

June 2, 2017

BILL SUMMARY & SECTION-BY-SECTION
School Building Improvement Act of 2017

BILL SUMMARY

The *School Building Improvement Act of 2017* will provide a total of \$100 billion in direct grants and school construction bonds over 10 years to help fill a \$38 billion *annual* gap in school facility capital construction needs. The bill focuses assistance on states and communities in the greatest financial need.

SECTION-BY-SECTION

SECTION 1. SHORT TITLE

“School Building Improvement Act of 2017”

SECTION 2. Definitions

**TITLE I -- GRANTS FOR SCHOOL REPAIR,
RENOVATION, AND CONSTRUCTION**

SECTION 101. Grants for School Repair, Renovation, and Construction

Subsection (a) – Allocation of Funds

The bill reserves 1% of funds for the outlying areas and funds for schools funded by the Bureau of Indian Education (BIE). It allocates funds among the states based on each state’s proportion of Title I (ESEA) funding, with a guaranteed minimum share of 0.5% for states and a share of 0.5% for Puerto Rico.

Subsection (b) – Within-State Distributions

State Educational Agencies (SEAs) may reserve 1% of its allocation to for administering grants. SEAs must use these administrative funds to provide technical assistance to local educational agencies (LEAs) and to support a State-level database of public school facilities. SEAs may use funds for developing a statewide school facility masterplans; adopting standards for high-quality, energy efficient school facilities; promoting broad-based community use of school facilities; defraying the cost of State bonds that finance school facility improvements, and awarding grants to State-supported schools.

An SEA shall transfer not less 75% of its administrative funds to the “State Entity” that is responsible for financing school facilities in order to distribute funds to LEAs.

The State must award 100% of the remaining funds to LEAs on a competitive basis. However, funds must be awarded to high-need LEAs and rural LEAs, in the aggregate, in proportion to the percentage of Title I funds they receive.

Criteria for Awarding Grants -- In awarding grants, SEAs or State Entities must take into account: the percentage of low-income students served; the LEA's need for school construction, repair, or renovation; the extent to which the LEA will utilize certified green construction practices; the fiscal capacity of the LEA to make school facility investments on its own; and the LEA's assurance that it will maintain any new or renovated facility. The bill also establishes equitable access for charter schools.

Matching Requirement -- SEAs or State Entities are required to establish a match for LEAs that receive funding but can also establish a sliding scale based on the economic condition of the community served by the LEA.

Subsection (c) – Rules Applicable to School Repair, Renovation, and Construction

The bill establishes permissible uses for funds provided to LEAs, generally providing authority for upgrades, repair, construction, or replacement of school buildings, systems, or components. It also provides authority for projects to address compliance with the American with Disabilities Act, fire and safety codes, as well as making improvements to the environmental conditions.

The bill specifies impermissible uses of grant funds, including the construction or renovation of administration buildings and stadiums and the purchase of vehicles.

The bill also requires that Federal funds supplement and not supplant state and local funding for school repair, renovation, and construction.

Subsection (d) Qualified Bidders Competition -

The bill requires competition for qualified bidders for any construction or renovation contract, including small, minority, and women-owned businesses.

Subsection (e) – Public Comment

An LEA that receives funding is required to have a period for public comment on how grant funding will be used.

Subsection (f) Reporting

The bill requires LEAs and States to report and make publicly available information on the projects funded, including demographic information about the populations served by the LEAs that receive funds.

Subsection (g) Annual Report on Grant Program

Requires an annual report from the Secretary to the relevant House and Senate Committees on the projects funded.

Subsection (h) Reallocation

Allows the Secretary to reallocate unused funds.

Subsection (i) Authorization of Appropriations

Authorizes \$7 billion for each of the fiscal years 2018 through 2027.

TITLE II— SCHOOL INFRASTRUCTURE BONDS

SECTION 201. School Infrastructure Bonds

Amends the Internal Revenue Code of 1986 by adding “Section 54BB. School Infrastructure Bonds.” Section 201 designates a total national bond limitation of \$30 billion for qualified school infrastructure bonds (QSIBs) -- \$10 billion each for FY 2018 through FY 2020.

Section 201 also:

- allocates bond authority to states based on the proportion of funds that States receive under Title I, Part A of ESEA;
- requires that the federal government provide a tax credit of 100 percent of the interest on any QSIB—such credit may be issued as a tax credit to the bondholder or as a direct payment to the bond issuer;
- reserves 0.5% of the bond allocation for outlying areas, 0.5% of the bond allocation for the Puerto Rico, and 0.5% of the bond allocation for schools funded the BIE;
- requires States to use the same criteria outlined in Section 103 in distribution of bond authority, excluding provisions related to fiscal capacity, to LEAs; and
- amends the Balanced Budget and Emergency Deficit Control Act of 1985 such that QSCIB payments shall not be subject to sequestration.

SECTION 202. Expansion of Qualified Zone Academy Bonds

Amends the Internal Revenue Code of 1986 Section 54(E)(d)(3), allowing proceeds from Qualified Zone Academy Bonds to be used construction and retrofitting of public school facilities. Section 202 permanently increases the national limitation for QZABs from \$400 million annually to \$1.4 billion annually and removes the private business contribution requirement for LEAs to participate in the QZAB program.

SECTION 203. Annual Report on Bond Program

Requires the Secretary of Education to annually submit to Congress a report that includes the LEAs that participated in the bond program as well as LEAs that were unable to participate due to fiscal challenges.

TITLE III – General Provisions

SECTION 303. Use of American Iron, Steel, and Manufactured Products

Requires that LEAs that receive funds through grants or bonds use American iron, steel, and manufactured products.

SECTION 302. Comptroller General Report

Requires the GAO to report on projects carried out under the act no later than two years after enactment with updates between 5 and 6 years after enactment and 10 and 11 years after enactment.

SECTION 303. Studies and Reports on the Physical Condition of Public Schools

Requires the Institute of Education Sciences to carry out a comprehensive study of the physical condition of public school at least once every 5 years.

SECTION 304. Development of Data Standards

Requires the Secretary, in consultation with the Environmental Protection Agency, Department of Energy, Centers for Disease Control, and the National Institute for Occupational Safety and Health, to identify the data that states should collect in their databases of public school facilities and standards for such data.

SECTION 305. Information Clearinghouse

Requires the Secretary to establish a clearinghouse on federal programs and financing mechanisms that may be used to support renewable energy and energy efficiency investments.