

110TH CONGRESS
1ST SESSION

S. 1542

To establish State infrastructure banks for education, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 5, 2007

Mrs. CLINTON 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, and
for other purposes.

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 the School Management and
9 Planning magazine, up to \$150,000,000,000 in re-
10 pairs, renovations, and modernizations is needed to

1 put schools in the United States into good overall
2 condition.

3 (2) Approximately 14,000,000 United States
4 students attend schools that report the need for ex-
5 tensive repair or replacement of 1 or more buildings.

6 (3) According to a recent study conducted by
7 American School & University magazine,
8 \$29,088,000,000 was spent to address the Nation's
9 education infrastructure needs, with the average
10 total cost of a new high school being \$27,000,000.

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 have found that students as-
15 signed to schools in poor condition could be expected
16 to have test scores that are 10.9 percentage points
17 lower than students in schools in excellent condition.
18 Similar studies demonstrated improvement of up to
19 20 percent in test scores when students were moved
20 from a facility in poor condition to a new facility.

21 (5) Large numbers of local educational agencies
22 have difficulties securing financing for school facility
23 improvement.

24 (6) The challenges facing the Nation's public el-
25 ementary schools and secondary schools and libraries

1 require the concerted efforts of all levels of govern-
2 ment and all sectors of communities.

3 (7) The United States competitive position
4 within the world economy is vulnerable if the future
5 workforce of the United States continues to be edu-
6 cated in schools and libraries not equipped for the
7 21st century.

8 (8) The deplorable state of collections in public
9 school libraries in the United States has increased
10 the demands on public libraries. In many instances,
11 public libraries substitute for school libraries, cre-
12 ating a higher demand for material and physical
13 space to house literature and educational computer
14 equipment.

15 (9) Research shows that 50 percent of a child's
16 intellectual development takes place before age 4.
17 The Nation's public and school libraries play a crit-
18 ical role in a child's early development because the
19 libraries provide a wealth of books and other re-
20 sources that can give every child a head start on life
21 and learning.

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

23 (a) ESTABLISHMENT.—

24 (1) COOPERATIVE AGREEMENTS.—The Sec-
25 retary of Education (referred to in this Act as the

1 “Secretary”), after consultation with the Secretary
2 of the Treasury, may enter into cooperative agree-
3 ments with States under which—

4 (A) the States establish State infrastruc-
5 ture banks and multistate infrastructure banks
6 for the purpose of providing the loans described
7 in subparagraph (B); and

8 (B) the Secretary awards grants to States
9 to be used as initial capital for the purpose of
10 making loans through the infrastructure
11 banks—

12 (i) to local educational agencies to en-
13 able the agencies to construct, reconstruct,
14 or renovate elementary schools or sec-
15 ondary schools that provide free public
16 education; and

17 (ii) to public libraries to enable the li-
18 braries to construct, reconstruct, or ren-
19 ovate library facilities.

20 (2) INTERSTATE COMPACTS.—

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

compact establishing a multistate infrastructure bank in accordance with 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—

24 (3) allow such funds to be used as reserve for
25 debt issued by the State, so long as proceeds are de-

1 posited in the appropriate accounts for loan pur-
2 poses;

3 (4) ensure that investment income generated by
4 funds described in paragraph (2) and made available
5 to an account of the bank will be—

6 (A) credited to the account;

7 (B) available for use in providing loans for
8 a project eligible for assistance from the ac-
9 count; and

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

15 (5) ensure that any loan from the bank will
16 bear interest at or below the lowest interest rate
17 being offered for bonds;

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

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

4 (d) FORMS OF ASSISTANCE FROM INFRASTRUCTURE

5 BANKS.—

11 (2) APPLICATIONS FOR LOANS.—

12 (A) IN GENERAL.—A local educational
13 agency or public library desiring a loan under
14 this section shall submit to such an infrastruc-
15 ture bank an application that includes—

16 (i) in the case of an application for a
17 renovation project for a facility—

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

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

type of corrective action necessary for the renovation of the facility;

(ii) a description of any improvements to be made and a cost estimate for the improvements to be made with the loan;

(iii) a description of how work undertaken with the loan will promote energy conservation; and

(iv) such other information as the institution may require.

(B) TIMING.—An infrastructure bank shall final action on a completed application submitted to it in accordance with this subsection not later than 90 days after the date of submission of the application.

16 (3) CRITERIA FOR LOANS.—In considering an
17 application for a loan under this section, an infra-
18 structure bank shall consider—

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

11 (e) ELIGIBLE PROJECTS.—

12 (1) IN GENERAL.—A project shall be eligible for
13 a loan from an infrastructure bank under this sec-
14 tion if the project consists of—

15 (A) the construction of an 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 at an
20 educational facility, including the repair of leak-
21 ing roofs, crumbling walls, inadequate plumb-
22 ing, poor ventilation equipment, or inadequate
23 heating or lighting equipment;

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

(D) an activity to enhance an educational facility to provide access for students, teachers, and other individuals (such as staff and parents) who are individuals with disabilities;

(E) an activity to address environmental hazards at an educational facility, such as poor ventilation, indoor air quality, or lighting;

(F) the provision of basic infrastructure that facilitates educational technology, such as communications outlets, electrical systems, power outlets, or a communication closet, at an educational facility;

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

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

(ii) hazardous waste treatment, storage, and disposal requirements mandated under the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.) or similar State laws;

(H) work that will enable efficient use of available energy resources at an educational facility;

(I) work to detect, remove, or otherwise contain asbestos hazards in an educational facility; or

(J) work to construct public library facilities or repair or upgrade public library facilities.

10 (2) DAVIS-BACON.—The wage requirements of
11 subchapter IV of chapter 31 of title 40, United
12 States Code shall apply with respect to individuals
13 employed on the projects described in paragraph (1).

(3) HEALTHY HIGH PERFORMANCE SCHOOLS.—

(A) ESTABLISHMENT OF GUIDELINES.—

After consultation with States and consideration of leading green building standards, the Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall establish Healthy, High Performance School Guidelines, which shall provide guidance for the construction and renovation of schools, educational facilities, and libraries relating to energy efficiency, renewable energy, water use, building

1 materials, indoor environmental quality, and
2 such other matters as the Secretary considers
3 to be appropriate.

4 (B) APPLICABILITY OF GUIDELINES.—A
5 local educational agency or public library using
6 a loan under this section to fund a new con-
7 struction or renovation project described in
8 paragraph (1) shall ensure that the project con-
9 forms, to the maximum extent practicable, to
10 the Healthy, High Performance School Guide-
11 lines described in subparagraph (A).

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, reconstruction, or
16 renovation (including repair).

17 (g) LIMITATION ON REPAYMENTS.—Notwithstanding
18 any other provision of law, if an infrastructure bank
19 makes a loan under this section with funds made available
20 through a grant awarded to a State under subsection (a),
21 the funds used to repay the loan may not be credited to-
22 ward the contribution required for the State under sub-
23 section (c)(1) for a subsequent grant awarded under sub-
24 section (c).

1 (h) SECRETARIAL REQUIREMENTS.—In admin-
2 istering this section, the Secretary shall specify procedures
3 and guidelines for establishing, operating, and providing
4 assistance from an infrastructure bank.

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

16 (j) INCOME ATTRIBUTABLE TO INTEREST.—The in-
17 come attributable to interest described in subsection (c)(5)
18 shall be exempt from Federal taxation.

19 (k) MANAGEMENT OF FEDERAL FUNDS.—Sections
20 3335 and 6503 of title 31, United States Code, shall not
21 apply to funds contributed under this section.

22 (l) PROGRAM ADMINISTRATION.—A State may ex-
23 pend an amount not to exceed 2 percent of the grant funds
24 contributed to an infrastructure bank established by a

1 State or States under this section to pay the reasonable
2 costs of administering the infrastructure bank.

3 (m) SECRETARIAL REVIEW AND REPORT.—The Sec-
4 retary shall—

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

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

10 **SEC. 4. DEFINITIONS.**

11 In this Act:

12 (1) ELEMENTARY SCHOOL, FREE PUBLIC EDU-
13 CATION, AND SECONDARY SCHOOL.—The terms “ele-
14 mentary school”, “free public education”, and “sec-
15 ondary school” have the meanings given the terms
16 in section 9101 of the Elementary and Secondary
17 Education Act of 1965 (20 U.S.C. 7801).

18 (2) LOCAL EDUCATIONAL AGENCY.—The term
19 “local educational agency” has the meaning given
20 the term in section 9101 of the Elementary and Sec-
21 ondary Education Act of 1965 (20 U.S.C. 7801)
22 and includes a public charter school that operates as
23 a local educational agency of the State in which the
24 school is located.

9 (A) means a library that serves, free of
10 charge, all residents of a community, district, or
11 region, and receives its financial support in
12 whole or in part from public funds; and

13 (B) includes a research library, which, for
14 purposes of this subparagraph, means a library
15 that—

16 (i) makes its services available to the
17 public free of charge;

18 (ii) has extensive collections of books,
19 manuscripts, and other materials suitable
20 for scholarly research that are not avail-
21 able to the public through public libraries;

22 (iii) engages in the dissemination of
23 humanistic knowledge through the provi-
24 sion of services to readers, fellowships,
25 educational and cultural programs, publi-

1 cation of significant research, and other
2 activities; and

3 (iv) is not an integral part of an institu-
4 tion of higher education (as defined in
5 section 101(a) of the Higher Education
6 Act of 1965 (20 U.S.C. 1001(a))).

7 (5) STATE.—The term “State” means each of
8 the 50 States, the District of Columbia, the Com-
9 monwealth of Puerto Rico, and each of the outlying
10 areas.

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