

107TH CONGRESS
2D SESSION

S. 2195

To establish State infrastructure banks for education.

IN THE SENATE OF THE UNITED STATES

APRIL 18, 2002

Mr. HARKIN (for himself, Mrs. CLINTON, Mrs. CARNAHAN, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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 “Investing for Tomor-
5 row’s Schools Act of 2002”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) According to a 1996 study conducted by the
9 American School & University, \$10,420,000,000 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 \$15,400,000.

3 (2) According to the National Center for Edu-
4 cation Statistics, an estimated \$127,000,000,000 in
5 repairs, renovations, and modernizations is needed
6 to put schools in the United States into good overall
7 condition.

8 (3) Approximately 14,000,000 American stu-
9 dents attend schools that report the need for exten-
10 sive repair or replacement of 1 or more buildings.

11 (4) Academic research has proven that there is
12 a direct correlation between the condition of school
13 facilities and student achievement. At Georgetown
14 University, researchers found that students assigned
15 to schools in poor conditions can be expected to fall
16 10.9 percentage points behind those in buildings in
17 excellent condition. Similar studies have dem-
18 onstrated improvement of up to 20 percent in test
19 scores when students were moved from a poor facil-
20 ity to a new facility.

21 (5) The Director of Education and Employment
22 Issues at the Government Accounting Office testified
23 that nearly 52 percent of schools, affecting
24 21,300,000 students, reported insufficient tech-
25 nology elements 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 schools and secondary schools and libraries
6 require the concerted efforts of all levels of gov-
7 ernment 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. The Nation's public and school libraries play
22 a critical role in a child's early development because
23 the libraries provide a wealth of books and other re-
24 sources that can give every child a head start on life
25 and learning.

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

2 (a) ESTABLISHMENT.—

3 (1) COOPERATIVE AGREEMENTS.—The Sec-
4 retary of Education (hereafter in this Act referred to
5 as the “Secretary”), in consultation with the Sec-
6 retary of the Treasury, may enter into cooperative
7 agreements with States under which—

8 (A) States establish State infrastructure
9 banks and multistate infrastructure banks for
10 the purpose of providing the loans described in
11 subparagraph (B); and

12 (B) the Secretary awards grants to such
13 States to be used as initial capital for the pur-
14 pose of making loans—

15 (i) to local educational agencies to en-
16 able the agencies to build or repair elemen-
17 tary schools or secondary schools that pro-
18 vide free public education; and

19 (ii) to public libraries to enable the li-
20 braries to build or repair library facilities.

21 (2) INTERSTATE COMPACTS.—

22 (A) CONSENT.—Congress grants consent
23 to any 2 or more States, entering into a cooper-
24 ative agreement under paragraph (1) with the
25 Secretary for the establishment of a multistate
26 infrastructure bank, to enter into an interstate

1 compact establishing a multistate infrastructure
2 bank in accordance with this section.

3 (B) RESERVATION OF RIGHTS.—Congress
4 expressly reserves the right to alter, amend, or
5 repeal this section and any interstate compact
6 entered into pursuant to this section.

7 (b) REPAYMENTS.—Each infrastructure bank estab-
8 lished under subsection (a) shall apply repayments of prin-
9 cipal and interest on loans funded by the grant received
10 under subsection (a) to the making of additional loans.

11 (c) INFRASTRUCTURE BANK REQUIREMENTS.—A
12 State establishing an infrastructure bank under this sec-
13 tion shall—

14 (1) contribute in each account of the bank from
15 non-Federal sources an amount equal to not less
16 than 25 percent of the amount of each capitalization
17 grant made to the bank under subsection (a);

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

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

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

4 (A) credited to the account;

5 (B) available for use in providing loans to
6 projects eligible for assistance from the account;
7 and

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

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

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

22 (7) ensure that the term for repaying any loan
23 will not exceed 30 years after the date of the first
24 payment on the loan under paragraph (6); and

1 (8) require the bank to make an annual report
 2 to the Secretary on its status, and make such other
 3 reports as the Secretary may require by guidelines.

4 (d) FORMS OF ASSISTANCE FROM INFRASTRUCTURE
 5 BANKS.—

6 (1) IN GENERAL.—An infrastructure bank es-
 7 tablished under this section may make a loan to a
 8 local educational agency or a public library in an
 9 amount equal to all or part of the cost of carrying
 10 out a project eligible for assistance under subsection
 11 (e).

12 (2) APPLICATIONS FOR LOANS.—

13 (A) IN GENERAL.—A local educational
 14 agency or public library desiring a loan under
 15 this Act shall submit to an infrastructure bank
 16 an application that includes—

17 (i) in the case of a renovation
 18 project—

19 (I) a description of each architec-
 20 tural, civil, structural, mechanical, or
 21 electrical deficiency to be corrected
 22 with loan funds and the priorities to
 23 be applied; and

24 (II) a description of the criteria
 25 used by the applicant to determine the

1 type of corrective action necessary for
2 the renovation of a facility;

3 (ii) a description of any improvements
4 to be made and a cost estimate for the im-
5 provements;

6 (iii) a description of how work under-
7 taken with the loan will promote energy
8 conservation; and

9 (iv) such other information as the in-
10 frastructure bank may require.

11 (B) TIMING.—An infrastructure bank shall
12 take final action on a completed application
13 submitted to it in accordance with this sub-
14 section not later than 90 days after the date of
15 the submission of the application.

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

19 (A) the extent to which the local edu-
20 cational agency or public library desiring a loan
21 would otherwise lack the fiscal capacity, includ-
22 ing the ability to raise funds through the full
23 use of such bonding capacity of the agency or
24 library, to undertake the project proposed in
25 the application;

1 (B) in the case of a local educational agen-
 2 cy, the threat that the condition of the physical
 3 plant in the proposed project poses to the safety
 4 and well-being of students;

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

9 (D) the age of the facility proposed to be
 10 reconstructed, renovated, or replaced.

11 (e) QUALIFYING PROJECTS.—

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

15 (A) the construction of a new elementary
 16 school or secondary school to meet the needs
 17 imposed by enrollment growth;

18 (B) the repair or upgrading of classrooms
 19 or structures related to academic learning, in-
 20 cluding the repair of leaking roofs, crumbling
 21 walls, inadequate plumbing, poor ventilation
 22 equipment, and inadequate heating or lighting
 23 equipment;

24 (C) an activity to increase physical safety
 25 at the educational facility involved;

1 (D) an activity to enhance the educational
2 facility involved to provide access for students,
3 teachers, and other individuals with disabilities;

4 (E) an activity to address environmental
5 hazards at the educational facility involved,
6 such as poor ventilation, indoor air quality, or
7 lighting;

8 (F) the provision of basic infrastructure
9 that facilitates educational technology, such as
10 communications outlets, electrical systems,
11 power outlets, or a communication closet;

12 (G) work that will bring an educational fa-
13 cility into conformity with the requirements
14 of—

15 (i) environmental protection or health
16 and safety programs mandated by Federal,
17 State, or local law, if such requirements
18 were not in effect when the facility was ini-
19 tially constructed; and

20 (ii) hazardous waste disposal, treat-
21 ment, and storage requirements mandated
22 by the Solid Waste Disposal Act (42
23 U.S.C. 6901 et seq.) or similar State laws;

24 (H) work that will enable efficient use of
25 available energy resources;

1 (I) work to detect, remove, or otherwise
2 contain asbestos hazards in educational facili-
3 ties; or

4 (J) work to construct new public library
5 facilities or repair or upgrade existing public li-
6 brary facilities.

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

12 (f) SUPPLEMENTATION.—Any loan made by an infra-
13 structure bank shall be used to supplement and not sup-
14 plant other Federal, State, and local funds available to
15 carry out school or library construction, renovation, or re-
16 pair.

17 (g) LIMITATION ON REPAYMENTS.—Notwithstanding
18 any other provision of law, the repayment of a loan from
19 an infrastructure bank under this section may not be cred-
20 ited toward the non-Federal share of the cost of any
21 project.

22 (h) SECRETARIAL REQUIREMENTS.—In admin-
23 istering this section, the Secretary shall specify procedures
24 and guidelines for establishing, operating, and providing
25 assistance from an infrastructure bank.

1 (i) UNITED STATES NOT OBLIGATED.—The con-
2 tribution of Federal funds into an infrastructure bank es-
3 tablished under this section shall not be construed as a
4 commitment, guarantee, or obligation on the part of the
5 United States to any third party, nor shall any third party
6 have any right against the United States for payment sole-
7 ly by virtue of the contribution. Any security or debt fi-
8 nancing instrument issued by the infrastructure bank
9 shall expressly state that the security or instrument does
10 not constitute a commitment, guarantee, or obligation of
11 the United States.

12 (j) MANAGEMENT OF FEDERAL FUNDS.—Sections
13 3335 and 6503 of title 31, United States Code, shall not
14 apply to funds contributed under this section.

15 (k) PROGRAM ADMINISTRATION.—A State may ex-
16 pend an amount not to exceed 2 percent of the grant funds
17 contributed to an infrastructure bank established by a
18 State or States under this section to pay the reasonable
19 costs of administering the infrastructure bank.

20 (l) SECRETARIAL REVIEW AND REPORT.—The Sec-
21 retary shall—

22 (1) review the financial condition of each infra-
23 structure bank established under this section; and

1 (2) transmit to Congress a report on the results
 2 of such review not later than 90 days after the com-
 3 pletion of the review.

4 **SEC. 4. DEFINITIONS.**

5 In this Act:

6 (1) **ELEMENTARY SCHOOL, FREE PUBLIC EDU-**
 7 **CATION, LOCAL EDUCATIONAL AGENCY, AND SEC-**
 8 **ONDARY SCHOOL.**—The terms “elementary school”,
 9 “free public education”, “local educational agency”,
 10 and “secondary school” have the same meanings as
 11 in section 14101 of the Elementary and Secondary
 12 Education Act of 1965 (20 U.S.C. 8801);

13 (2) **OUTLYING AREA.**—The term “outlying
 14 area” means the 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 (3) **PUBLIC LIBRARY.**—The term “public
 20 library”—

21 (A) means a library that serves free of
 22 charge all residents of a community, district, or
 23 region, and receives its financial support in
 24 whole or in part from public funds; and

1 (B) includes a research library, which, for
 2 purposes of this subparagraph, means a library
 3 that—

4 (i) makes its services available to the
 5 public free of charge;

6 (ii) has extensive collections of books,
 7 manuscripts, and other materials suitable
 8 for scholarly research which are not avail-
 9 able to the public through public libraries;

10 (iii) engages in the dissemination of
 11 humanistic knowledge through services to
 12 readers, fellowships, educational and cul-
 13 tural programs, publication of significant
 14 research, and other activities; and

15 (iv) is not an integral part of an insti-
 16 tution of higher education; and

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

