

110TH CONGRESS  
1ST SESSION

# H. R. 2573

To establish State infrastructure banks for education.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2007

Mrs. TAUSCHER (for herself, Mrs. MCCARTHY of New York, Mrs. NAPOLITANO, and Mr. SCHIFF) introduced the following bill; which was referred to the Committee on Education and Labor

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## 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 2007”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds the following:

8               (1) According to a 2005 study conducted by the  
9       American School & University, \$29.08 billion was  
10       spent to address the Nation’s education infrastruc-

1       ture needs in 2004, with the average total cost of a  
2       new high school at \$27 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 (3) HEALTHY HIGH PERFORMANCE SCHOOLS.—

4 (A) ESTABLISHMENT OF GUIDELINES.—

5 After consultation with States and consider-  
6 ation of leading green building standards, the  
7 Secretary, in consultation with the Secretary of  
8 Energy and the Administrator of the Environ-  
9 mental Protection Agency, shall establish  
10 Healthy, High Performance School Guidelines,  
11 which shall provide guidance for the construc-  
12 tion and renovation of schools, education facili-  
13 ties, and libraries relating to energy efficiency,  
14 renewable energy, water use, building materials,  
15 indoor environmental quality, and such other  
16 matters as the Secretary considers to be appro-  
17 priate.

18 (B) APPLICABILITY OF GUIDELINES.—A

19 local educational agency or public library using  
20 a loan under this section to fund a new con-  
21 struction or renovation project described in  
22 paragraph (1) shall ensure that the project con-  
23 forms, to the maximum extent practicable, to  
24 the Healthy, High Performance School Guide-  
25 lines in subparagraph (A).

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

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

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

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

1 (j) MANAGEMENT OF FEDERAL FUNDS.—Sections  
 2 3335 and 6503 of title 31, United States Code, shall not  
 3 apply to funds contributed under this section.

4 (k) PROGRAM ADMINISTRATION.—For each of fiscal  
 5 years 2008 through 2012, a State may expend not to ex-  
 6 ceed 2 percent of the Federal funds contributed to an in-  
 7 frastructure bank established by the State under this sec-  
 8 tion to pay the reasonable costs of administering the bank.

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

14 (m) AUTHORIZATION OF APPROPRIATIONS.—For  
 15 grants to States for the initial capitalization of infrastruc-  
 16 ture banks there are authorized to be appropriated  
 17 \$500,000,000 for fiscal year 2008 and for each of the next  
 18 4 fiscal years.

19 **SEC. 4. DEFINITIONS.**

20 For purposes of this Act:

21 (1) LOCAL EDUCATIONAL AGENCY.—(A) The  
 22 term “local educational agency” means a public  
 23 board of education or other public authority legally  
 24 constituted within a State for either administrative  
 25 control or direction of, or to perform a service func-

1       tion for, public elementary or secondary schools in a  
2       city, county, township, school district, or other polit-  
3       ical subdivision of a State, or for such combination  
4       of school districts or counties as are recognized in a  
5       State as an administrative agency for its public ele-  
6       mentary or secondary schools.

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

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

23              (2) OUTLYING AREA.—The term “outlying  
24       area” means the Virgin Islands, Guam, American  
25       Samoa, the Commonwealth of the Northern Mariana

1 Islands, the Republic of the Marshall Islands, the  
2 Federated States of Micronesia, and the Republic of  
3 Palau.

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

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

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

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

22 (D) is not an integral part of an institu-  
23 tion of higher education.

24 (4) STATE.—The term “State” means each of  
25 the 50 States, the District of Columbia, the Com-

- 1 monwealth of Puerto Rico, and each of the outlying
- 2 areas.

