
Update on the Literary Fund



Presentation to:

**House Appropriations Elementary and
Secondary Education Subcommittee**

February 14, 2017

Presentation Overview



- **Literary Fund Authority and Use**
- **Literary Fund Loans**
- **Literary Fund Revenues**
- **Literary Fund Disbursements**
- **Literary Fund Trends**

Literary Fund Authority and Use



- The Constitution of Virginia, Article VIII, Section 8, states that:
 - “ . . . so long as the principal of the Fund totals as much as eighty million dollars, the General Assembly may set aside all or any part of additional moneys received into its principal for public school purposes, including the teachers retirement fund.”
- Virginia has historically used the Fund:
 - to make loans and grants to localities for school construction purposes
 - to fund Teacher retirement

Literary Fund Loans



- Outstanding loan balance as of 6/30/16: \$137 million
- Loan disbursements in FY 2016 were \$32 million. Prior to that, there had been no new loan disbursements since FY 2010
 - In the FY 2016 budget (Chapter 732), new loans in the amount of \$52.9 million were authorized. The \$32 million issued in FY 2016 was a portion of authorized \$52.9 million, leaving \$21 million available to be disbursed
- Localities are paying off Literary loans ahead of schedule as they find more cost-effective financing
- Absent any additional early loan-payoffs and without any new loan disbursements, the outstanding loan balance will fall to approximately \$73 million by the end of FY 2020.
- Loan balances combined with cash balances comprise the asset base for the Literary Fund. **Without new loans and if teacher retirement continues to be funded at FY 2018 levels, the Fund will fall below the required \$80 million asset base in FY 2019.**

Literary Fund Revenues



Category	2015 (Actual)	2016 (Actual)	2017 (Introduced Budget)	2018 (Introduced Budget and Projection)	2019 (Projection)
Fine, Fees, & Forfeitures	\$ 70,830	\$ 66,680	\$ 54,905	\$ 61,652	\$ 61,211
Unclaimed Property	308,700	250,300	142,042	154,028	115,000
Unclaimed Lottery Prizes	12,421	5,898	7,826	8,727	8,043
Loan Repayments	35,367	25,474	22,531	20,678	18,230
Other	285	289	-	-	-
Totals	\$ 427,603	\$ 348,641	\$ 227,304	\$ 245,085	\$ 202,484

(Dollars in Thousands)

Literary Fund Disbursements



Category	2015 (Actual)	2016 (Actual)	2017 (Introduced Budget)	2018 (Introduced Budget and Projection)	2019 (Projection)
Teacher Retirement	\$ 375,739	\$ 165,244	\$ 191,348	\$ 181,350	\$ 181,350
Debt Service	62,892	65,542	68,697	73,830	73,830
Loan Disbursements *	-	31,632	21,251	-	-
Subsidy Payments	132	23	1,232	-	-
Other	-	-	109	100	100
Totals	\$ 438,763	\$ 262,441	\$ 269,386	\$ 255,280	\$ 255,280

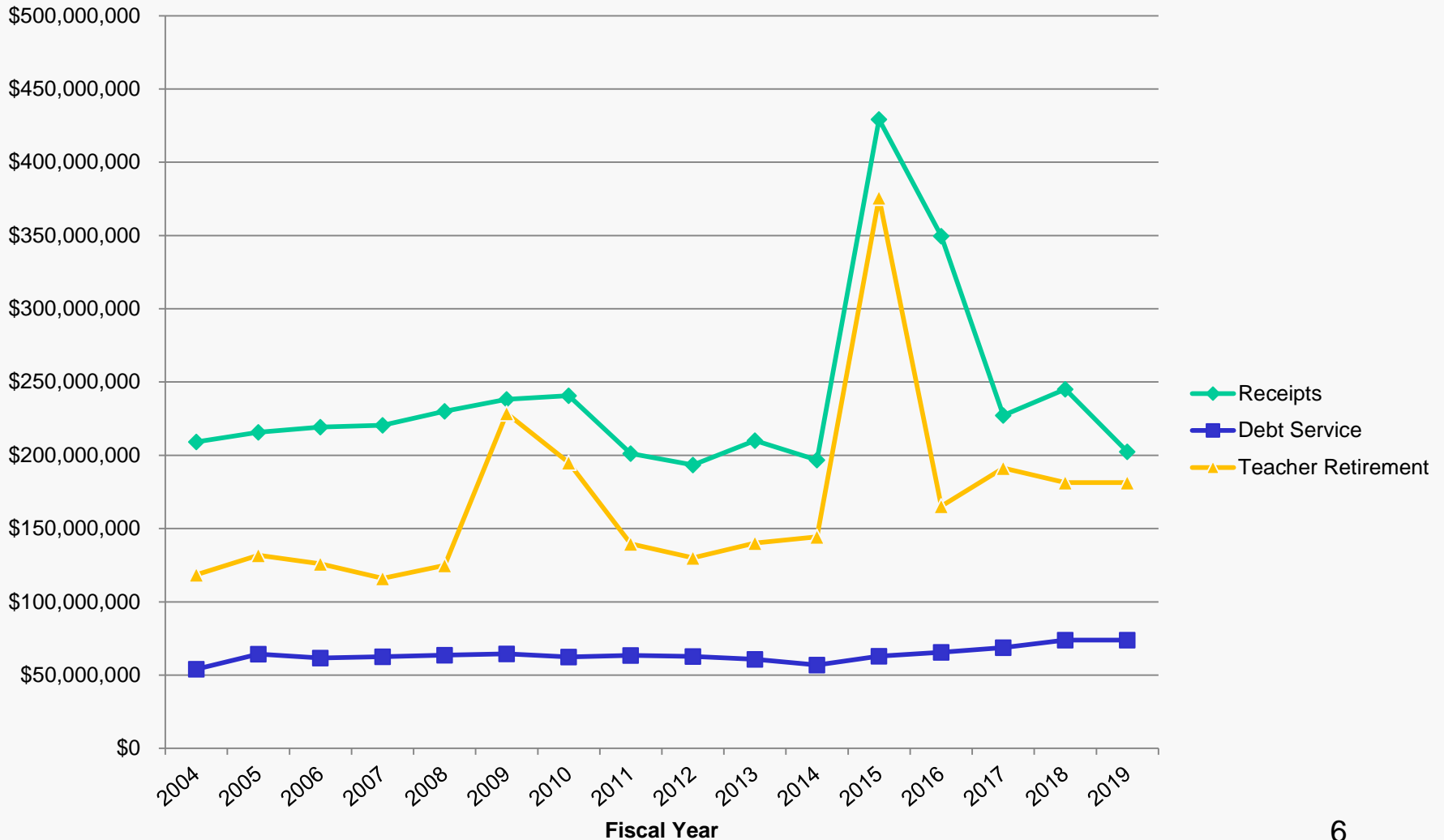
(Dollars in Thousands)

* With the FY 2017 disbursement of \$21 million in new loans, as authorized in the FY 2016 budget (Chapter 732), the date on which the Literary Fund asset balance falls below the \$80 million requirement will be April, 2021 (FY 2021).

Literary Fund Activity



Literary Fund Activity - Current and Projected



Literary Fund Assets



Literary Fund Assets Current and Projected

