

107TH CONGRESS  
1ST SESSION

# H. R. 729

To establish State revolving funds for school construction.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2001

Mr. ANDREWS introduced the following bill; which was referred to the  
Committee on Education and the Workforce

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## A BILL

To establish State revolving funds for 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 “State Revolving Funds  
5       for Schools Act”.

6       **SEC. 2. STATE REVOLVING FUND PILOT PROGRAM.**

7       (a) ESTABLISHMENT.—

8               (1) COOPERATIVE AGREEMENTS.—Subject to  
9       the provisions of this section, the Secretary of Edu-  
10      cation may enter into cooperative agreements with  
11      States for the establishment of State revolving funds  
12      and multistate revolving funds for making loans to

1 local political subdivisions or local educational agen-  
2 cies for building or repairing elementary or sec-  
3 ondary schools which provide free public education.

4 (2) INTERSTATE COMPACTS.—2 or more States  
5 may enter into a cooperative agreement under para-  
6 graph (1) with the Secretary for the establishment  
7 of a multistate revolving fund, to enter into an inter-  
8 state compact establishing such fund in accordance  
9 with this section.

10 (b) FUNDING.—The Secretary shall make grants to  
11 State revolving funds and multistate revolving funds in a  
12 State in a cooperative agreement under subsection (a)(1)  
13 to provide initial capital for loans provided under this sec-  
14 tion to local political subdivisions or local educational  
15 agencies. Each fund shall apply repayments of principal  
16 and interest on loans to the making of additional loans.  
17 The Secretary shall take final action on an application for  
18 a grant under this subsection within 90 days of the date  
19 of the submittal of such application.

20 (c) REVOLVING FUND REQUIREMENTS.—In order to  
21 establish a revolving fund under this section, each State  
22 establishing the fund shall—

23 (1) meet the matching requirement described in  
24 subsection (d);

1           (2) identify an operating entity of the State as  
2       recipient of the grant if the entity has the capacity  
3       to manage loan funds;

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

7           (4) ensure that investment income generated by  
8       funds contributed to an account of the fund will  
9       be—

10                (A) credited to the account;

11                (B) available for use in providing loans to  
12       projects eligible for assistance from the account;  
13       and

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

19           (5) ensure that any loan from the fund will  
20       bear interest at or below the lowest interest rates  
21       being offered for bonds the income from which is ex-  
22       empt from Federal taxation, as determined by the  
23       State;

1           (6) ensure that repayment of any loan from the  
2       fund will commence not later than 1 year after the  
3       project has been completed;

4           (7) ensure that the term for repaying any loan  
5       will not exceed the projected useful life of the project  
6       that is the subject of the loan; and

7           (8) require the fund to make an annual report  
8       to the Secretary on its status and make such other  
9       reports as the Secretary may require by guidelines.

10       (d) MATCHING REQUIREMENT.—In order to meet the  
11   matching requirement, each State establishing a revolving  
12   fund shall—

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

18           (2) require for any project financed from the  
19       fund that the local political subdivision or edu-  
20       cational agency contribute at least 20 percent of the  
21       cost of such project from non-Federal sources.

22       (e) FORMS OF ASSISTANCE FROM REVOLVING  
23   FUNDS.—

24           (1) IN GENERAL.—A revolving fund established  
25       under this section may make loans to a local edu-

1        cational agency in an amount equal to all or part of  
2        the cost of carrying out a project eligible for assist-  
3        ance under this section. In the case of a project  
4        which meets the requirement of subsection (d)(2), a  
5        revolving fund established under this section may  
6        make loans to a local educational agency in an  
7        amount equal to up to 80 percent of the cost of car-  
8        rying out a project eligible for assistance under this  
9        section.

10        (2) APPLICATIONS FOR LOANS.—An application  
11        to a revolving fund by a local educational agency for  
12        a loan shall include—

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

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

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

24                (D) such other information as the revolv-  
25                ing fund may require.

1 A revolving fund shall take final action on a com-  
2 pleted application submitted to it within 90 days  
3 after the date of its submittal.

4 (3) CRITERIA FOR LOANS.—In considering ap-  
5 plications for a loan, a revolving fund shall  
6 consider—

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

13 (B) the threat that the condition of the  
14 physical plant in the project poses to the safety  
15 and well-being of students;

16 (C) the demonstrated need for the con-  
17 struction, reconstruction, or renovation based  
18 on the condition of the facility in the project;  
19 and

20 (D) the age of such facility.

21 (f) QUALIFYING PROJECTS.—A project is eligible for  
22 a loan from a revolving fund if it is a project that consists  
23 of—

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

4           (2) the repair or upgrading of classrooms or  
5           structures related to academic learning, including  
6           the repair of leaking roofs, crumbling walls, inad-  
7           equately plumbing, poor ventilation equipment, and in-  
8           adequate heating or light equipment;

9           (3) an activity to increase physical safety at the  
10          educational facility involved;

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

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

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

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

23                 (A) environmental protection or health and  
24                 safety programs mandated by Federal, State, or

1 local law if such requirements were not in effect  
2 when the facility was initially constructed; and

3 (B) hazardous waste disposal, treatment,  
4 and storage requirements mandated by the Re-  
5 source Conservation and Recovery Act of 1976  
6 or similar State laws; and

7 (8) work to detect, remove, or otherwise contain  
8 asbestos hazards in educational facilities.

9 (g) LOAN FORGIVENESS.—A State may forgive all or  
10 part of any loan described in this section if the total pro-  
11 jected principal and interest repayments for all loans  
12 granted by the State and not forgiven under this sub-  
13 section equal or exceed the combined total of all Federal  
14 capitalization grants provided to the State and any match-  
15 ing funds described in subsection (d)(1) provided by the  
16 State.

17 (h) SUPPLEMENTATION.—Any loan made by a revolv-  
18 ing fund shall be used to supplement and not supplant  
19 other Federal, State, and local funds available.

20 (i) LIMITATION ON REPAYMENTS.—Notwithstanding  
21 any other provision of law, the repayment of a loan from  
22 a revolving fund under this section may not be credited  
23 toward the non-Federal share of the cost of any project.

24 (j) SECRETARIAL REQUIREMENTS.—In administering  
25 this section, the Secretary shall specify procedures and



1 guidelines for establishing, operating, and providing as-  
2 sistance from a revolving fund.

3 (k) UNITED STATES NOT OBLIGATED.—The con-  
4 tribution of Federal funds into a revolving fund estab-  
5 lished under this section shall not be construed as a com-  
6 mitment, guarantee, or obligation on the part of the  
7 United States to any third party, nor shall any third party  
8 have any right against the United States for payment sole-  
9 ly by virtue of the contribution. Any security or debt fi-  
10 nancing instrument issued by the revolving fund shall ex-  
11 pressly state that the security or instrument does not con-  
12 stitute a commitment, guarantee, or obligation of the  
13 United States.

14 (l) MANAGEMENT OF FEDERAL FUNDS.—Sections  
15 3335 and 6503 of title 31, United States Code, shall not  
16 apply to funds contributed under this section.

17 (m) PROGRAM ADMINISTRATION.—For each of fiscal  
18 years 2002 through 2006, a State may expend an amount  
19 not to exceed 2 percent of the Federal funds contributed  
20 to a revolving fund established by the State under this  
21 section to pay the reasonable costs of administering the  
22 fund.

23 (n) SECRETARIAL REVIEW.—The Secretary shall re-  
24 view the financial condition of each revolving fund estab-  
25 lished under this section biennially and transmit to Con-

1 gress a report on the results of such review not later than  
2 90 days after the completion of the review.

3 (o) AUTHORIZATION OF APPROPRIATIONS.—For  
4 grants to States for the initial capitalization of revolving  
5 funds there are authorized to be appropriated  
6 \$1,000,000,000 for fiscal year 2002 and for each of the  
7 4 succeeding fiscal years.

8 **SEC. 3. DEFINITIONS.**

9 The terms used in this Act shall have the meaning  
10 given such terms in section 14101 of the Elementary and  
11 Secondary Education Act of 1965 (20 U.S.C. 8801).

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