, December 4, 1987.

must be made through the Virginia Department of Education.

Current Revenues

The process of securing capital outlay funds from current revenues is often referred to as the "pay-as-you-go plan."[11] Under this plan funds are obtained through local tax levies and applied toward the cost of the facility at the time of construction. Ease of administration and interest savings are advantages to using current revenues for capital financing. Funding needs for operational expenses of the school system, however, usually limit the availability of current revenues for capital outlay, except in large or high fiscal capacity school districts.[12] In Virginia current revenues are used for small capital projects--primarily renovations.[13]

Special Tax for Capital Expenditures

Title 22.1-102 of the Code of Virginia provides for a special tax for capital expenditures on payment of rent or indebtedness. The levy for such tax should be imposed in addition to an existing levy and appropriation for the operation of schools provided by Titles 22.1-94 and 22.1-95.

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[11]Jordan and others, 271.

[12]Ibid.

[13]Phillips, interview, December 4, 1987.

Title 22.1-102 states:

> For capital expenditures and for the payment of indebtedness or rent, a governing body may, in addition to the levy and appropriation required under the provision of 22.1-94 and 22.1-95, levy a special county tax, special district tax, a special city tax or a special town tax, as the case may be, on all property subject to local taxation. Such levy or levies shall be at such rate or rates as the governing body levying the tax may deem necessary for the purpose or purposes for which levied, except that where the tax is for raising funds for capital expenditures the rate shall not be more than $2.50 on each $100 of the assessed value of such property in any one year.[14]

Peccia noted the restrictions of this tax:

> It is not mandatory; it may not exceed two dollars and fifty cents on one hundred dollars of assessed value of property; it is in addition to the levy or appropriation required; and . . . the money raised by such a tax could be used only for capital expenses, indebtedness, or rent.[15]

No evidence has been reported on cities or counties using taxing powers under this legal authorization to finance capital facilities or to repay indebtedness or rent.[16]

State-Sponsored Borrowing Sources for Capital Funding of Public Schools in Virginia

Although the courts consider education a function of the state, most states have given very little attention to

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[14] Code of Virginia, sec. 22.1-102, chap. 8, 42.

[15] Peccia, 41.

[16] Ibid., 42.

financing school capital outlay.[17] Virginia does not currently provide state funds for public school capital outlay but rather furnishes limited assistance through the provision of low-interest loans from the Literary Fund and the purchase of local bonds by the Virginia Public School Authority.[18] These two sources provided 31 percent of the capital needs of local school divisions in Virginia as of February 1987.[19] A report by the Secretary of Education to the Senate Finance Committee, the House Appropriations Committee, and the Board of Education in January 1987 emphasized that "the Literary Fund and the Virginia Public School Authority are the two sources of state support for school construction and renovation."[20] The following review of the Literary Fund and the Virginia Public School Authority outlines the procedure to be followed and some of the considerations for a locality to evaluate regarding the borrowing of funds from these sources.

Literary Fund

To obtain a loan from the Literary Fund, the division

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[17]Candoli and others, 265.

[18]Davis, Memo No. 26 (Informational), February 4, 1987.

[19]Ibid.

[20]Ibid.

superintendent must apply to the Virginia Board of Education using a Standard form--Form V.A. 005, completed, signed, and sealed by the appropriate local officials and examining attorney certifying the information contained in the application.[21]. The school division must meet statutory requirements for such a loan as set forth in Sections 22.1-142 - 161 of the Code of Virginia, including examination by the Commonwealth's Attorney, city or county attorney, or other competent attorney of the title to the real estate on which the building has been or will be erected.[22] The application is reviewed by the staff of the Department of Education and the office of the Attorney General, a process requiring approximately sixty days. Applications for projects approved by the Board of Education are placed on the approved application list and the school division receives permission to initiate design of the construction project. Applications for Literary Fund loans will not be approved if the project has been bid prior to receipt of the application by the Department of Education. School divisions submit preliminary drawings and then the completed design and specifications to the Building Service of the

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[21]Davis, "Superintendent's Memo No. 7," (Regulatory), March 25, 1987, sec. 7.2.

[22]Code of Virginia, sec. 22.1-154.

Department of Education for review and approval. When the plans and specifications are satisfactory to the Virginia Department of Education, the Superintendent of Public Instruction and staff recommend to the Virginia Board of Education that the project be added to the waiting list. The local school division must request in writing to be placed on the waiting list. Applications are placed into "priorities" on the waiting list in accordance with Item 154 of the 1986-88 appropriation Act as amended by the 1987 session of the General Assembly.[23] As discussed in Chapter VI of this study, four waiting list priorities were established by the General Assembly in 1987, to be condensed into two waiting lists in 1988.[24] Within each priority, applications become eligible for release of funding in the same relative order as having been approved by the Board of Education. The maximum amount of all Literary Fund loans for a single school division was established in 1987 as $10 million and was increased to $15 million in January 1988. A special appropriation of $3.8 million was made by the 1987 General Assembly to the Virginia Public School Authority in order to provide the same interest rates for seven localities on the Literary Fund third priority list with a

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[23]Davis, Memo No. 7 (Regulatory), March 25, 1987.

[24]Aylor, interview, December 4, 1987.

composite index of .6000 or above, or an outstanding indebtedness to the Literary Fund greater than $10 million, if such school divisions would withdraw their applications from the Literary Fund and obtain funds through the Virginia Public School Authority before December 31, 1987.[25]

The Board of Education has authority to place an individual application ahead of its assigned position on the waiting list if the Board determines that the best interest of education in the state is served by such placement. Reasons for such placement may include, but are not limited to: (a) asbestos containment or removal; (2) natural disaster; and (3) unique circumstances that may be detrimental to education in the absence of a Literary Fund loan.[26]

When a project is approved by the Board of Education for the waiting list, the division superintendent is informed and given approval to begin the process of bidding, contracting, and constructing the project. Literary Fund money, however, is not available at that point, and the locality must arrange for short-term financing until funds

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[25] Acts of Virginia Assembly (1987), Literary Fund Amendment to item 154 of the 1986-88 Appropriations Act; and Davis, "Superintendent's Memo No. 76," (Informational), March 25, 1987.

[26] Davis, Memo No. 7 (Regulatory), March 25, 1987, sec. 7.5.

from the Literary Fund are available. Short-term financing may include advances from other fund balances and current operating funds or from temporary loans but cannot include bond funds or Virginia Public School Authority funds.[27] The 1986-87 waiting period for the loans to become available was approximately sixteen months.[28]

When Literary funds become available and are released by the Board of Education, the local school division may begin to draw funds from the Literary Fund account on a reimbursable basis. After bidding the project, the design and engineering expenses can be reimbursed from the Literary Fund. The maximum loan available through the Literary Fund for a single project is $2.5 million. An additional $1 million may be borrowed if the project will result in closing of two or more school buildings, or if two or more school divisions are consolidated into a single school division. The minimum loan amount available for any single project through the Literary Fund is $50,000. The several applications to fund a regional project are combined for the purpose of meeting the minimum amount. Literary Fund loans are made for a period of not less than five years nor more than twenty years except for loans of $100,000 or less which

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[27]Ibid., sec. 8.5.

[28]Aylor, interview, December 4, 1987.

must be paid in five years.[29]

Interest rates for a Literary Fund loan are based on a school division's composite index used for the distribution of state basic aid for school operations. The 1987 interest rates are reflected in Table 18. For projects larger than the maximum loan amount, the last $2.5 million must be used as the Literary Fund reimbursed amount since Literary Fund regulations require that funds from other sources be used prior to receiving any Literary Fund money.[30]

As local school divisions apply for reimbursement of construction expenses, a temporary note is signed by the Chairman of the School Board and attested by the Clerk thereof. When the expenses reach the approved loan limit, the temporary notes are consolidated and a permanent note is signed by the Chairman of the School Board.[31] Literary Fund loans and interest constitute a lien on the property for which the loan was used, and the lien must be duly recorded in the appropriate circuit court. The division school board is required to fully insure the buildings and submit evidence of such to the State Superintendent of Public

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[29]Davis, Memo No. 7 (Regulatory), March 25, 1987, sec. 5.1 - 5.5; and Aylor, interview, January 15, 1988.

[30]Ibid., sec. 8.2.

[31]Code of Virginia, sec. 22.1-151.

Table 18.--1987 Interest Rates for a Literary Fund Loan.

	Per Annum Interest Rate
Composite Index between .2 and .299	2%
Composite Index between .3 and .399	3%
Composite Index between .4 and .499	4%
Composite Index between .5 and .599	5%
Composite Index between .6 and .8	6%

Source: S. John Davis, "Superintendent's Memo No. 7," (Regulatory), March 25, 1987, sec. 6.2.

Instruction.[32] The first payment of principal and interest is due one year from the date the permanent note is signed.[33] If a school board or local governing body sells or transfers school property on which there is an outstanding balance on a Literary Fund loan, such balance becomes due and must be paid before title to the property can be conveyed to the new owner. Exception to this provision is made for court decrees in annexation proceedings.[34]

Virginia Public School Authority

To apply for financing from the Virginia Public School Authority, a locality must submit a written application signed by the chief administrative officer of the locality--county administrator or city manager--and by the division superintendent of schools.[35] Authorization for the application must be reflected by certified copies of resolutions adopted by the locality's governing body and school board. Bond counsel should be previously selected

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[32]Ibid., sec. 22.1-157.

[33]Davis, Memo No. 7 (Regulatory), March 25, 1987, 1-4.

[34]Ibid., 9-1.

[35]Pat Watt, Memo to Localities Interested in Financing Through the Virginia Public School Authority, May 19, 1987, 2.

and identified on the application along with a preferred bond amortization schedule of fifteen to twenty years.[36] When the Authority receives sufficient applications and determines that it possesses enough capacity to issue the additional bonds, plans are made for a bond issue and notification given to the localities of the sale schedule and additional actions necessary by the locality.

After the loan application is approved by the Authority board, both the local school board and governing body must hold a public hearing and adopt ordinances authorizing signing of the Bond Sale Agreement with the Authority, issuance of the bonds, and form of the bonds. Advertisement of the public hearing by the governing body must be in accordance with Sections 15.1-171 and 15.1-504 of the Code of Virginia. In school divisions with enrollments of less than 15,000, only the governing body is required to hold a public hearing.[37] Subsequent to the public hearing, the governing body and division school board must file ordinances with the Circuit Court and return the executed Bond Sale Agreement to the Authority. At this point the locality has the last opportunity to change the amount of requested financing or to withdraw from the sale. The next

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[36]Currey, interview, July 8, 1987.

[37]Code of Virginia, sec. 15.1-171.1.

step is for the locality's bond attorney to provide draft closing documents to the Authority after which the Authority sells bonds and formally accepts the locality's Bond Sale Agreement. The local governing body and school board adopt ordinances approving the bond sale and interest rates. After the local bond attorney submits the last draft of closing documents to the Authority for review, the Authority takes final action to make the funds available to the locality through a "central depository," usually a commercial bank. Funds are requisitioned by the locality as expended.[38] In order to assure compliance with the Federal Tax Reform Act of 1986 relative to arbitrage restrictions and rebate requirements, the Authority enters into a Proceeds Agreement with the participating locality to protect the tax-exempt status of the bond interest to the purchaser. The agreement also provides for the services and fees of an investment manager and central depository for all Authority and local bond proceeds.[39]

General Obligation Bonds

Bonding is the most prevalent method of funding school

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[38]Currey and Niggell, Memo, December 7, 1987.

[39]Ibid., Attachment D.

capital outlay in the United States.[40] Jordan and others reported that a vast majority of public school facilities are financed through the sale of general obligation bonds.[41] General obligation bonds are secured by the full faith, credit, and, generally, the unlimited taxing powers of the locality.[42] In Virginia, the issuance of bonds by a locality is subject to constitutional and statutory provisions. The Constitution of Virginia stipulates that the cities and towns shall be limited to a maximum bonded indebtedness of ten per centum of the assessed valuation of the real estate. Counties do not have limitations on bonded indebtedness but are required to obtain approval by a majority of the qualified voters of a county before contracting indebtedness through the issuance of general obligation bonds. One additional constitutional option is provided to county voters--they may elect to be treated as a city for the purpose of issuing bonds.[43] Sections 15.1-175 through 15.1-235 of the Code of Virginia provide the statutory provisions for the issuance of bonds by a Virginia city or county.

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[40]Candoli and others, 265.

[41]Jordan and others, 272.

[42]Ibid.

[43]Constitution of Virginia, art. vii, sec. 10.

General obligation bonds issued by the localities for public schools in Virginia are usually serial bonds which require a repayment of part of the principal each year to reduce interest costs. Straight term bonds in which the entire principal is repaid at some future date and sinking fund type bonds in which funds are deposited on a regular basis into a fund to pay the bonds at a future date are not considered viable methods of bond financing, particularly since the Tax Reform Act of 1986 which imposed certain tax and arbitrage limitations.[44]

If it becomes necessary to significantly change the projects for which the bond proceeds were originally intended, it is advisable to seek a declaratory court order through a validation procedure of the local circuit court.[45]

Bond Ratings

Each sizeable bond issue (over $1.5 million) of a county or city is generally rated by a nationally recognized rating agency in order to provide potential investors with a standard by which to judge the attractiveness of the bonds for investment purposes.[46] The two most prominent bond

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[44]Richardson, interview, January 12, 1988.

[45]Ibid.

[46]Wood, "Capital Outlay and Bonding," 565.

rating agencies are Moody's Investors Service and Standard and Poor's Corporation. Rating agencies charge school divisions to grade bond issues, but experience has shown that rated issues generally demand lower interest rates than nonrated issues.[47] Each issue is evaluated by the rating agency and assigned a "grade" or "rating." Higher ratings, with very few exceptions, result in a lower interest rate being paid by the locality since bonds with the higher rating are considered a safer investment.[48]

A number of factors are taken into consideration by a rating agency in assigning a grade to a bond issue. Such factors include outstanding debt, past performance in debt management, industrial diversification, economic health, growth potential, population size and characteristics, taxpaying capacity, fiscal effort, and others.[49] Prompt and full disclosure of all pertinent and requested information should be furnished to the rating agency. Often, it is considered expedient for local officials to deliver such information to the rating agency through a visit and

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[47]Jordan and others, 278.

[48]Wood, Capital Outlay and Bonding," 563.

[49]Jordan and others, 278.

interview with the agency representatives.[50] It is crucial to the locality that the best possible rating be obtained in order to gain the most favorable interest rate since prospective bond buyers will rely primarily upon the grade assigned the issue by the rating agency when they make an offer to buy the bonds.[51]

Wood noted that while each rating agency is different with respect to rating structure, the ratings are based on the soundness of investment to the lender. Following are examples used by Moody's for its municipal bond rating system:

> Aaa. Bonds rated Aaa are judged to be of the best quality and are generally referred to as a "gilt edge."
>
> Aa. Bonds rated Aa are judged to be high quality by all standards. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or other elements make the long-term risk appear somewhat larger than in Aaa securities.
>
> A. Bonds in this category possess many favorable investment attributes and are considered as upper medium grade obligations.
>
> Baa. Bonds rated Baa are considered as medium grade obligation; i.e. they are neither highly protected nor poorly secured. Such bonds lack outstanding investment characteristics and have speculative characteristics.

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[50]John Chambliss, Assistant Administrator of Roanoke County, interview by author, January 12, 1988, Roanoke, Va.

[51]Jordan and others, 279.

Ba. Bonds rated Ba are judged to have speculative elements--their future cannot be considered well-assured.

B. Bonds rated B generally lack characteristics of the desirable investment. Assurance of principal and interest payments and other terms of the contract may be small.

Caa. Bonds in this category are of poor standing. Such issues may be in default or there may be elements of danger with respect to principal or interest.

Ca. Bonds rated Ca represent obligations which are speculative to a high degree. Such issues are often in default or have other marked shortcomings.

C. Bonds rated C are the lowest rated class of bonds, and issues so rated can be regarded as having poor prospects of ever attaining any real investment standing.

Con. . . Bonds for which the security depends upon the completion of some act or the fulfillment of some condition are rated conditionally.[52]

Standard and Poor's system of ratings have different symbols which reflect the soundness of investments:

AAA	Prime
AA	High Grade
A	Upper Medium Grade
BBB	Medium Grade
BB	Lower Medium Grade
B	Some Degree of Speculation
CCC	Greater Degree of Speculation

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[52]Wood, "Capital Outlay and Bonding," 564-565.

CC Greatest Degree of Speculation

C, DDD, DD Various Degrees of Default[53]

The rating for a particular issue is normally in effect until the issue is retired. Each rating firm releases the rating to the "Daily Bond Buyer" in order for the issue to be examined by the investment community. The rating firm also makes the information available by other means to the investment community.[54]

Established general obligation bond ratings for Virginia localities in 1987 by Standard and Poor's are reflected in Table 19.

Bond Counsel

The services of a bond attorney are not legally required in issuing local bonds but marketability of the bonds demand such services.[55] The bond attorney functions as the legal adviser to the school board and ultimately to the investor. The attorney is concerned with the mechanics and the overall thrust of the issue in relationship to the

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[53]Ibid.

[54]Ibid.

[55]Richardson, interview, January 12, 1988.

Table 19.--1987 General Obligation Bond Ratings for Virginia Localities as Established by Standard and Poor's Corporation.

Bond Rating	Locality
AAA	City of Charlottesville;
	Counties of Fairfax and Henrico
AA	Cities of Alexandria, Chesapeake, Fairfax, Fredericksburg, Hampton, Lynchburg, Norfolk, Portsmouth, Richmond, Roanoke, Virginia Beach, and Winchester
	Counties of Albemarle, Arlington, Chesterfield, Prince William, Roanoke, and York
	Town of Vienna
A	Cities of Colonial Heights, Falls Church, Harrisonburg, Manassas, Manassas Park, Newport News, Petersburg, Staunton, and Suffolk
	Counties of Augusta, Fauquier, Frederick, Hanover, Loudoun, Montgomery, and Spotsylvania
	Towns of Herndon, Warrenton, and Leesburg

Source: Standard and Poor's Municipal Bond Book, vol. 1, no. 6 (New York: Standard and Poor's Corporation, 1987), 429, 430.

legal thinking of the courts regarding the issue's appropriateness.[56] School boards and administrators should carefully select bond counsel due to the legal complexities and technicalities involved with the issuance of general obligation bonds. Fees of the attorney are usually based on the size of the bond issue with a certain minimum amount.[57]

Summary

With the exception of limited federal funds for restricted projects, four viable sources of capital outlay funding are available to the localities of Virginia for public schools: current revenues, borrowing from the Literary Fund, borrowing from the Virginia Public School Authority, or through the issuance of general obligation bonds. Current revenues should be considered for those capital projects which can be funded without adversely affecting the operational budget on an annual basis or through reserving funds by means of sinking or building reserve funds until a sufficient amount of money is available for the project. Current funds are generally limited to small capital projects.

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[56]Wood, "Capital Outlay and Bonding," 566.

[57]Richardson, interview, January 12, 1988.

Due to interest rates of 6 percent or less, the Literary Fund should be considered by a locality as a prime source for borrowing funds for qualifying projects not exceeding $2.5 million for those localities which have not reached the $15 million Literary Fund maximum. Obtaining loans from the Literary Fund should also be considered advantageous because a locality is not required to hold a referendum or public hearing, the services and expense of a bonding attorney are not required, establishment of a bond rating is not necessary, and approval of the governing body is not required. The Literary Fund waiting period of twelve months or more is a detriment if completion time of the project is urgent. The former Superintendent of Fairfax County stated that the waiting period was the chief reason Fairfax County made little use of the Literary Fund.[58] Another limitation of the Literary Fund is the inability to increase the scope of the project for funding from the Literary Fund after initial approval by the Board of Education--the amount of the loan may be increased if the cost exceeds the estimate but not the scope. Concern was expressed by school board members and division superintendents about the 1987 maximum loan amounts of $2 million and $10 million resulting in these amounts being increased in

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[58]Burkholder, interview, December 11, 1987.

January 1988 as discussed in Chapter VI.[59] The Virginia General Assembly's objective as stated to the Board of Education in 1987 is to adequately fund the Literary Fund so the waiting period is reduced to one year and to continue the Literary Fund as a viable source of funding public school capital outlay projects.[60]

For those localities which have bond ratings of AA or less, the Virginia Public School Authority should be considered as the next most viable borrowing source, after the Literary Fund, to finance public school capital facilities. An exception to the above consideration would be if a local bond issue is planned that is greater than the contemplated Authority sale, and the locality's bond rating is AAA or AA.[61] It is considered more advantageous for a locality to borrow from the Authority rather than general obligation bonds for an amount equivalent or less than the Authority sale since the Authority does not require a bond rating and bond attorney fees would be less.[62] Advantages to a locality borrowing funds from the Authority for school

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[59]Aylor, interview, January 15, 1988.

[60]M. E. Cale, Associate Superintendent, Virginia Department of Education, interview by author, December 11, 1987, Richmond, Va.

[61]Ibid., January 15, 1988.

[62]Currey, interview, December 11, 1987.

capital financing are: a local referendum is not required, funds are generally available within six months, the interest rate is usually lower than available by other means for those localities with bond ratings of Aa or less, the choice of a repayment schedule of 15 to 20 years, and no maximum on the amount that may be borrowed. Disadvantages of borrowing from the Authority are: the interest rate is higher than the Literary Fund; and, if the locality should default on principal or interest payments, there is a provision for the Authority to "intercept" state aid to the locality.[63]

If a local referendum is defeated for public school capital outlay and a subsequent request is made by the locality to the Authority for funding of the same project, the Board of Commissioners of the Authority requires that one or more members of the governing body and of the local school board personally appear before the Authority's Board of Commissioners to defend and justify the request to the Authority for funding of the project.[64] The Authority Board approves or disapproves the loan based on the evidence submitted.

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[63] Code of Virginia, sec. 15.1-225.

[64] Davis, "Superintendent's Memo No. 230," (Informational), November 20, 1985.

Only four localities in Virginia have bond ratings of AAA. To benefit from low interest rates, the Literary Fund is also recommended as the initial borrowing source for these cities and counties to consider for the first $2.5 million of a project.[65] Borrowing through the issuance of general obligation bonds as defined in the Code of Virginia should be the next consideration by AAA rated localities, particularly for large amounts, subject to voter approval in the counties and the legal debt limitation of 10 percent of the assessed value of real estate in the cities.[66] Borrowing through the issuance of general obligation bonds is also a viable financing alternative for localities with bond ratings of AA or less for amounts larger than a concurrent Authority sale.[67] Often borrowing for school purposes is combined with the borrowing of funds for other county or city needs in order to increase the amount of the bond issue and thereby achieve lower interest rates. A locality may borrow money on a temporary basis in anticipation of the issuance of bonds for a period not to

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[65]Cale, interview, January 15, 1988.

[66]Code of Virginia, secs. 15.1-176, 15.1-185, 15.1-185.1, 15.1-189, 15.1-190.

[67]Cale, interview, January 15, 1988.

exceed two years.[68] The 1987 bond ratings by Standard and Poor's Corporation of forty-one Virginia localities reviewed in this chapter indicated that these localities have issued general obligation bonds in recent years to finance public school capital outlay.

The services of a bond attorney, although not legally required, are considered essential for the issuance of general obligation bonds in order to ensure that the legal and technical requirements are met relative to the tax-exempt status of the bonds.

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[68] Code of Virginia, sec. 15.1-223.

CHAPTER IX

SUMMARY, FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This chapter presents (1) a summary of the purposes and procedures, (2) a list of findings, (3) a statement of the conclusions reached, and (4) a list of recommendations which were suggested by the data.

Summary

Purpose of the Study

Funding for public school capital facilities in Virginia has historically been from local sources. Current state law continues to assign the responsibility of furnishing, equipping, and financing school buildings and appurtenances to the local school board. The primary assistance of the state has been through provision of low-interest loans to the localities from the Literary Fund, the Virginia Supplemental Retirement System, and the Virginia Public School Authority. The purpose of this study was to review the history of financing public school facilities in the Commonwealth of Virginia with primary emphasis on the period of 1870 through 1987--the beginning of the public school system to the present. Historical precedents were also reviewed along with principles used in developing and implementing a school capital improvements plan and current

alternative methods of financing school capital expenditures in Virginia.

Research Procedures Employed

This study utilized recognized techniques of historical research. The problem was defined and delimited. Data employed in the study were gathered from a wide variety of sources. A majority of the data was obtained from primary sources. Typical of the process employed was that by which the annual reports of the State Superintendent were reviewed for each year from 1871 through 1985. The reports for 1985-86 and 1986-87 were unavailable, but pertinent data were obtained from appropriate administrators in the Virginia Department of Education. The first minute book of the Literary Fund Board beginning in 1811 was reviewed as were the minute books of the State Board of Education, and the Virginia Supplemental Retirement System. Additionally, detailed reviews were made of the records of the Virginia Public School Authority, memorandums of the State Superintendent of Public Instruction, and the Virginia Public School Authority. The Virginia State Library proved most helpful in providing records of the Literary Fund, Acts of the General Assembly, and other historical documents. The libraries of Virginia Polytechnic Institute and State University, University of Virginia, Hollins College, Roanoke

College, and Roanoke City were also valuable sources for historical records, and other relevant data and writings. The library of the Virginia Department of Education was a valuable reference source for historical records such as the Annual Reports of the Superintendent of Public Instruction. The Roanoke County Law Library was another highly beneficial source for legal references.

Information was obtained through interviews by the researcher with various past and present administrators of the Virginia Department of Education, the Virginia Public School Authority in the Virginia Department of the Treasury, and the Virginia Supplemental Retirement System. Interviews and consultations were conducted with a bond attorney of McGuire, Woods, Battle, and Boothe Law Firm; and the County Attorney for Roanoke County. Certain records of Roanoke County were referenced to reflect applicability.

Historical writings were researched to trace the history of providing school facilities in Virginia since its establishment as a colony. Criteria and writings of authorities in the field of public school finance were reviewed and referenced to reflect various elements and factors relevant to financing public school facilities in the United States. Constitutional, statutory, and other legal provisions were reviewed for relevance to the study.

Where it was deemed appropriate, the social, political, and economic developments of the period were related to the influence, need, and financial provisions made for the construction of public schools. The methods of providing and financing school facilities in Virginia during the Colonial period and from the Revolutionary War to the Civil War were researched.

A combination topical-chronological synthesis research plan was employed within time frames of twenty-six-to-thirty-year periods from 1870 through 1987 because it was presumed important to relate the major topical areas to the chronological order in which they developed.

Findings

Following are the essential findings of this study:

1. Historically, financing public schools in Virginia has been based on a tradition of local responsibility. Such tradition is deeply rooted in Virginia's history. The responsibility for financing schools was officially delegated to the localities in 1870 and has since remained at the local level.

2. The Virginia system of state aid has made no significant provision for the costs incurred by the local school divisions to finance public school capital outlay. Only during the early 1950s when the Battle Funds were

appropriated, as discussed in Chapter V of this study, have state funds of any magnitude been provided for public school construction or debt service.

3. It appears that federal aid for public school capital needs will be very limited or nonexistent for the next few years.

Conclusions

The following primary conclusions have been drawn from this study by the researcher:

1. Based on the data and surveys discussed in Chapter VI, it can be concluded that Virginia faces a significant continuing need for additional school facilities. The immediate future need for school building facilities appears to be greater than it has been for the past several years due to the projected enrollment growth during the latter 1980s and early 1990s. Additional program requirements that are under consideration by the Virginia Board of Education, particularly expanded electronic and science instruction and a prekindergarten program, could further increase school building needs.

2. As reported in Chapter VI, officials at the state level have recognized the need for expanded state assistance in financing school capital outlay. The need for more state assistance was noted by the Joint Legislative Audit Review

Committee staff, the General Assembly, and the Virginia Board of Education in 1987. Increased loan funds to the Literary Fund and Virginia Public School Authority in 1987 were indicators that recognition had been given to the need for the state to assume a greater role in funding capital projects. As this study concluded, Governor Baliles' budget recommendations for the 1988-90 biennium and action by the Virginia Board of Education in January 1988 expanding the limits of the Literary Fund provided further evidence of the awareness to assist the localities to a greater extent with funding of capital facilities. Despite such awareness at the state level, the tradition of local responsibility for financing public school capital outlay in Virginia is so deeply rooted it can be assumed that local school divisions will continue to pay the major share of future costs of public capital facilities.

3. State assistance to the localities in financing school capital needs in Virginia will be primarily by provision of low-interest loans through the Literary Fund and the Virginia Public School Authority. The Literary Fund has been the most significant and ongoing effort of the state to assist with financing school capital facilities. As reviewed in Chapter VI of this study, recent efforts by the Virginia General Assembly indicate an expanded role of

the Authority as a viable school loan source for Virginia localities with a bond rating of AA or less.

4. Based upon the data contained in Chapters VI and VIII of this study, it can be assumed that the most prevalent future method of funding large capital projects, in excess of $2.5 million, by Virginia localities with a bond rating of AAA will be through the issuance of general obligation bonds subject to the statutory debt limitations for cities and approval of the electorate of the counties.

Recommendations

The findings of this study have suggested certain recommendations that seem worthy of consideration.

Recommendations for the Commonwealth of Virginia

1. The feasibility of Virginia adopting a state program to assist the localities with financing the construction of public school facilities should be considered by the Virginia Board of Education and the General Assembly. As reported in Chapter VI of this study, enrollments in the public schools of Virginia have increased the past three years and are projected to continue in a growth pattern for the next several years. Recent building needs surveys by the Virginia Education Association and the Virginia Department of Education reflect the anticipated need for additional

public school facilities and the expansion of existing school buildings to accommodate the growth of school enrollments. The above data indicate the apparent need for an expanded role by the state to assist the localities with financing future capital outlay for public schools.

One approach which should be seriously considered to assist the localities with meeting the demand for public school facilities during the next few years would be through unconditional grant appropriations as was done in 1950-52 under Governor Battle. Since grants of this nature are made to the public colleges and universities in Virginia, it appears reasonable that similar consideration should be given for public schools. As noted in Chapter VI, the Virginia Education Association has indicated support for state assistance of this nature. This type of state assistance, if sufficiently funded, would possibly enable some localities to finance certain school construction projects on a pay-as-you-go basis.

2. Efforts need to be continued for enhanced funding of the Literary Fund and a further reduction of the waiting period. Underfunding of the Literary Fund in recent years resulting in prolonged waiting periods has caused undue delay in many localities. As indicated in Chapter VI, 1987 survey by the Virginia Department of Education indicated the

plans of the localities to borrow extensively from the Literary Fund in the next several years. Funding of the Literary Fund at a level to reduce the waiting period to six months or less would be of great assistance to localities.

3. Appropriations by the General Assembly to the Virginia Public School Authority should be made on a continuing basis in order to enhance the role of the Authority as a viable loan source for public school capital outlay at an interest rate near the rate charged for Literary Fund loans. The 1987 survey by the Virginia Department of Education indicated the plans of the localities to make greater use of the Authority than ever before as a source of funds for building schools.

4. This study should be useful to local school board members and school administrators regarding the financing alternatives for public school capital outlay. An orientation guide for practicing and potential school administrators and school board members should be prepared from the data in this study. In conjunc-tion with other related studies, a comprehensive guide or handbook could be developed to aid the decision-making process relative to planning, financing, and implementing a capital outlay program in Virginia's local school divisions.

Recommendations for Further Study

Further study should be undertaken to:

1. Determine the effect of delayed availability of funds from the Literary Fund.

2. Determine the effect of federal requirements pertaining to asbestos in public schools.

3. Trace the influence and effect of energy conservation measures on the cost and design of public school buildings in Virginia.

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APPENDIX

APPENDIX A.

ROANOKE COUNTY
BASIC STATE SCHOOL AID FORMULA
(EXAMPLE FOR 1981-82)

DESCRIPTION		LOCAL SHARE	STATE SHARE	TOTAL COST, STANDARDS OF QUALITY PROGRAM
A. 1981-82 ADM (Average Daily Membership)	15,031*			
B. Standards of Quality Cost Per Pupil	x $1,185			
C. Total Cost of Program	$17,811,735			$17,811,735
D. LESS: 1981 Estimated Calendar Year Sales Tax Distribution	$ 3,286,443	$3,286,443		
E. Cost to be Shared by State and Local	$14,525,292			
F. Local Composite Index	x 0.4230			
G. Required Local Share	$ 6,144,199	$6,144,199		

*Estimated ADM as of December, 1981

* * * * * * * * * * *

APPENDIX A.--Continued.

DESCRIPTION		LOCAL SHARE	STATE SHARE	TOTAL COST, STANDARDS OF QUALITY PROGRAM
H. Cost to be Shared by State and Local (Item "E" above)	$14,525,292			
I. Required Local Share (Item "G" above)	6,144,199			
J. State Share (Item "H" less "I")	$ 8,381,093		$8,381,093	
TOTAL		$9,430,642	+ $8,381,093	= $17,811,735

Source: Retyped from file copy of "ABC's of School Finance," Virginia Education Association/NEA (May 1982): 28.

APPENDIX B.

CALCULATIONS OF THE COMPOSITE INDEX FOR ROANOKE COUNTY
(1980-82)

AVERAGE DAILY MEMBERSHIP COMPOSITE INDEX

$$.5\left[\frac{\text{Local True Values}}{\text{Local ADM}}\right] \div \left[\frac{\text{Total Local True Values}}{\text{Total State ADM}}\right] + .4\left[\frac{\text{Local Personal Income}}{\text{Local ADM}}\right] \div \left[\frac{\text{Total State Personal Income}}{\text{Total State ADM}}\right] + .1\left[\frac{\text{Local Taxable Retail Sales}}{\text{Local ADM}}\right] \div \left[\frac{\text{Total Taxable Retail Sales}}{\text{Total State ADM}}\right]$$

$$.5\left[\frac{\$1,015,481,000}{16,319}\right] \div \left[\frac{\$87,790,913,000}{1,073,582}\right] + .4\left[\frac{\$462,600,000}{16,319}\right] \div \left[\frac{\$35,125,700,000}{1,073,582}\right] + .1\left[\frac{\$160,659,970}{16,319}\right] \div \left[\frac{\$14,742,818,284}{1,073,582}\right]$$

$$.5\left[\frac{\$62,226.9134}{\$81,773.8310}\right] + .4\left[\frac{\$28,347.3252}{\$32,718.2274}\right] + .1\left[\frac{\$9,844.9642}{\$13,732.3635}\right]$$

$$.5\,[0.7610] + .4\,[0.8664] + .1\,[0.7169]$$

$$0.3805 + 0.3466 + 0.0717 = 0.7988$$

THE PER CAPITA COMPOSITE INDEX

$$.5\left[\frac{\text{Local True Values}}{\text{Local Population}} \Big/ \frac{\text{Total Local True Values}}{\text{State Population}}\right] + .4\left[\frac{\text{Local Personal Income}}{\text{Local Population}} \Big/ \frac{\text{Total State Personal Income}}{\text{State Population}}\right] + .1\left[\frac{\text{Local Taxable Retail Sales}}{\text{Local Population}} \Big/ \frac{\text{Total Taxable Retail Sales}}{\text{State Population}}\right]$$

$$.5\left[\frac{\$1,015,481,000}{65,800} \Big/ \frac{\$87,790,913,000}{5,094,800}\right] + .4\left[\frac{\$462,600,000}{65,800} \Big/ \frac{\$35,125,700,000}{5,094,800}\right] + .1\left[\frac{\$160,659,970}{65,800} \Big/ \frac{\$14,742,818,284}{5,094,800}\right]$$

$$.5\left[\frac{\$15,432.8419}{\$17,231.4739}\right] + .4\left[\frac{\$7,030.3951}{\$6,894.4218}\right] + .1\left[\frac{\$2,441.6409}{\$2,893.6991}\right]$$

$$.5\,[0.8956] + .4\,[1.0197] + .1\,[0.8438]$$

$$0.4478 + 0.4079 + 0.0844 = 0.9401$$

THE LOCAL COMPOSITE INDEX

$$\frac{.6667 \times \text{Average Daily Membership Composite Index} + .3333 \text{ Per Capita Composite Index}}{2}$$

$$\frac{.6667 \times 0.7988 + .3333 \times 0.9401}{2}$$

$$\frac{.5326 + .3133}{2}$$

$$\frac{0.8459}{2}$$

0.4230

Source: Retyped from file copy of "ABC's of School Finance," Virginia Education Association/NEA (May 1982): 27.

APPENDIX C.

Bond Series Sold by the Virginia Public School Authority from 1963 Through 1987.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
20	$15,000,000	6/18/63	7/1/63	1963A & B	2.75% 2.9% 3.0%
	($7,500,000 Fairfax County, $4,500,000 City of Virginia Beach, $3,000,000 City of Chesapeake)				
20	$10,000,000	4/15/64	1/1/64	1964A	3% - 3.20%
	($4,875,000 Fairfax County, $4,750,000 City of Virginia Beach, Remainder used for other purposes)				
20	$10,000,000	6/12/68	7/1/68	1968A	4.4% - 5%
	($10,000,000 City of Virginia Beach)				
15	$25,000,000	8/4/70	7/1/70	1970A	4% - 6 7/8%
	($5,250,000 City of Chesapeake, $10,000,000 Fairfax County, $5,000,000 Montgomery County, $4,750,000 City of Virginia Beach)				

APPENDIX C.--Continued.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
20	$25,000,000	2/18/71	1/1/71	1971A	4.7% - 6%
	$4,480,000 City of Chesapeake, $13,020,000 Fairfax County, $6,000,000 Pulaski County, Remainder used for other purposes)				
20	$13,000,000	8/24/71	7/1/71	1971B	3% - 6%
	($780,000 Bedford County, $500,000 Carroll County, $2,000,000 Hanover County, $1,200,000 Lancaster County, $2,000,000 Louisa County, $3,170,000 Montgomery County, $1,000,000 Nansemond County, $850,000 Powhatan County, $1,500,000 Rockingham County)				
20	$20,000,000	7/18/72	7/1/72	1972A	3.5% - 5%
	($450,000 Amherst, $2,000,000 Appomattox County, $1,000,000 Botetourt County, $700,000 Carroll County, $700,000 Dinwiddie County, $2,000,000 Gloucester County, $2,000,000 Halifax County, $2,000,000 Montgomery County, $4,200,000 Stafford County), $2,000,000 Surry County, $2,500,000 Washington County, $450,000 Wythe County				

APPENDIX C.--Continued.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
20	$15,220,000	4/24/73	1/1/73	1973A	4.% - 5%
	($2,000,000 Botetourt County, $2,500,000 Campbell County, $220,000 Fauquier County, $2,000,000 Frederick County, $2,200,000 Montgomery County, $2,000,000 Rockbridge County, $600,000 Shenandoah County, $3,700,000 Stafford County)				
20	$16,540,000	4/10/74	1/1/74	1974A	4% - 6%
	($330,000 Amherst County, $275,000 Bedford County, $2,000,000 Botetourt County, $1,000,000 Campbell County, $2,000,000 Caroline County, $200,000 Carroll County, $2,000,000 Frederick County, $2,000,000 Gloucester County, $1,000,000 King George County, $660,000 New Kent County, $425,000 Shenandoah County, $1,000,000 Spotsylvania County, $1,150,000 Surry County, $2,500,000 Tazewell County)				

APPENDIX C.--Continued.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
20	$16,550,000	2/5/75	1/1/75	1975A	4% - 5.90%
	($1,100,000 Albemarle County, $350,000 Alleghany County, $790,000 Amherst County, $1,000,000 Botetourt County, $1,200,000 Fluvanna County, $365,000 Franklin County, $2,000,000 Hanover County, $610,000 King George County, $1,685,000 Montgomery County, $1,650,000 Nelson County, $1,000,000 Town of Poquoson, $1,100,000 Prince William County, $1,200,000 Rockingham County, $1,000,000 Tazewell County, $1,500,000 Wise County)				
20	$8,030,000	9/30/75	7/1/75	1975B	6.75% - 7%
	($1,100,000 Caroline County, $2,900,000 Fairfax County, $800,000 Fluvanna County, $1,000,000 Glucester County, $630,000 Greene County, $1,600,000 Shenandoah County)				
20	$16,165,000	3/3/76	1/1/76	1976A	5.75% - 7%
	($1,000,000 Amherst County, $1,250,000 Dickenson County, $2,415,000 Franklin County, $2,000,000 Henry County, $1,250,000 Northampton County, $750,000 City of Poquoson, $2,500,000 Prince George County, $2,500,000 Spotsylvania County, $2,500,000 Wise County)				

APPENDIX C.--Continued.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
20	$12,025,000	10/14/76	7/1/76	1976B	5.2% - 5.25%
	($750,000 Culpeper County, $1,250,000 Dickenson County, $500,000 Gloucester County, $1,000,000 Henry County, $2,750,000 Prince George County, $2,000,000 Price William County, $3,000,000 Rockingham County, $775,000 Scott County)				
20	$12,485,000	3/10/77	1/1/77	1977A	5% - 5.10%
	($750,000 Amelia County, $860,000 Amherst County, $1,000,000 Frederick County, $2,250,000 Halifax County, $2,300,000 Henry County, $325,000 Madison County, $2,000,000 Page County, $3,000,000 Rockingham County)				
20	$16,200,000	10/6/77	7/1/77	1977B	4.75% - 5.20%
	($1,550,000 Accomack County, $1,750,000 Carroll County, $1,500,000 Isle of Wight County, $1,500,000 Northampton County, $500,000 Southampton County, $2,500,000 Spotsylvania County, $3,500,000 Stafford County, $1,500,000 Tazewell County, $1,900,000 Washington County)				

APPENDIX C.--Continued.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
20	$16,210,000	3/22/78	1/1/78	1978A	4.75% - 5%
	($1,000,000 Bedford County, $2,000,000 Frederick County, $1,250,000 Hanover County, $2,250,000 Isle of Wight County, $710,000 Montgomery County, $2,500,000 Spotsylvania County, $3,000,000 Stafford County, $2,000,000 Tazewell County, $1,500,000 York County)				
20	$14,440,000	10/25/78	7/1/78	1978B	5.40% - 5.5%
	($1,500,000 Bedford County, $625,000 City of Falls Church, $2,115,000 Isle of Wight County, $3,000,000 Spotsylvania County, $4,000,000 Stafford County, $2,500,000 Tazewell County, $700,000 York County)				
20	$16,250,000	3/28/79	1/1/79	1979A	5.4% - 5.75%
	($2,000,000 Buchanan County, $1,000,000 Dinwiddie County, $1,000,000 Frederick County, $1,000,000 Spotsylvania County, $3,000,000 Stafford County, $2,500,000 Tazewell County, $5,750,000 Washington County)				

APPENDIX C.--Continued.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
20	$16,085,000	10/3/79	7/1/79	1979B	5.90% - 6.20%
	($860,000 Amherst County, $2,100,000 City of Bristol, $5,000,000 Buchanan County, $1,000,000 City of Falls Church, $1,500,000 Frederick County, $1,200,000 Giles County, $775,000 Isle of Wight County, $3,650,000 Nottoway County)				
20	$19,375,000	9/15/80	7/1/80	1980A	8% - 8.90%
	($660,000 Bedford County, $2,250,000 Botetourt County, $1,300,000 Dinwiddie County, $2,500,000 Fauquier County, $700,000 James City County, $3,095,000 City of Manassas Park, $420,000 Mecklenburg County, $1,200,000 Montgomery County, $2,600,000 Prince William County, $1,000,000 Richmond County, $2,850,000 Stafford County, $800,000 Wythe County)				
20	$ 5,875,000	2/17/82	1/1/82	1982A	11.80% & 11.90%
	($1,125,000 Giles County, $2,000,000 Henry County, $2,000,000 Prince William County, $750,000 Spotsylvania County)				

APPENDIX C.--Continued.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
10	$ 3,245,000	2/17/82	1/1/82	1982B	10.5%
	($245,000 Amelia County, $3,000,000 Hanover County)				
20	$ 6,800,000	9/16/82	7/1/82	1982C	9.75%
	($3,500,000 Accomack County, $2,000,000 Stafford County, $1,300,000 Surry County)				
20	$11,475,000	3/2/83	3/1/83	1983A	7.5% - 7.90%
	($4,100,000 Buchanan County, $500,000 Charlotte County, $2,200,000 City of Fredericksburg, $3,250,000 Russell County, $600,000 Spotsylvania County, $825,000 Surry County)				
20	$18,660,000	4/11/84	5/1/84	1984A	6.5% - 9.5%
	($400,000 Amherst County, $2,000,000 Buchanan County, $1,000,000 Loudoun County, $4,000,000 Louisa County, $7,850,000 Prince William County, $1,410,000 Russell County, $2,000,000 Stafford County)				

APPENDIX C.--Continued.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
20	$13,485,000	4/9/85	5/1/85	1985A	5.25% - 9%
	($3,000,000 Buchanan County, $3,000,000 Chesterfield County, $1,760,000 Gloucester County, $3,400,000 Hanover County, $400,000 King George County, $925,000 Stafford County, $1,000,000 Wythe County)				
20	$10,050,000	9/5/85	10/1/85	1985B	6% - 8.70%
	($7,000,000 Henry County, $2,300,000 Powhatan County, $750,000 Spotsylvania County)				
15	$18,050,000	5/13/86	6/1/86	1986A	6% - 7.30%
	($15,550,000 Prince William County, $2,500,000 Scott County)				
20	$13,720,000	5/13/86	6/1/86	1986B	6.20% - 7.40%
	($2,565,000 Buchanan County, $1,000,000 Clarke County, $3,800,000 New Kent County, $4,150,000 Spotsylvania County, $1,830,000 Stafford County, $375,000 Wythe County)				

APPENDIX C.--Continued.

No. Years	Amount of Issue	Date of Sale	Date Bonds Issued	Series	Interest Rate
20	$51,510,000	4/1/87	4/1/87	1987A	5.75%-6 5/8%
	($5,000,000 Bedford County, $1,000,000 Dinwiddie County, $4,800,000 Franklin County, $1,690,000 Frederick County, $4,000,000 City of Fredericksburg, $1,750,000 Goochland County, $1,950,000 Hanover County, $6,750,000 Henrico County, $8,600,000 James City County, $4,800,000 Lee County, $10,000,000 Spotsylvania County, $1,170,000 Stafford County)				
20	$80,055,000	9/15/87	10/8/87	1987B	5.3% - 7.9%
	($500,000 Amherst County, $4,000,000 Augusta County, $3,300,000 Bath County, $500,000 Botetourt County, $22,850,000 Chesterfield County, $1,570,000 Fauquier County, $870,000 Franklin County, $390,000 Frederick County, $2,030,000 Hanover County, $8,000,000 Harrisonburg City, $1,305,000 Isle of Wight County, $1,465,000 Lancaster County, $1,730,000 Loudoun County, $3,000,000 Louisa County, $1,045,000 Middlesex County, $2,500,000 Northumberland County, $16,600,000 Rockingham County, $8,000,000 Spotsylvania County, $400,000 Wythe County)				

Source: "Official Statements of the Virginia Public School Authority Relating to School Financing Bonds" (Richmond, Va., 1963-87).

APPENDIX D.

ROANOKE COUNTY SCHOOLS
526 South College Avenue
Salem, Virginia 24153

January 27, 1983

The Honorable A. L. Philpott
Speaker of the House
Office No. 635
General Assembly Building
910 Capitol Street
Richmond, Virginia 23219

Dear Speaker Philpott:

At the January 20 meeting of the Study-Region Group VI in Collinsville, the superintendents directed that I convey their concern regarding the Governor's recommended freeze on Literary Fund loans until July, 1984.

Several of the superintendents are quite concerned about the effect the freeze will have on immediate plans for new buildings or additions: Franklin County has already advertised for bids on a vocational school project, Craig County has plans to build a new high school, and Roanoke County has plans to add to some of its smaller schools and build a new junior high school.

Considering the local economic conditions and the status of the bond market, Literary Fund loans are the sole sources of revenue to fund desperately needed school construction projects. The Governor's recommendation was without any advance notification which will abruptly change construction plans. Without the availability of Literary Fund loans, the superintendents do not anticipate that these projects will become a reality.

If Literary Fund loans are to be diverted to other state functions, we strongly feel that consideration should be given to funding those applications which were submitted prior to the freeze. Otherwise, as previously stated, the

APPENDIX D.--Continued.

The Honorable A. L. Philpott
Page 2
January 27, 1983

localities must revise or cancel plans predicated on Literary Fund loans, which will certainly handicap educational program needs. Any effort exerted on our behalf to seek funding of submitted Literary Fund loan applications will be appreciated.

We appreciated your remarks to our group in November and look forward to your continued support of our educational needs.

Sincerely,

(Signature)

Bayes E. Wilson, Chairman
Superintendent's Region-Study
Group VI

BEW:rcw

Source: Retyped from file copy of Mr. Bayes E. Wilson's letter to Speaker Philpott.

APPENDIX E.

COMMONWEALTH OF VIRGINIA

Department of Planning and Budget
Post Office Box 1422
Richmond, Virginia 23211
(804) 786-7455

February 18, 1983

Mr. Bayes E. Wilson, Superintendent
Roanoke County Schools
526 South College Avenue
Salem, Virginia 24153

Dear Mr. Wilson:

The Speaker of the House, Mr. A. L. Philpott, has asked me to respond to your January 27, 1983, letter regarding the freeze on loans from the Literary Fund. I know that the freeze has resulted in consequences that were unforeseen by local school divisions in their capital budget plans.

First, let me say that state education aid to localities was spared from any cuts during fiscal year 1982-83; cuts were made in 1983-84 as the very last resort to balance the State budget. When it became apparent that State general fund support to education had to be reduced, we evaluated many different ways to make the reduction. The consensus shared by our education finance experts was that substituting Literary Fund money for withdrawn State dollars that support our various state educational programs would have the least detrimental effect on local budgets. If $53 million had not been diverted from the Literary Fund, this is the amount that would have had to come from local education operating budgets statewide.

With this background in mind, let me now address how the freeze will impact various projects. The Literary Fund loan process has two stages. The first stage requires proposal of the project to the Board of Education and initial application for the loan. If the project is approved in concept, "loan approval" is given. When approval is given the local school division then proceeds

APPENDIX E.--Continued.

with the design phase of the project at local expense. After the final plans and specifications are drawn, the school division then resubmits them with its loan request to the Board of Education for the second stage of approval. As final plans and specifications are approved, "loan commitments" are then made in the order they are submitted by local school divisions pending availability of funds.

This two-stage approval process has been a policy of the Board in order that local school divisions put up earnest money for the design stage. The requirement to use local money up front for designs serves to insure that the Literary Fund does not become committed for extended periods to projects that sometimes never go to construction because of changes in local priorities.

Any project that has received a "loan commitment" will not be affected by the freeze. Those projects that received initial "loan approval" will be delayed until after July 1, 1984. Regrettably, the freeze that the Governor ordered on new "loan commitments" from the Literary Fund, and the dollars thereby made available for use in other education programs, contains no provision for any exceptions. I would point out that the freeze that the Governor ordered on the capital projects of state agencies, universities and colleges also presumes no exceptions.

However, after the expiration of the freeze any project that has been frozen can still receive Literary Fund support as originally planned, provided other permanent financing has not been arranged for these projects during the freeze. I would therefore urge that you, and the other superintendents on whose behalf you wrote, still submit your final plans and specifications to the Board of Education as soon as possible. By so doing, you will assure that your

APPENDIX E.--Continued.

Mr. Bayes E. Wilson, Superintendent
Page 3
February 18, 1983

various projects will be placed on the list for a loan commitment as soon as possible after July 1, 1984. By copy of this letter, I am transmitting your concerns to the Superintendent of Public Instruction in order that he provide you with whatever further assistance he can.

Sincerely,

(signature)

Stuart W. Connock, Director

SWC/aww

cc: Dr. S. John Davis
The Honorable A. L. Philpott
Speaker of the House of Delegates

Source: Retyped from file copy of Mr. Stuart W. Connock's letter to Mr. Bayes E. Wilson.

GLOSSARY

GLOSSARY

Approved application list. The list maintained by the Virginia Department of Education of those Literary Loan applications which initially have been approved by the Board of Education but have not been placed on the waiting list.

Arbitrage considerations. Federal regulations prohibit investment gains from bond proceeds by governmental agencies at all levels--federal, state, and local--through arbitrage proceedings--the sale, purchase, or investment of bonds or processes therefrom for a profit. The penalty for violations is loss of tax-exempt status of the bonds.

Board of education. Virginia's State Board of Education consisting of nine members appointed by the Governor to which is delegated the responsibility of the general supervision of the state's public school system.

Bond. A written promise to pay a specified sum of money at a fixed time in the future with interest payable at the specified rate.

Bond issue. The offering of bonds for sale to investors.

Budget. A financial plan incorporating an estimate of proposed expenditures for a given period of time for specified purposes and the proposed means of financing those expenditures.

Capital budget. A plan for capital expenditures to be incurred during the budget year from funds subject to appropriation by the governing body for projects scheduled in the capital improvements program.

Capital outlay. An expenditure that results in the acquisition of fixed assets or additions to fixed assets which have benefits for more than one year. Expenditures for land, improvements to existing buildings or grounds, construction of buildings, additions to buildings, initial or additional equipment are capital outlay.

Central depository. A commercial bank or other financial institution in which proceeds are deposited to the credit of a local school building from sale of the locality's bonds to the Virginia Public School Authority. The locality draws the funds as needed for school capital expenditures.

Change order. Written authorization by the owner, local school board, for a change in the construction contract for a described purpose.

Competitive negotiation. A method of selecting contractors or the procurement of professional services, other than by sealed bidding, by a public body in accordance with provisions of the Virginia Public Procurement Act. Requirements include written requests for proposals, public notice, discussions with two or more offerors, and negotiations with ranked offerors until the contract is awarded at a fair and reasonable price.

Competitive sealed bidding. A method of contractor selection as required by the Virginia Public Procurement Act entailing the process of specifications, public announcement and opening of bids, evaluation, and award to the lowest responsive and responsible bidder.

Current expenditures. Any expenditure or liability that is payable during the immediate budget year from current resources.

Debt service. A budget and accounting classification of expenditures for payment of principal and interest on loans and funds.

Equalization. An even, or equal, distribution of the cost of supporting public education among the localities within a state in terms of taxpaying ability.

General obligation bonds. The bonds of a local governmental unit for the payment of which the locality is required to levy ad valorem taxes, including any obligations which may be additionally secured by a pledge of revenues, special assessments, or funds derived from any other source. School bonds of a locality are generally referred to as general obligation bonds and are tax-exempt from federal income tax and from state income tax in most states.

Joint Legislative Audit Review Commission (JLARC). A legislative commission of the Virginia General Assembly.

Local composite index. A measure of a locality's taxpaying ability to support public education. The index is based on the locality's true values of real estate and public service corporations, adjusted gross income, and sales tax.

Professional services. Work performed by an independent contractor within the scope of the practice of accounting, architecture, land surveying, landscape architecture, or professional engineering.

Responsible bidder or offeror. A person or firm representative who has the capability, in all respects, to perform fully the contract requirements and the moral and business integrity and reliability which will assure good faith performance.

School plant. The physical property belonging to a school--consists of land, buildings, and equipment.

Serial bonds. Bonds which provide for payment of accrued interest each year and require a repayment of part of the principal annually on an amortized basis to reduce interest costs.

Straight term bonds. Bonds which provide that the entire principal shall be repaid at the end of the bonding period.

Waiting list. The list maintained by the Virginia Department of Education of those Literary Loan applications which the Board of Education has placed on the "waiting list" of loans anticipating the release of loan funds from the Literary Fund.

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