

106TH CONGRESS  
1ST SESSION

# H. R. 1648

To establish State infrastructure banks for education.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 1999

Mrs. TAUSCHER (for herself, Mr. BOEHLERT, Mr. BROWN of California, Mrs. CHRISTENSEN, Mr. CONDIT, Mr. CONYERS, Mr. CROWLEY, Mr. CUMMINGS, Mr. DEFazio, Mr. DINGELL, Mr. DOOLEY of California, Mr. ETHERIDGE, Mr. FILNER, Mr. FROST, Mr. GILCHREST, Mr. GREEN of Texas, Mr. HOLDEN, Mr. KUCINICH, Mr. LAMPSON, Mr. LEWIS of Georgia, Ms. LOFGREN, Mr. MARTINEZ, Mr. MCGOVERN, Mr. MCINTYRE, Mr. MORAN of Virginia, Mr. PAYNE, Ms. PELOSI, Mr. ROEMER, Mr. SHERMAN, Mr. SHOWS, Ms. STABENOW, Mr. STARK, Mr. TIERNEY, and Mr. WEINER) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To establish State infrastructure banks for education.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “State Infrastructure  
5       Banks for Schools Act of 1999”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds the following:

1           (1) According to a 1996 study conducted by the  
2 American School & University, \$10.42 billion was  
3 spent to address the Nation's education infrastruc-  
4 ture needs in 1995, with the average total cost of a  
5 new high school at \$15.4 million.

6           (2) According to a 1995 report to Congress by  
7 the General Accounting Office, an estimated \$112  
8 billion in school repair, modernization, expansion,  
9 and construction is needed.

10           (3) Approximately 14 million American stu-  
11 dents attend schools which report the need for exten-  
12 sive repair or replacement of one or more buildings.

13           (4) Academic research has proven a direct cor-  
14 relation between the condition of school facilities and  
15 student achievement. At Georgetown University, re-  
16 searchers found that students assigned to schools in  
17 poor conditions can be expected to fall 10.9 percent-  
18 age points behind those in buildings in excellent con-  
19 dition. Similar studies have demonstrated up to a 20  
20 percent improvement in test scores when students  
21 were moved from a poor facility to a new facility.

22           (5) The Director of Education and Employment  
23 Issues at the Government Accounting Office testified  
24 that nearly 52 percent of schools, affecting 21.3 mil-

1 lion students, reported insufficient technology ele-  
2 ments for 6 or more areas.

3 (6) Large numbers of local educational agencies  
4 have difficulties securing financing for school facility  
5 improvement.

6 (7) The challenges facing our Nation's public  
7 elementary and secondary schools and libraries re-  
8 quire the concerted efforts of all levels of govern-  
9 ment and all sectors of the community.

10 (8) The United States's competitive position  
11 within the world economy is vulnerable if America's  
12 future workforce continues to be educated in schools  
13 and libraries not equipped for the 21st century.

14 (9) The deplorable state of collections in Amer-  
15 ica's public school libraries has increased the de-  
16 mands on public libraries. In many instances, public  
17 libraries substitute for school libraries creating a  
18 higher demand for material and physical space to  
19 house literature and educational computer equip-  
20 ment.

21 (10) Research shows that 50 percent of a  
22 child's intellectual development takes place before  
23 age 4. Our nation's public and school libraries play  
24 a critical role in a child's early development because  
25 they provide a wealth of books and other resources

1 that can give every child a head start on life and  
2 learning.

3 **SEC. 3. STATE INFRASTRUCTURE BANK PILOT PROGRAM.**

4 (a) ESTABLISHMENT.—

5 (1) COOPERATIVE AGREEMENTS.—Subject to  
6 the provisions of this section, the Secretary of the  
7 Treasury, in consultation with the Secretary of Edu-  
8 cation, may enter into cooperative agreements with  
9 States for the establishment of State infrastructure  
10 banks and multistate infrastructure banks for mak-  
11 ing loans to local educational agencies for building  
12 or repairing elementary or secondary schools which  
13 provide free public education (as such terms are de-  
14 fined in section 14101 of the Elementary and Sec-  
15 ondary Education Act of 1965 (20 U.S.C. 8801))  
16 and to public libraries for building or repairing li-  
17 brary facilities.

18 (2) INTERSTATE COMPACTS.—Congress grants  
19 consent to 2 or more of the States, entering into a  
20 cooperative agreement under paragraph (1) with the  
21 Secretary of the Treasury for the establishment of a  
22 multistate infrastructure bank, to enter into an  
23 interstate compact establishing such bank in accord-  
24 ance with this section.

1           (b) FUNDING.—The Secretary of the Treasury, in  
2 consultation with the Secretary of Education, shall make  
3 grants to State infrastructure banks and multistate infra-  
4 structure banks in a State in a cooperative agreement  
5 under subsection (a)(1) to provide initial capital for loans  
6 provided under this section to local educational agencies  
7 and public libraries. Each bank shall apply repayments of  
8 principal and interest on loans to the making of additional  
9 loans. The Secretary shall take final action on an applica-  
10 tion for a grant under this subsection within 90 days of  
11 the date of the submittal of such application.

12           (c) INFRASTRUCTURE BANK REQUIREMENTS.—In  
13 order to establish an infrastructure bank under this sec-  
14 tion, each State establishing the bank shall—

15               (1) contribute, at a minimum, in each account  
16 of the bank from non-Federal sources an amount  
17 equal to 25 percent of the amount of each capitaliza-  
18 tion grant made to the State and contributed to the  
19 bank under subsection (b);

20               (2) identify an operating entity of the State as  
21 recipient of the grant if the entity has the capacity  
22 to manage loan funds and issue debt instruments of  
23 the State for purposes of leveraging the funds;

1           (3) allow such funds to be used as reserve for  
2           debt issued by the State so long as proceeds are de-  
3           posited in the fund for loan purposes;

4           (4) ensure that investment income generated by  
5           funds contributed to an account of the bank will  
6           be—

7                     (A) credited to the account;

8                     (B) available for use in providing loans to  
9           projects eligible for assistance from the account;  
10          and

11                    (C) invested in United States Treasury se-  
12          curities, bank deposits, or such other financing  
13          instruments as the Secretary may approve to  
14          earn interest to enhance the leveraging of  
15          projects assisted by the bank;

16          (5) ensure that any loan from the bank will  
17          bear interest at or below the lowest interest rates  
18          being offered for bonds the income from which is ex-  
19          empt from Federal taxation, as determined by the  
20          State, to make the project that is the subject of the  
21          loan feasible;

22          (6) ensure that repayment of any loan from the  
23          bank will commence not later than 1 year after the  
24          project has been completed.

1           (7) ensure that the term for repaying any loan  
2 will not exceed 30 years after the date of the first  
3 payment on the loan under paragraph (5); and

4           (8) require the bank to make an annual report  
5 to the Secretary on its status and make such other  
6 reports as the Secretary may require by guidelines.

7           (d) FORMS OF ASSISTANCE FROM INFRASTRUCTURE  
8 BANKS.—

9           (1) IN GENERAL.—An infrastructure bank es-  
10 tablished under this section may make loans to a  
11 local educational agency or a public library in an  
12 amount equal to all or part of the cost of carrying  
13 out a project eligible for assistance under this sec-  
14 tion.

15           (2) APPLICATIONS FOR LOANS.—An application  
16 to an infrastructure bank by a local educational  
17 agency or a public library for a loan shall include—

18           (A) in the case of a renovation project, a  
19 description of each architectural, civil, struc-  
20 tural, mechanical, or electrical deficiency to be  
21 corrected with funds under a loan and the pri-  
22 orities to be applied;

23           (B) a description of the criteria used by  
24 the applicant to determine the type of corrective  
25 action necessary for the renovation of a facility;

1 (C) a description of improvements to be  
2 made and a cost estimate for the improvements;

3 (D) a description of how work undertaken  
4 with the loan will promote energy conservation;  
5 and

6 (E) such other information as the infra-  
7 structure bank may require.

8 An infrastructure bank shall take final action on a  
9 completed application submitted to it within 90 days  
10 after the date of its submittal.

11 (3) CRITERIA FOR LOANS.—In considering ap-  
12 plications for a loan an infrastructure bank shall  
13 consider—

14 (A) the extent to which the local edu-  
15 cational agency or public library involved lacks  
16 the fiscal capacity, including the ability to raise  
17 funds through the full use of such agency's  
18 bonding capacity and otherwise, to undertake  
19 the project for which the loan would be used  
20 without the loan;

21 (B) in the case of a local educational agen-  
22 cy, the threat that the condition of the physical  
23 plant in the project poses to the safety and  
24 well-being of students;

1           (C) the demonstrated need for the con-  
2           struction, reconstruction, or renovation based  
3           on the condition of the facility in the project;  
4           and

5           (D) the age of such facility.

6           (e) QUALIFYING PROJECTS.—

7           (1) IN GENERAL.—A project is eligible for a  
8           loan from an infrastructure bank if it is a project  
9           that consists of—

10           (A) the construction of new elementary or  
11           secondary schools to meet the needs imposed by  
12           enrollment growth;

13           (B) the repair or upgrading of classrooms  
14           or structures related to academic learning, in-  
15           cluding the repair of leaking roofs, crumbling  
16           walls, inadequate plumbing, poor ventilation  
17           equipment, and inadequate heating or light  
18           equipment;

19           (C) an activity to increase physical safety  
20           at the educational facility involved;

21           (D) an activity to enhance the educational  
22           facility involved to provide access for students,  
23           teachers, and other individuals with disabilities;

24           (E) an activity to address environmental  
25           hazards at the educational facility involved,

1           such as poor ventilation, indoor air quality, or  
2           lighting;

3           (F) the provision of basic infrastructure  
4           that facilitates educational technology, such as  
5           communications outlets, electrical systems,  
6           power outlets, or a communication closet;

7           (G) work that will bring an educational fa-  
8           cility into conformity with the requirements  
9           of—

10                   (i) environmental protection or health  
11                   and safety programs mandated by Federal,  
12                   State, or local law if such requirements  
13                   were not in effect when the facility was ini-  
14                   tially constructed; and

15                   (ii) hazardous waste disposal, treat-  
16                   ment, and storage requirements mandated  
17                   by the Resource Conservation and Recov-  
18                   ery Act of 1976 or similar State laws;

19           (H) work that will enable efficient use of  
20           available energy resources, especially coal, solar  
21           power, and other renewable energy resources;

22           (I) work to detect, remove, or otherwise  
23           contain asbestos hazards in educational facili-  
24           ties; or

1           (J) work to construct new public library  
2           facilities or repair or upgrade existing public li-  
3           brary facilities.

4           (2) DAVIS-BACON.—The wage requirements of  
5           the Act of March 3, 1931 (referred to as the “Davis-  
6           Bacon Act”, 40 U.S.C. 276a et seq.) shall apply  
7           with respect to individuals employed on the projects  
8           described in paragraph (1).

9           (f) SUPPLEMENTATION.—Any loan made by an infra-  
10          structure bank shall be used to supplement and not sup-  
11          plant other Federal, State, and local funds available.

12          (g) LIMITATION ON REPAYMENTS.—Notwithstanding  
13          any other provision of law, the repayment of a loan from  
14          an infrastructure bank under this section may not be cred-  
15          ited towards the non-Federal share of the cost of any  
16          project.

17          (h) SECRETARIAL REQUIREMENTS.—In admin-  
18          istering this section, the Secretary of the Treasury shall  
19          specify procedures and guidelines for establishing, oper-  
20          ating, and providing assistance from an infrastructure  
21          bank.

22          (i) UNITED STATES NOT OBLIGATED.—The con-  
23          tribution of Federal funds into an infrastructure bank es-  
24          tablished under this section shall not be construed as a  
25          commitment, guarantee, or obligation on the part of the

1 United States to any third party, nor shall any third party  
2 have any right against the United States for payment sole-  
3 ly by virtue of the contribution. Any security or debt fi-  
4 nancing instrument issued by the infrastructure bank  
5 shall expressly state that the security or instrument does  
6 not constitute a commitment, guarantee, or obligation of  
7 the United States.

8 (j) MANAGEMENT OF FEDERAL FUNDS.—Sections  
9 3335 and 6503 of title 31, United States Code, shall not  
10 apply to funds contributed under this section.

11 (k) PROGRAM ADMINISTRATION.—For each of fiscal  
12 years 2000 through 2004, a State may expend not to ex-  
13 ceed 2 percent of the Federal funds contributed to an in-  
14 frastructure bank established by the State under this sec-  
15 tion to pay the reasonable costs of administering the bank.

16 (l) SECRETARIAL REVIEW.—The Secretary of the  
17 Treasury shall review the financial condition of each infra-  
18 structure bank established under this section and transmit  
19 to Congress a report on the results of such review not later  
20 than 90 days after the completion of the review.

21 (m) AUTHORIZATION OF APPROPRIATIONS.—For  
22 grants to States for the initial capitalization of infrastruc-  
23 ture banks there are authorized to be appropriated

- 1 \$250,000,000 for fiscal year 2000 and for each of the next
- 2 4 fiscal years.

