

105TH CONGRESS
1ST SESSION

H. R. 1822

To establish State infrastructure banks for education.

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 1997

Mrs. TAUSCHER (for herself, Mr. MCINTYRE, Ms. LOFGREN, Mr. FROST, Mr. FARR of California, Mr. ENGLISH of Pennsylvania, Mr. MORAN of Virginia, Mr. DOOLEY of California, Mr. ROEMER, Mr. MILLER of California, Mr. JEFFERSON, Mr. LEWIS of Georgia, Mr. LAMPSON, Mr. MCGOVERN, Mr. BROWN of California, Mr. BOYD, Ms. STABENOW, Ms. HOOLEY of Oregon, Mr. PAYNE, Mr. FORD, Mr. MATSUI, Mr. SNYDER, Ms. CHRISTIAN-GREEN, Ms. ESHOO, Ms. SANCHEZ, Mr. FILNER, Mr. PETERSON of Minnesota, Mr. MINGE, Mr. CONDIT, Mr. HOLDEN, Mr. FAZIO of California, and Mr. TIERNEY) 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 1997”.

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 require the con-
8 certed efforts of all levels of government and all sec-
9 tors 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 not equipped for the 21st century.

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

15 (a) ESTABLISHMENT.—

16 (1) COOPERATIVE AGREEMENTS.—Subject to
17 the provisions of this section, the Secretary of the
18 Treasury, in consultation with the Secretary of Edu-
19 cation, may enter into cooperative agreements with
20 States for the establishment of State infrastructure
21 banks and multistate infrastructure banks for mak-
22 ing loans to local educational agencies for building
23 or repairing elementary or secondary schools which
24 provide free public education (as such terms are de-

1 fined in section 14101 of the Elementary and Sec-
2 ondary Education Act of 1965 (20 U.S.C. 8801)).

3 (2) INTERSTATE COMPACTS.—Congress grants
4 consent to 2 or more of the States, entering into a
5 cooperative agreement under paragraph (1) with the
6 Secretary of the Treasury for the establishment of a
7 multistate infrastructure bank, to enter into an
8 interstate compact establishing such bank in accord-
9 ance with this section.

10 (b) FUNDING.—The Secretary of the Treasury, in
11 consultation with the Secretary of Education, shall make
12 grants to State infrastructure banks and multistate infra-
13 structure banks in a State in a cooperative agreement
14 under subsection (a)(1) to provide initial capital for loans
15 provided under this section to local educational agencies.
16 Each bank shall apply repayments of principal and inter-
17 est on loans to the making of additional loans. The Sec-
18 retary shall take final action on an application for a grant
19 under this subsection within 90 days of the date of the
20 submittal of such application.

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

24 (1) contribute, at a minimum, in each account
25 of the bank from non-Federal sources an amount

1 equal to 25 percent of the amount of each capitaliza-
2 tion grant made to the State and contributed to the
3 bank under subsection (b);

4 (2) identify an operating entity of the State as
5 recipient of the grant if the entity has the capacity
6 to manage loan funds and issue debt instruments of
7 the State for purposes of leveraging the funds;

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

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

14 (A) credited to the account;

15 (B) available for use in providing loans to
16 projects eligible for assistance from the account;
17 and

18 (C) invested in United States Treasury se-
19 curities, bank deposits, or such other financing
20 instruments as the Secretary may approve to
21 earn interest to enhance the leveraging of
22 projects assisted by the bank;

23 (5) ensure that any loan from the bank will
24 bear interest at or below the lowest interest rates
25 being offered for bonds the income from which is ex-

1 empt from Federal taxation, as determined by the
2 State, to make the project that is the subject of the
3 loan feasible;

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

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

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

13 (d) FORMS OF ASSISTANCE FROM INFRASTRUCTURE
14 BANKS.—

15 (1) IN GENERAL.—An infrastructure bank es-
16 tablished under this section may make loans to a
17 local educational agency in an amount equal to all
18 or part of the cost of carrying out a project eligible
19 for assistance under this section.

20 (2) APPLICATIONS FOR LOANS.—An application
21 to an infrastructure bank by a local educational
22 agency for a loan shall include—

23 (A) in the case of a renovation project, a
24 description of each architectural, civil, struc-
25 tural, mechanical, or electrical deficiency to be

1 corrected with funds under a loan and the pri-
2 orities to be applied;

3 (B) a description of the criteria used by
4 the applicant to determine the type of corrective
5 action necessary for the renovation of a facility;

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

8 (D) a description of how work undertaken
9 with the loan will promote energy conservation;
10 and

11 (E) such other information as the infra-
12 structure bank may require.

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

16 (3) CRITERIA FOR LOANS.—In considering ap-
17 plications for a loan an infrastructure bank shall
18 consider—

19 (A) the extent to which the local edu-
20 cational agency involved lacks the fiscal capac-
21 ity, including the ability to raise funds through
22 the full use of such agency's bonding capacity
23 and otherwise, to undertake the project for
24 which the loan would be used without the loan;

1 (B) the threat that the condition of the
2 physical plant in the project poses to the safety
3 and well-being of students;

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

8 (D) the age of such facility.

9 (e) QUALIFYING PROJECTS.—A project is eligible for
10 a loan from an infrastructure bank if it is a project that
11 consists of—

12 (1) the construction of new elementary or sec-
13 ondary schools to meet the needs imposed by enroll-
14 ment growth;

15 (2) the repair or upgrading of classrooms or
16 structures related to academic learning, including
17 the repair of leaking roofs, crumbling walls, inad-
18 equate plumbing, poor ventilation equipment, and in-
19 adequate heating or light equipment;

20 (3) an activity to increase physical safety at the
21 educational facility involved;

22 (4) an activity to enhance the educational facil-
23 ity involved to provide access for students, teachers,
24 and other individuals with disabilities;

1 (5) an activity to address environmental haz-
2 ards at the educational facility involved, such as
3 poor ventilation, indoor air quality, or lighting;

4 (6) the provision of basic infrastructure that fa-
5 cilitates educational technology, such as communica-
6 tions outlets, electrical systems, power outlets, or a
7 communication closet;

8 (7) work that will bring an educational facility
9 into conformity with the requirements of—

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

14 (B) hazardous waste disposal, treatment,
15 and storage requirements mandated by the Re-
16 source Conservation and Recovery Act of 1976
17 or similar State laws;

18 (8) work that will enable efficient use of avail-
19 able energy resources, especially coal, solar power,
20 and other renewable energy resources; or

21 (9) work to detect, remove, or otherwise contain
22 asbestos hazards in educational facilities.

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

1 (g) LIMITATION ON REPAYMENTS.—Notwithstanding
2 any other provision of law, the repayment of a loan from
3 an infrastructure bank under this section may not be cred-
4 ited towards the non-Federal share of the cost of any
5 project.

6 (h) SECRETARIAL REQUIREMENTS.—In administer-
7 ing this section, the Secretary of the Treasury shall specify
8 procedures and guidelines for establishing, operating, and
9 providing assistance from an infrastructure bank.

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

21 (j) MANAGEMENT OF FEDERAL FUNDS.—Sections
22 3335 and 6503 of title 31, United States Code, shall not
23 apply to funds contributed under this section.

24 (k) PROGRAM ADMINISTRATION.—For each of fiscal
25 years 1998 through 2002, a State may expend not to ex-

1 ceed 2 percent of the Federal funds contributed to an in-
2 frastructure bank established by the State under this sec-
3 tion to pay the reasonable costs of administering the bank.

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

9 (m) AUTHORIZATION OF APPROPRIATIONS.—For
10 grants to States for the initial capitalization of infrastruc-
11 ture banks there are authorized to be appropriated
12 \$250,000,000 for fiscal year 1998 and for each of the next
13 4 fiscal years.

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