



HB 4574: PROVIDING FOR CONDITION-BASED EMERGENCY FUNDING FOR A FINANCIALLY DISTRESSED COUNTY

Americans for Prosperity believes freedom and opportunity are the keys to unleashing prosperity for all. West Virginia is an amazing place we are proud to call home, and our families and taxpayers deserve an education system that is accountable, transparent, and student-centered, not bureaucracy-driven. As momentum for educational freedom grows nationwide, West Virginia should be a standard-bearer and pair education choice with fiscal discipline, not permanent bailouts that reward mismanagement.

HB 4574'S CORE PROBLEM: A BAILOUT WITHOUT REFORM

Hancock County Schools is now under state takeover after operating 140+ positions over the state funding formula, costing approximately \$10 million annually. The district failed to conduct any Reductions-in-Force for 10 years, despite declining enrollment. Eventually, the State Board of Education took over Hancock, calling the situation "total malfeasance."

Since 2023, nine counties in West Virginia have undergone Special Circumstance Reviews, highlighting persistent issues like low building utilization and financial shortfalls, recurring problems in West Virginia. HB 4574 creates a payroll loan for districts' payroll expenses; however, it does not tackle the fundamental causes of these crises.

AFP Opposes HB 4574. Legislators should reject bailouts and demand accountability for students & taxpayers.

NO STAFFING CORRECTION REQUIRED

- Hancock is substantially over its state staffing allotment - with estimates exceeding 140+ full-time positions over formula - yet HB 4574 provides extra cash without requiring the district to right-size its workforce.
- This bill incentivizes districts to wait for bailouts instead of making difficult staffing decisions.

ONE-TIME PAYMENT, PERMANENT PROBLEMS

- The appropriation is temporary; the structural overspending is not.
- This is the same mistake with ESSER funding: using temporary funds for permanent personnel costs.
- Creates a "Fund Forever" dynamic instead of demanding sustainable, responsible reform.

WEAK ACCOUNTABILITY MEASURES

- The definition of "Maladministration" is limited and depends on self-reported data.
- The 2-year employment ban is limited, as it does not include a criminal referral for gross negligence.
- There are no guardrails to stop multiple bailout requests from the same county.

MORAL HAZARD

- Once a fund is established, it will remain in existence to cover future shortfalls.
- Indicates to other struggling districts that the state will intervene if mismanagement persists.
- There are no significant consequences for taxpayer money lost due to fiscal negligence.

WHAT HB 4574 NEEDS

- Mandatory staffing alignment with the State formula as a condition to receiving funds.
- Required consolidation plans for under-enrolled facilities.
- Independent forensic audits (not WVDE self-review).
- Cap on the number of times a county can access the fund.
- Automatic referral of fraud to the Attorney General due to gross mismanagement.
- Prohibition on new multi-year contracts during periods of financial distress.
- No enforcement mechanism to ensure taxpayers are reimbursed for this "loan."

THE BOTTOM LINE

HB 4574 establishes a permanent bailout mechanism without the structural reforms necessary to prevent another Hancock County. This bill deepens the very dysfunction it claims to fix.

FOR MORE INFORMATION CONTACT:

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