

107TH CONGRESS  
1ST SESSION

# S. 119

To provide States with funds to support State, regional, and local school construction.

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IN THE SENATE OF THE UNITED STATES

JANUARY 22, 2001

Ms. SNOWE (for herself and Mr. CHAFEE) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To provide States with funds to support State, regional, and local school construction.

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 “Building, Renovating,  
5 Improving, and Constructing Kids’ Schools Act”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) According to a 1999 issue brief prepared by  
9 the National Center for Education Statistics, the av-  
10 erage public school in America is 42 years old, and

1 school buildings begin rapid deterioration after 40  
2 years. In addition, 29 percent of all public schools  
3 are in the oldest condition, meaning that the schools  
4 were built before 1970 and have either never been  
5 renovated or were renovated prior to 1980.

6 (2) According to reports issued by the General  
7 Accounting Office (GAO) in 1995 and 1996, it  
8 would cost \$112,000,000,000 to bring the Nation's  
9 schools into good overall condition, and one-third of  
10 all public schools need extensive repair or replace-  
11 ment.

12 (3) Many schools do not have the appropriate  
13 infrastructure to support computers and other tech-  
14 nologies that are necessary to prepare students for  
15 the jobs of the 21st century.

16 (4) Without impeding on local control, the Fed-  
17 eral Government appropriately can assist State, re-  
18 gional, and local entities in addressing school con-  
19 struction, renovation, and repair needs by providing  
20 low-interest loans for purposes of paying interest on  
21 related bonds and by supporting other State-admin-  
22 istered school construction programs.

23 **SEC. 3. DEFINITIONS.**

24 In this Act:

1           (1) BOND.—The term “bond” includes any ob-  
2           ligation.

3           (2) GOVERNOR.—The term “Governor” in-  
4           cludes the chief executive officer of a State.

5           (3) LOCAL EDUCATIONAL AGENCY.—The term  
6           “local educational agency” has the meaning given to  
7           such term by section 14101 of the Elementary and  
8           Secondary Education Act of 1965 (20 U.S.C. 8801).

9           (4) PUBLIC SCHOOL FACILITY.—The term  
10          “public school facility” shall not include—

11           (A) any stadium or other facility primarily  
12           used for athletic contests or exhibitions, or  
13           other events for which admission is charged to  
14           the general public; or

15           (B) any facility that is not owned by a  
16           State or local government or any agency or in-  
17           strumentality of a State or local government.

18          (5) QUALIFIED SCHOOL CONSTRUCTION  
19          BOND.—The term “qualified school construction  
20          bond” means any bond (or portion of a bond) issued  
21          as part of an issue if—

22           (A) 95 percent or more of the proceeds at-  
23           tributable to such bond (or portion) are to be  
24           used for the construction, rehabilitation, or re-  
25           pair of a public school facility or for the acqui-

1           sition of land on which such a facility is to be  
2           constructed with part of the proceeds;

3           (B) the bond is issued by a State, regional,  
4           or local entity, with bonding authority; and

5           (C) the issuer designates such bond (or  
6           portion) for purposes of this section.

7           (6) STABILIZATION FUND.—The term “sta-  
8           bilization fund” means the stabilization fund estab-  
9           lished under section 5302 of title 31, United States  
10          Code.

11          (7) STATE.—The term “State” means each of  
12          the several States of the United States, the District  
13          of Columbia, the Commonwealth of Puerto Rico, the  
14          United States Virgin Islands, Guam, American  
15          Samoa, the Commonwealth of the Northern Mariana  
16          Islands, the Republic of the Marshall Islands, the  
17          Federated States of Micronesia, and the Republic of  
18          Palau.

19   **SEC. 4. LOANS FOR SCHOOL CONSTRUCTION BOND INTER-**  
20                   **EST PAYMENTS AND OTHER SUPPORT.**

21          (a) LOAN AUTHORITY AND OTHER SUPPORT.—

22                  (1) LOANS AND STATE-ADMINISTERED PRO-  
23                  GRAMS.—

24                          (A) IN GENERAL.—Except as provided in  
25                          subparagraph (B), from funds made available

1 to a State under section 5(b) the State, in con-  
2 sultation with the State educational agency—

3 (i) shall use not less than 50 percent  
4 of the funds to make loans to State, re-  
5 gional, or local entities within the State to  
6 enable the entities to make annual interest  
7 payments on qualified school construction  
8 bonds that are issued by the entities not  
9 later than December 31, 2004; and

10 (ii) may use not more than 50 percent  
11 of the funds to support State revolving  
12 fund programs or other State-administered  
13 programs that assist State, regional, and  
14 local entities within the State in paying for  
15 the cost of construction, rehabilitation, re-  
16 pair, or acquisition described in section  
17 3(5)(A).

18 (B) STATES WITH RESTRICTIONS.—If, on  
19 the date of enactment of this Act, a State has  
20 in effect a law that prohibits the State from  
21 making the loans described in subparagraph  
22 (A)(i), the State, in consultation with the State  
23 educational agency, may use the funds de-  
24 scribed in subparagraph (A) to support the pro-  
25 grams described in subparagraph (A)(ii).

1           (2) REQUESTS.—The Governor of each State  
2 desiring assistance under this Act shall submit a re-  
3 quest to the Secretary of the Treasury at such time  
4 and in such manner as the Secretary of the Treas-  
5 ury may require.

6           (3) PRIORITY.—In selecting entities to receive  
7 funds under paragraph (1) for projects involving  
8 construction, rehabilitation, repair, or acquisition of  
9 land for schools, the State shall give priority to enti-  
10 ties with projects for schools with greatest need, as  
11 determined by the State. In determining the schools  
12 with greatest need, the State shall take into consid-  
13 eration whether a school—

14           (A) is among the schools that have the  
15 greatest numbers or percentages of children  
16 whose education imposes a higher than average  
17 cost per child, such as—

18                   (i) children living in areas with high  
19 concentrations of low-income families;

20                   (ii) children from low-income families;

21                   and

22                   (iii) children living in sparsely popu-  
23 lated areas;

1           (B) has inadequate school facilities and a  
2           low level of resources to meet the need for  
3           school facilities; or

4           (C) meets such criteria as the State may  
5           determine to be appropriate.

6           (b) REPAYMENT.—

7           (1) IN GENERAL.—Subject to paragraph (2), a  
8           State that uses funds made available under section  
9           5(b) to make a loan or support a State-administered  
10          program under subsection (a)(1) shall repay to the  
11          stabilization fund the amount of the loan or support,  
12          plus interest, at an annual rate of 4.5 percent. A  
13          State shall not be required to begin making such re-  
14          payment until the year immediately following the  
15          15th year for which the State is eligible to receive  
16          annual distributions from the fund (which shall be  
17          the final year for which the State shall be eligible for  
18          such a distribution under this Act). The amount of  
19          such loan or support shall be fully repaid during the  
20          10-year period beginning on the expiration of the eli-  
21          gibility of the State under this Act.

22          (2) EXCEPTIONS.—

23                (A) IN GENERAL.—The interest on the  
24                amount made available to a State under section  
25                5(b) shall not accrue, prior to January 1, 2007,

1 unless the amount appropriated to carry out  
2 part B of the Individuals with Disabilities Edu-  
3 cation Act (20 U.S.C. 1411 et seq.) for any fis-  
4 cal year prior to fiscal year 2007 is sufficient  
5 to fully fund such part for the fiscal year at the  
6 originally promised level, which promised level  
7 would provide to each State 40 percent of the  
8 average per-pupil expenditure for providing spe-  
9 cial education and related services for each  
10 child with a disability in the State.

11 (B) APPLICABLE INTEREST RATE.—Effec-  
12 tive January 1, 2007, the applicable interest  
13 rate that will apply to an amount made avail-  
14 able to a State under section 5(b) shall be—

15 (i) 0 percent with respect to years in  
16 which the amount appropriated to carry  
17 out part B of the Individuals with Disabil-  
18 ities Education Act (20 U.S.C. 1411 et  
19 seq.) is not sufficient to provide to each  
20 State at least 20 percent of the average  
21 per-pupil expenditure for providing special  
22 education and related services for each  
23 child with a disability in the State;

24 (ii) 2.5 percent with respect to years  
25 in which the amount described in clause (i)

1 is not sufficient to provide to each State at  
2 least 30 percent of such average per-pupil  
3 expenditure;

4 (iii) 3.5 percent with respect to years  
5 in which the amount described in clause (i)  
6 is not sufficient to provide to each State at  
7 least 40 percent of such average per-pupil  
8 expenditure; and

9 (iv) 4.5 percent with respect to years  
10 in which the amount described in clause (i)  
11 is sufficient to provide to each State at  
12 least 40 percent of such average per-pupil  
13 expenditure.

14 (c) FEDERAL RESPONSIBILITIES.—The Secretary of  
15 the Treasury and the Secretary of Education—

16 (1) jointly shall be responsible for ensuring that  
17 funds provided under this Act are properly distrib-  
18 uted;

19 (2) shall ensure that funds provided under this  
20 Act are used only to pay for—

21 (A) the interest on qualified school con-  
22 struction bonds; or

23 (B) a cost described in subsection  
24 (a)(1)(A)(ii); and

1           (3) shall not have authority to approve or dis-  
2           approve school construction plans assisted pursuant  
3           to this Act, except to ensure that funds made avail-  
4           able under this Act are used only to supplement, and  
5           not supplant, the amount of school construction, re-  
6           habilitation, and repair, and acquisition of land for  
7           school facilities, in the State that would have oc-  
8           curred in the absence of such funds.

9 **SEC. 5. AMOUNTS AVAILABLE TO EACH STATE.**

10       (a) RESERVATION FOR INDIANS.—

11           (1) IN GENERAL.—From \$20,000,000,000 of  
12           the funds in the stabilization fund, the Secretary of  
13           the Treasury shall make available \$400,000,000 to  
14           provide assistance to Indian tribes.

15           (2) USE OF FUNDS.—An Indian tribe that re-  
16           ceives assistance under paragraph (1)—

17                   (A) shall use not less than 50 percent of  
18                   the assistance for a loan to enable the Indian  
19                   tribe to make annual interest payments on  
20                   qualified school construction bonds, in accord-  
21                   ance with the requirements of this Act that the  
22                   Secretary of the Treasury determines to be ap-  
23                   propriate; and

24                   (B) may use not more than 50 percent of  
25                   the assistance to support tribal revolving fund

1 programs or other tribal-administered programs  
2 that assist tribal governments in paying for the  
3 cost of construction, rehabilitation, repair, or  
4 acquisition described in section 3(5)(A), in ac-  
5 cordance with the requirements of this Act that  
6 the Secretary of the Treasury determines to be  
7 appropriate.

8 (b) AMOUNTS AVAILABLE.—

9 (1) IN GENERAL.—Subject to paragraph (3)  
10 and from \$20,000,000,000 of the funds in the sta-  
11 bilization fund that are not reserved under sub-  
12 section (a), the Secretary of the Treasury shall make  
13 available to each State submitting a request under  
14 section 4(a)(2) an amount that bears the same rela-  
15 tion to such remainder as the amount the State re-  
16 ceived under part A of title I of the Elementary and  
17 Secondary Education Act of 1965 (20 U.S.C. 6311  
18 et seq.) for fiscal year 2001 bears to the amount re-  
19 ceived by all States under such part for such year.

20 (2) DISBURSAL.—The Secretary of the Treas-  
21 ury shall disburse the amount made available to a  
22 State under paragraph (1) or (3), on an annual  
23 basis, during the period beginning on October 1,  
24 2001, and ending September 30, 2018.

25 (3) SMALL STATE MINIMUM.—

1           (A) MINIMUM.—No State shall receive an  
2           amount under paragraph (1) that is less than  
3           \$100,000,000.

4           (B) STATES.—In this paragraph, the term  
5           “State” means each of the several States of the  
6           United States, the District of Columbia, and  
7           the Commonwealth of Puerto Rico.

8           (c) NOTIFICATION.—The Secretary of the Treasury  
9           and the Secretary of Education jointly shall notify each  
10          State of the amount of funds the State may receive for  
11          loans and other support under this Act.

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