

107TH CONGRESS
1ST SESSION

H. R. 1851

To establish State infrastructure banks for education.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2001

Mrs. TAUSCHER (for herself, Mr. ETHERIDGE, Mr. CONDIT, Ms. VELÁZQUEZ, Mr. FROST, Mr. UNDERWOOD, Mr. MCGOVERN, Mr. FILNER, and Mrs. THURMAN) introduced the following bill; which was referred to the Committee on Education and the Workforce

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 2001”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) According to a 1996 study conducted by the
9 American School & University, \$10.42 billion was
10 spent to address the Nation’s education infrastruc-

1 ture needs in 1995, with the average total cost of a
2 new high school at \$15.4 million.

3 (2) According to the National Center for Edu-
4 cation Statistics, an estimated \$127 billion in school
5 repair, modernization, expansion, and construction is
6 needed.

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

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

19 (5) The Director of Education and Employment
20 Issues at the Government Accounting Office testified
21 that nearly 52 percent of schools, affecting 21.3 mil-
22 lion students, reported insufficient technology ele-
23 ments for 6 or more areas.

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

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

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

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

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

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

2 (a) ESTABLISHMENT.—

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

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

23 (b) FUNDING.—The Secretary of the Treasury, in
24 consultation with the Secretary of Education, shall make
25 grants to State infrastructure banks and multistate infra-
26 structure banks in a State in a cooperative agreement

1 under subsection (a)(1) to provide initial capital for loans
2 provided under this section to local educational agencies
3 and public libraries. Each bank shall apply repayments of
4 principal and interest on loans to the making of additional
5 loans. The Secretary shall take final action on an applica-
6 tion for a grant under this subsection within 90 days of
7 the date of the submittal of such application.

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

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

16 (2) identify an operating entity of the State as
17 recipient of the grant if the entity has the capacity
18 to manage loan funds and issue debt instruments of
19 the State for purposes of leveraging the funds;

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

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

1 (A) credited to the account;

2 (B) available for use in providing loans to
3 projects eligible for assistance from the account;
4 and

5 (C) invested in United States Treasury se-
6 curities, bank deposits, or such other financing
7 instruments as the Secretary may approve to
8 earn interest to enhance the leveraging of
9 projects assisted by the bank;

10 (5) ensure that any loan from the bank will
11 bear interest at or below the lowest interest rates
12 being offered for bonds the income from which is ex-
13 empt from Federal taxation, as determined by the
14 State, to make the project that is the subject of the
15 loan feasible;

16 (6) ensure that repayment of any loan from the
17 bank will commence not later than 1 year after the
18 project has been completed;

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

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

1 (d) FORMS OF ASSISTANCE FROM INFRASTRUCTURE
2 BANKS.—

3 (1) IN GENERAL.—An infrastructure bank es-
4 tablished under this section may make loans to a
5 local educational agency or a public library in an
6 amount equal to all or part of the cost of carrying
7 out a project eligible for assistance under this sec-
8 tion.

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

12 (A) in the case of a renovation project, a
13 description of each architectural, civil, struc-
14 tural, mechanical, or electrical deficiency to be
15 corrected with funds under a loan and the pri-
16 orities to be applied;

17 (B) a description of the criteria used by
18 the applicant to determine the type of corrective
19 action necessary for the renovation of a facility;

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

22 (D) a description of how work undertaken
23 with the loan will promote energy conservation;
24 and

1 (E) such other information as the infra-
2 structure bank may require.

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

6 (3) CRITERIA FOR LOANS.—In considering ap-
7 plications for a loan an infrastructure bank shall
8 consider—

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

16 (B) in the case of a local educational agen-
17 cy, the threat that the condition of the physical
18 plant in the project poses to the safety and
19 well-being of students;

20 (C) the demonstrated need for the con-
21 struction, reconstruction, or renovation based
22 on the condition of the facility in the project;
23 and

24 (D) the age of such facility.

25 (e) QUALIFYING PROJECTS.—

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

4 (A) the construction of new elementary or
5 secondary schools to meet the needs imposed by
6 enrollment growth;

7 (B) the repair or upgrading of classrooms
8 or structures related to academic learning, in-
9 cluding the repair of leaking roofs, crumbling
10 walls, inadequate plumbing, poor ventilation
11 equipment, and inadequate heating or light
12 equipment;

13 (C) an activity to increase physical safety
14 at the educational facility involved;

15 (D) an activity to enhance the educational
16 facility involved to provide access for students,
17 teachers, and other individuals with disabilities;

18 (E) an activity to address environmental
19 hazards at the educational facility involved,
20 such as poor ventilation, indoor air quality, or
21 lighting;

22 (F) the provision of basic infrastructure
23 that facilitates educational technology, such as
24 communications outlets, electrical systems,
25 power outlets, or a communication closet;

1 (G) work that will bring an educational fa-
2 cility into conformity with the requirements
3 of—

4 (i) environmental protection or health
5 and safety programs mandated by Federal,
6 State, or local law if such requirements
7 were not in effect when the facility was ini-
8 tially constructed; and

9 (ii) hazardous waste disposal, treat-
10 ment, and storage requirements mandated
11 by the Resource Conservation and Recov-
12 ery Act of 1976 or similar State laws;

13 (H) work that will enable efficient use of
14 available energy resources, especially coal, solar
15 power, and other renewable energy resources;

16 (I) work to detect, remove, or otherwise
17 contain asbestos hazards in educational facili-
18 ties; or

19 (J) work to construct new public library
20 facilities or repair or upgrade existing public li-
21 brary facilities.

22 (2) DAVIS-BACON.—The wage requirements of
23 the Act of March 3, 1931 (referred to as the “Davis-
24 Bacon Act”, 40 U.S.C. 276a et seq.) shall apply

1 with respect to individuals employed on the projects
2 described in paragraph (1).

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

6 (g) LIMITATION ON REPAYMENTS.—Notwithstanding
7 any other provision of law, the repayment of a loan from
8 an infrastructure bank under this section may not be cred-
9 ited towards the non-Federal share of the cost of any
10 project.

11 (h) SECRETARIAL REQUIREMENTS.—In admin-
12 istering this section, the Secretary of the Treasury shall
13 specify procedures and guidelines for establishing, oper-
14 ating, and providing assistance from an infrastructure
15 bank.

16 (i) UNITED STATES NOT OBLIGATED.—The con-
17 tribution of Federal funds into an infrastructure bank es-
18 tablished under this section shall not be construed as a
19 commitment, guarantee, or obligation on the part of the
20 United States to any third party, nor shall any third party
21 have any right against the United States for payment sole-
22 ly by virtue of the contribution. Any security or debt fi-
23 nancing instrument issued by the infrastructure bank
24 shall expressly state that the security or instrument does

1 not constitute a commitment, guarantee, or obligation of
2 the United States.

3 (j) MANAGEMENT OF FEDERAL FUNDS.—Sections
4 3335 and 6503 of title 31, United States Code, shall not
5 apply to funds contributed under this section.

6 (k) PROGRAM ADMINISTRATION.—For each of fiscal
7 years 2002 through 2006, a State may expend not to ex-
8 ceed 2 percent of the Federal funds contributed to an in-
9 frastructure bank established by the State under this sec-
10 tion to pay the reasonable costs of administering the bank.

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

16 (m) AUTHORIZATION OF APPROPRIATIONS.—For
17 grants to States for the initial capitalization of infrastruc-
18 ture banks there are authorized to be appropriated
19 \$500,000,000 for fiscal year 2002 and for each of the next
20 4 fiscal years.

21 **SEC. 4. DEFINITIONS.**

22 For purposes of this Act:

23 (1) LOCAL EDUCATIONAL AGENCY.—(A) The
24 term “local educational agency” means a public
25 board of education or other public authority legally

1 constituted within a State for either administrative
2 control or direction of, or to perform a service func-
3 tion for, public elementary or secondary schools in a
4 city, county, township, school district, or other polit-
5 ical subdivision of a State, or for such combination
6 of school districts or counties as are recognized in a
7 State as an administrative agency for its public ele-
8 mentary or secondary schools.

9 (B) The term includes any other public institu-
10 tion or agency having administrative control and di-
11 rection of a public elementary or secondary school.

12 (C) The term includes an elementary or sec-
13 ondary school funded by the Bureau of Indian Af-
14 fairs but only to the extent that such inclusion
15 makes such school eligible for programs for which
16 specific eligibility is not provided to such school in
17 another provision of law and such school does not
18 have a student population that is smaller than the
19 student population of the local educational agency
20 receiving assistance under this Act with the smallest
21 student population, except that such school shall not
22 be subject to the jurisdiction of any State edu-
23 cational agency other than the Bureau of Indian Af-
24 fairs.

1 (2) OUTLYING AREA.—The term “outlying
2 area” means the Virgin Islands, Guam, American
3 Samoa, the Commonwealth of the Northern Mariana
4 Islands, the Republic of the Marshall Islands, the
5 Federated States of Micronesia, and the Republic of
6 Palau.

7 (3) PUBLIC LIBRARY.—The term “public li-
8 brary” means a library that serves free of charge all
9 residents of a community, district, or region, and re-
10 ceives its financial support in whole or in part from
11 public funds. Such term also includes a research li-
12 brary, which, for the purposes of this sentence,
13 means a library that—

14 (A) makes its services available to the pub-
15 lic free of charge;

16 (B) has extensive collections of books,
17 manuscripts, and other materials suitable for
18 scholarly research which are not available to the
19 public through public libraries;

20 (C) engages in the dissemination of hu-
21 manistic knowledge through services to readers,
22 fellowships, educational and cultural programs,
23 publication of significant research, and other
24 activities; and

1 (D) is not an integral part of an institu-
2 tion of higher education.

3 (4) STATE.—The term “State” means each of
4 the 50 States, the District of Columbia, the Com-
5 monwealth of Puerto Rico, and each of the outlying
6 areas.

○