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School Construction and Renovation: A Review of Federal Programs

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Summary

By some measures, the United States spent over $50 billion on new construction, additions, and alterations in public elementary and secondary schools and public and private postsecondary institutions in 2012. Although state and local governments are traditionally responsible for the majority of facilities in public K-12 schools and postsecondary institutions, the federal government also provides some direct and indirect support for school infrastructure. Facilities at private institutions are funded primarily by donations, tuition, private foundations, endowments, and governments. The largest federal contributions are indirect—the forgone revenue attributable to the exemption of interest on state and local governmental bonds used for school construction, modernization, renovation, and repair; and other tax credits.

Federal direct support for school infrastructure is provided through loans and grants to K-12 schools serving certain populations or K-12 schools with specific needs. For example, there are grant programs for schools with a high population of students who are Alaska Natives, Native Hawaiians, Indians, children of military parents, individuals with disabilities, or deaf. Funding is also available to schools affected by natural disasters or located in rural areas. And there are programs to encourage the development of charter schools. Although the Department of Education administers several of the grant programs funding facilities at elementary and secondary schools, other agencies, such as the Department of the Interior and the Department of Defense, also administer programs.

At the postsecondary level, there are several programs to support institutions of higher education that serve large low-income or minority populations and to support research facilities. The allowable uses of funds in the programs authorized primarily by Titles III and V of the Higher Education Act of 1965, as amended, and administered by the U.S. Department of Education variously include construction, maintenance, renovation, and improvement of instructional facilities and acquisition of land on which to construct instructional facilities. In addition, there are programs administered by other agencies, such as the National Endowment for the Humanities and the U.S. Department of Commerce, that support postsecondary research facilities, facility renovations at minority-serving postsecondary institutions, telecommunications, disaster relief at postsecondary institutions, and other uses.

This report provides a short description of federal allowances and programs that provide support for the construction or renovation of educational facilities. The allowances and programs are organized by the agency that administers or regulates the program. Appropriations and budget authorities are included for FY2014 and FY2015 or the most recent year available. These programs exist in various forms and responsibility for their administration is spread across many agencies; thus, the list of programs presented should not be considered a fully exhaustive list of all federally funded programs that support school facilities and infrastructure at least in part.

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Introduction

According to the U.S. Department of Education (ED) data for FY2012, the most recent data available, public elementary and secondary education and other related programs spent $36.8 billion on construction and $3.3 billion on land and existing structures.[1] According to College Planning & Management, U.S. colleges and universities completed $12.0 billion worth of new construction, additions, and retrofits in 2014.[2]

School construction and renovation have traditionally been considered to be state and local responsibilities. Nonetheless, the federal government has established a role in financing school construction and renovation. The federal government provides both indirect support for school construction (mainly by exempting from federal income taxation the interest on state and local government bonds used to finance school construction and renovation) and direct support via grants and loans for unique schools and populations. This report examines estimates of school infrastructure needs and discusses the federal role in financing both K-12 public school infrastructure and public and private higher education facilities.

School Infrastructure: Current Conditions and Needs

National data on the condition of school infrastructure and the need for infrastructure investment are extremely limited, outdated, and difficult to assess in part because of the wide variation of potential assumptions and definitions regarding both conditions and needs. In addition, there is substantial complexity associated with gathering and compiling data for which there is currently no central repository.

Studies of K-12 School Facilities

At present, there is no ongoing federal collection of data on the conditions of schools. However, in response to concerns about the physical condition of schools and a congressional mandate, ED issued a one-time study in 2000 that contained estimates of the costs of needed modernizations, renovations, and repairs to K-12 public school buildings and/or building features.[3] In 2000, ED estimated the cost of bringing K-12 school facilities into good condition[4] in 1999 at $127 billion.[5] ED more recently followed the 2000 report with a 2014 report.[6] The estimated cost of repairs,

[1] Cornman, S.Q. (2014). *Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2011–12 (Fiscal Year 2012)* (NCES 2014-301). U.S. Department of Education. Washington, DC: National Center for Education Statistics. Retrieved November 5, 2015, from http://nces.ed.gov/pubsearch.

[2] The comparable figure for 2012 was $9.7 billion. Paul Abramson, *2015 College Construction Report*, College Planning & Management, February 2015.

[3] L. Lewis, K. Snow, E. Farris, B. Smerdon, S. Cronen, and J. Kaplan, Project Officer: B. Greene, *Condition of America's Public School Facilities: 1999*, (NCES 2000-32), U.S. Department Of Education, Washington, D.C. (Hereinafter referred to as *Condition of America's Public School Facilities*.)

[4] ED defined good condition to mean that only routine maintenance or minor repair was required.

[5] These data are based on surveys of school officials rather than on direct, independent assessment of needs and costs. GAO estimated the unmet need for school construction and renovation in 1994 at $112 billion. U.S. Government Accountability Office, *School Facilities: Condition of America's Schools*, GAO/HEHS 95-61, Washington, DC, 1995.

[6] D. Alexander and L. Lewis, *Condition of America's Public School Facilities: 2012–13* (NCES 2014-022), U.S. Department of Education, Washington, DC: National Center for Education Statistics, 2014. Retrieved November 5,

renovations, and modernization required to bring 2012-2013 public school facilities into good condition was approximately $197 billion or $4.5 million per school.[7]

School infrastructure needs are affected not only by the age and physical condition of a school, but also by shifts in the student population or changes in school policies and by changes in expectations, technology, and school instructional practices. For example, implementing smaller class sizes may require additional floor space and walls. The introduction of computers and the need for Internet access may require rewiring classrooms. Increased science curriculum requirements may require new or additional laboratory facilities.

Postsecondary Facilities

Land and facilities are major tangible assets of postsecondary education institutions. Appropriate facilities are required to support increases in enrollment and changes in technological expectations.[8] Aside from the need for new facilities, regular maintenance and renovation of the facilities are required for institutions to fulfill their research, educational, and other missions. One estimate suggests that facilities at research universities require an endowment equal to the cost of construction to maintain the facilities over their lifetime.[9] According to the National Science Foundation's (NSF's) biennial study of science and engineering research facilities at colleges and universities, 20% of research space required renovation or replacement in FY2011 while 19% required renovation or replacement in FY2013.[10] The costs for new construction, repair, and renovation of science and engineering research space in academic institutions started in FY2010 or FY2011 were $9.9 billion and in FY2014 or FY2015 were $10.5 billion, and the costs of deferred projects increased from $21.3 billion in FY2011 to $22.0 billion in FY2015.[11]

National Clearinghouse for Public Educational Facilities

ED has, since 1997, provided support to an Educational Facilities Clearinghouse.[12] The clearinghouse is an informational resource on planning, designing, funding, building, improving, and maintaining safe, healthy, high-performance schools from nursery to higher education. The clearinghouse does not, however, collect or evaluate data. In the FY2015 appropriations

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2015, from http://nces.ed.gov/pubsearch.

[7] The estimates were based on a mix of professional judgment, recent facilities inspection(s)/assessment(s), and capital improvement/facilities plans.

[8] U.S. Department of Education, National Center for Education Statistics, *Postsecondary Education Facilities Inventory and Classification Manual (FICM): 2006 Edition* (NCES 2006-160), U.S. Department of Education, National Center for Education Statistics, Washington, DC, 2006.

[9] Scott Carlson, "As Campuses Crumble, Budgets Are Crunched," *The Chronicle of Higher Education*, vol. 54, no. 37 (May 23, 2008), p. A1.

[10] National Science Foundation, National Center for Science and Engineering Statistics, *Science and Engineering Research Facilities: Fiscal Year 2011*. Detailed Statistical Tables NSF 13-309. Arlington, VA, 2013, available at http://www.nsf.gov/statistics/nsf13309/ and National Science Foundation, National Center for Science and Engineering Statistics, *Science and Engineering Research Facilities: Fiscal Year 2013*. Detailed Statistical Tables NSF 15-320, June 2015, available at http://www.nsf.gov/statistics/2015/nsf15320/pdf/nsf15320.pdf.

[11] Ibid.

[12] The contract to establish and implement the clearinghouse was awarded to Tarleton State University for FY2010-FY2012, and to the George Washington University for FY2013-FY2015. The contract had previously been awarded to the National Institute of Building Sciences, which is authorized by the Housing and Community Development Act of 1974 (P.L. 93-383) as a nonprofit, non-governmental organization that supports advances in building science and technology to improve the built environment.

conference agreement, Congress included funding of $1 million for the Educational Facilities Clearinghouse within the Department of Education, Fund for the Improvement of Education account.[13]

History of Federal Assistance for Educational Facilities

This section describes the historical role of the federal government in the renovation and construction of school facilities.

Federal Tax Treatment of State and Local Bonds

The Revenue Act of 1913 (38 Stat. 114) excluded from federal income tax the interest income earned by holders of state and local government debt obligations. This exclusion has been retained through subsequent revisions of the Internal Revenue Code. Almost all state and local governments sell bonds to finance public projects and certain qualified private activities. Bonds issued for certain purposes are tax-exempt because the interest payments are not included in the bondholder's (purchaser's) federal taxable income. This exemption allows these bonds to be issued at lower interest rates but still provide competitive returns.[14] State and local governments may also issue tax credit bonds, which allow the holder to claim a federal tax credit equal to a percentage of the bond's par value (face value) for a limited number of years. Meanwhile, issuers of tax credit bonds typically pay no interest to bondholders. Thus, tax credit bonds can deliver a larger federal subsidy to the issuing state or local government than tax-exempt bonds.

Elementary and Secondary Schools

As far back as the Great Depression, the federal government provided funding to support K-12 school infrastructure. The Works Progress Administration financed 4,383 new schools and renovated thousands of additional schools between 1935 and 1940. In 1950, a program was enacted to inventory state school construction needs and Impact Aid programs. Impact Aid programs were enacted under P.L. 81-815, P.L. 81-874, and P.L. 81-875 to fund school construction in federally affected areas, areas affected by federal activities, and facilities damaged by major disasters. From FY1989 through FY2001, in response to Supreme Court rulings regarding the provision of equitable services to private school students, local educational agencies (LEAs) received federal assistance for capital expenses, including mobile educational units (20 U.S.C. §7279 et seq.).[15]

Attempts to increase federal assistance for needed improvements to school infrastructure continued in the 1990s. The Education Infrastructure Act of 1994 was enacted as Title XII of the

[13] U.S. Congress, House, *Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations regarding the House Amendment to the Senate Amendment on H.R. 83*, 113th Cong., 2nd sess., December 11, 2014.

[14] For an in-depth discussion of tax-exempt bonds, including issues regarding costs (revenue loss), see CRS Report RL30638, *Tax-Exempt Bonds: A Description of State and Local Government Debt*, by Steven Maguire and Jeffrey M. Stupak.

[15] The 1985 Supreme Court decision in Aguilar v. Felton (473 U.S. 402 (1985)) held that the provision of ESEA Title I services by public school teachers to children attending parochial schools on the premises of such schools was unconstitutional. The 1988 Title I amendments (P.L. 100-297) authorized a grant program providing additional "capital expenses" to help public schools serve nonpublic school pupils. The 1997 Supreme Court decision in Agostini v. Felton (521 U.S. 203 (1997)) overturned its 1985 decision.

Elementary and Secondary Education Act by the Improving America's Schools Act of 1994 (P.L. 103-382) to provide direct federal assistance for the renovation and construction of public elementary and secondary schools, among other things. The program was never funded.

The Federal Emergency Management Administration (FEMA) has administered the disaster assistance program since 1992. In response to specific natural disasters, Congress has enacted additional legislation to create temporary programs to meet the needs of students, schools, LEAs, and states, including modernizing, renovating, or repairing school buildings.

The Consolidated Appropriations Act for FY2001 (P.L. 106-554) appropriated $1.2 billion in FY2001 for school renovation and repair, activities under part B of the Individuals with Disabilities Education Act (20 U.S.C. §1411 et seq.), and technology activities. Over 75% of the $1.2 billion was designated for school facilities and ensured distribution to LEAs in the outlying areas, LEAs enrolling significant numbers of children connected to federal lands or low-rent public housing, high poverty LEAs, and rural LEAs. The program was not permanently authorized and did not receive funding in subsequent years.

Most recently, in 2009, Congress provided a one-time appropriation that could be used for renovation and construction. The American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) authorized a $54 billion State Fiscal Stabilization Fund (SFSF). States were required to use at least 81.8% of their share of the SFSF to restore support of public elementary, secondary, and postsecondary schools, and, as applicable, early childhood education programs and services. Among the allowable uses of restoration funds were modernization, renovation, or repair of public school facilities. States were required to use the remaining 18.2% of their share of the SFSF for education, public safety, and other government services, which may include modernization, renovation, or repair of public school and public or private college facilities, depending on the criteria that the governor used to allocate the funds. ED issued guidance[16] specifically allowing the SFSF to be used for K-12 construction but not construction of IHEs.

Postsecondary Facilities

Federal support for higher education facilities also has a long history. Since the 1857 Act[17] to incorporate the Columbian Institution for the Instruction of the Deaf and Dumb, and the Blind (later renamed Gallaudet University), Congress has appropriated funds for construction and operation of the university. In 1928, Congress authorized the appropriation of funds for Howard University to aid in its construction, development, improvement, and maintenance.[18] In 1965, the National Technical Institute for the Deaf Act (P.L. 89-36) established the National Technical Institute for the Deaf and authorized the appropriation of funds for its operation and construction.

Congress authorized several loan or interest subsidy grant programs to help finance the construction, reconstruction, and renovation of housing, academic, and other educational facilities. The College Housing Loan program (Title IV of the Housing Act of 1950; 64 Stat. 77) was intended to alleviate housing shortages on college campuses that resulted from increased enrollments.[19] The Higher Education Facilities Act of 1963 (P.L. 88-204) authorized Loans for Construction of Academic Facilities. A revolving loan fund was established to make higher

[16] U.S. Department of Education, *Guidance on the State Fiscal Stabilization Fund Program*, Washington, DC, April 2009, pp. 18, 27, http://www.ed.gov/programs/statestabilization/guidance.pdf.

[17] 11 Stat. 161.

[18] 45 Stat. 1021.

[19] U.S. Congress, House Committee on Government Operations, *Department of Education's College Construction Loan Programs*, 98th Cong., 2nd sess., May 15, 1984 (Washington: GPO, 1984), p. 1.

education academic facilities loans by P.L. 89-429. The Education Amendments of 1972 (P.L. 92-318) established annual interest grants to reduce borrowing costs and academic facilities loan insurance to assist private nonprofit entities in procuring loans for the construction, reconstruction, and renovation of academic facilities.

The Public Health Service Act, as amended by the Health Professions Educational Assistance Act of 1963 (P.L. 88-129), authorized grants for the construction, rehabilitation, and replacement of teaching facilities for health personnel and schools of nursing. Authorization for the construction, rehabilitation, and replacement of teaching facilities for allied health professionals was added by the Allied Health Professions Personnel Training Act of 1966 (P.L. 89-751) and repealed by the Health Professions Educational Assistance Act of 1976 (P.L. 94-484). Loan guaranties and interest subsidies were authorized in 1971 for the construction, rehabilitation, and replacement of teaching facilities for health personnel and schools of nursing.[20] The Nurse Education Amendments of 1985 (P.L. 99-92) repealed the program of support for nursing school facilities, and the Health Professions Education Extension Amendments of 1992 (P.L. 102-408) repealed federal support of teaching facilities for health personnel.

General U.S. Department of Education administered-facilities grant programs were authorized beginning in 1963. The Higher Education Facilities Act of 1963 (P.L. 88-204) authorized Grants for the Construction of Undergraduate Academic Facilities (Title VII-A of HEA), Grants for the Construction of Graduate Academic Facilities (Title VII-B of the HEA), and Construction Assistance for Public Higher Education Facilities in Major Disaster Areas (Title VII-D of the HEA). The programs were intended to increase the enrollment capacity of institutions of higher education (IHEs). If, within 20 years of its completion, an academic facility constructed with funds from the grant program for undergraduate academic facilities or for graduate academic facilities ceased to be controlled by a public or nonprofit institution or ceased to be used as an academic facility, the federal government is required to recover a proportionate share of the grant.[21]

The Education Amendments of 1972 (P.L. 92-318) authorized the Establishment and Expansion of Community Colleges program. Funds from the community college program encouraged states to prepare a statewide plan for the expansion and improvement of postsecondary education programs in community colleges. Funds could be used to remodel or renovate existing facilities, to equip new and existing facilities, or to lease facilities.

The Education Amendments of 1976 (P.L. 94-482) amended the programs to provide for reconstruction, renovation, and modernization of existing facilities and authorized a new Reconstruction and Renovation grant program to reduce energy consumption and to make facilities accessible to the physically disabled.

The Education Amendments of 1980 (P.L. 96-374) repealed three of the then-existing facilities programs: the Reconstruction and Renovation grant program, Construction Assistance for Public Higher Education Facilities in Major Disaster Areas, and the Establishment and Expansion of Community Colleges program. The 1980 Amendments also enabled undergraduate and graduate postsecondary institutions to use grant funds to economize on the use of energy resources, to make facilities accessible to the physically disabled, to improve research facilities, and to eliminate asbestos hazards.

[20] The Comprehensive Health Manpower Training Act of 1971 (P.L. 92-157) and the Nurse Training Act of 1971 (P.L. 92-158).

[21] 20 U.S.C. §122.

The Higher Education Amendments of 1986 (P.L. 99-498) expanded the HEA Title VII programs to include, as authorized uses of funds, the acquisition and maintenance of special research and instructional instrumentation and equipment, compliance with federal hazardous waste disposal requirements, more efficient use of energy sources, advanced skill training programs, and preservation of significant architecture. The Higher Education Amendments of 1986 also authorized the establishment of the College Construction Loan Insurance Association (also known as Connie Lee) as a private, for-profit corporation. Connie Lee succeeded the Academic Facilities Loan Insurance program. The function of Connie Lee was to

- guarantee, insure, and reinsure bonds, debentures, notes, evidences of debt, loans, and interests therein, the proceeds of which were to be used for an education facilities purpose;
- guarantee and insure leases of personal, real, or mixed property to be used for an education facilities purpose; and
- issue letters of credit and undertake obligations and commitments as Connie Lee deemed necessary.

Congress was concerned that deteriorating facilities would affect the quality of higher education and that financially sound postsecondary institutions whose debt was not investment grade did not have the necessary access to long-term capital.[22] Both the U.S. Department of Education and the Student Loan Marketing Association[23] (also known as Sallie Mae) became significant shareholders of Connie Lee. The 1986 Amendments also authorized Sallie Mae (20 U.S.C. §1087-2) to directly or indirectly finance higher education academic facilities.[24] Connie Lee and Sallie Mae were eventually privatized under the Omnibus Consolidated Appropriations Act, 1997 (P.L. 104-208). There were several explanations for privatizing Connie Lee:

- The federal government's share in Connie Lee was declining.
- Other investors and insurers were providing loans for higher education facilities as a result of the federal government's success.
- The statutory language authorizing Connie Lee prevented it from expanding its market.
- General federal policy encouraged the downsizing and privatizing of previous government operations, as appropriate.
- Partial federal ownership of Connie Lee provided the impression that the federal government would be liable in case of Connie Lee's financial difficulties.[25]

In the late 1980s, the Administration also requested no new monies for the higher education facilities programs except what would be necessary to service previous obligations. The reasons

[22] U.S. Congress, House Committee on Economic and Educational Opportunities, *Privatization Act of 1995*, Report Together with Minority and Additional Views to Accompany H.R. 1720, 104th Cong., 1st sess., June 22, 1995, H.Rept. 104-153 (Washington: GPO, 1995).

[23] The Education Amendments of 1972 (P.L. 92-318) established the Student Loan Marketing Association as a government sponsored private corporation, financed by private capital, to serve as a secondary market and warehousing facility for insured student loans.

[24] For a description of projects financed by Sallie Mae through 1991, see U.S. General Accounting Office, *School Construction, Sallie Mae Financing*, HRD-93-61, April 13, 1993, http://archive.gao.gov/d44t15/148896.pdf.

[25] U.S. Congress, House Committee on Economic and Educational Opportunities, *Privatization Act of 1995*, Report Together with Minority and Additional Views to Accompany H.R. 1720, 104th Cong., 1st sess., June 22, 1995, H.Rept. 104-153 (Washington: GPO, 1995), pp. 15-16.

given were that federal support of higher education facilities was inappropriate; the programs displaced the traditional role of state and local governments and private enterprise; the programs were duplicative and complicated; and the programs were too costly.[26] Academic Facilities Construction Grants were last funded in FY1986.

The Higher Education Amendments of 1992 (P.L. 102-325) replaced then-existing grant and loan programs with new programs, which were never funded. The repealed loan programs have not made any new loans since FY1993, but loan collections, property dispositions, and the resolution of defaulted loans may continue through FY2030.[27] The 1992 Amendments also authorized the Historically Black College and University Capital Financing program (see section below) to provide Historically Black Colleges and Universities (HBCUs) with access to low-cost capital.

Federal Programs that Provide Funding for Educational Facilities

Federal support for school construction and renovation is provided through various allowances and programs. Most allowances and programs provide categorical aid for targeted policy objectives. Several allowances provide federal tax exemptions or credits on state and local government bonds. Several programs provide support through grants, loans, or loan guarantees. Eligible entities may be states, local governments, local educational agencies, postsecondary institutions, or other entities. The programs described below, although not an exhaustive list of all programs that may support construction or renovation of educational facilities, are organized by federal agency. The appropriations described reflect total program appropriations, and therefore, may not reflect expenditures for school facilities depending on the other uses of program funds.

Department of Education

Alaska Native K-12 and Community Education

The Alaska Native Educational Equity, Support, and Assistance Act (Title VII-C of the Elementary and Secondary Education Act of 1965 (ESEA), as amended) provides competitive grants to Alaska Native and other organizations to meet the unique educational needs of Alaska Natives and to support supplemental education programs to benefit Alaska Natives. The appropriations acts of FY2010-FY2015 authorized construction as an allowable use of funds. The FY2014 and FY2015 appropriations are each $31 million.

Charter School Facilities

ED administers two programs that provide facilities support to elementary and secondary charter schools.[28] The State Charter Schools Facilities Incentive Grants (Title V, Part B, Subpart 1 of the ESEA), also known as the Per-Pupil Facilities Aid Programs, are competitive grants awarded to states that have per-pupil charter school facilities aid programs specified in state law, and that annually provide financing on a per-pupil basis for charter school facilities. The program assists

[26] FY1987-FY1990 President's Budget.

[27] FY2014 President's Budget.

[28] For more information, see CRS Report R43493, *Charter School Programs Authorized by the Elementary and Secondary Education Act (ESEA Title V-B): A Primer*, by Rebecca R. Skinner.

charter schools in meeting school facility costs. Since FY2006, California, the District of Columbia, Indiana, Minnesota, and Utah have variously received Per-Pupil Facilities Aid.

The second program, Credit Enhancement for Charter School Facilities (Title V, Part B, Subpart 2 of the ESEA), is intended to improve access to capital markets for the financing of charter school facilities. Funds are awarded on a competitive basis to public and nonprofit entities to leverage nonfederal funds that help charter schools obtain school facilities through purchase, lease, renovation, or construction.

Funds are allocated to the State Charter Schools Facilities Incentive Grants program and the Credit Enhancement for Charter School Facilities program from the Charter Schools program according to appropriations acts. The Charter Schools program supports planning, design, and initial implementation of charter schools. The Charter Schools' appropriation for FY2014 was $248 million, and for FY2015 it was $253 million. In FY2014, ED allocated $11 million to the Incentive Grants program and $12 million to the Credit Enhancement program. In FY2015, ED allocated $9 million to the Incentive Grants program and $14 million to the Credit Enhancement program.

Child Care Means Parents in School Program

The Child Care Means Parents in School Program (20 U.S.C. §1070e) supports the participation of low-income parents in postsecondary education through the provision of campus-based child care services. Funds may be used to provide child care and early childhood development services to enable low-income students to pursue postsecondary education. Funds may also be used for minor renovation or repair of facilities to meet applicable state or local health or safety requirements; funds may not be used for new construction.[29] The appropriations were $15 million in each of FY2014 and FY2015.

Disaster Relief

Congress has appropriated funding for a specific function following a disaster. Following Hurricane Katrina and Hurricane Rita in 2005, aid for K-12 and higher education facilities' construction and repair was provided to affected areas.[30]

Historically Black College and University Capital Financing Program

The Historically Black College and University Capital Financing Program (HEA Title III, Part D) provides low-cost capital (loans) to finance improvements to the infrastructure of the nation's historically Black colleges and universities (HBCUs). The Secretary of Education provides financial insurance to guarantee the full payment of principal and interest on qualified bonds issued by a designated bonding authority (DBA). The DBA uses the majority of the bond proceeds to issue loans to HBCUs. HBCUs may use the loans to finance or refinance the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The loan and interest volume cap is $1.1 billion according to statutory provisions; however, the appropriations acts of FY2012-FY2015 allow the Secretary to disregard the limitation. The appropriations acts permit the Secretary to guarantee

[29] The program website is available at http://www.ed.gov/programs/campisp/index.html.

[30] For additional information, see CRS Report R42881, *Education-Related Regulatory Flexibilities, Waivers, and Federal Assistance in Response to Disasters and National Emergencies*, coordinated by Cassandria Dortch

loans of up to $304 million in each of FY2014 and FY2015. The new loan subsidy costs appropriations for FY2014 and FY2015 are both $19 million.

Howard University

Howard University is a private doctorate-granting, research university. It was chartered by Congress in 1867 to educate African Americans. The Federal Support for Howard University program provides partial support for construction, development, improvement, endowment, and maintenance of the university and the Howard University Hospital. Howard University has discretion in allocating funds for its academic, research, and endowment programs, and for its construction activities.[31] The appropriations for Howard University and the Howard University Hospital were $222 million in each of FY2014 and FY2015.

Impact Aid Programs

The Impact Aid program (Title VIII of ESEA) provides funding to certain LEAs to compensate them for lost revenue as a result of federal activities.[32] There are several types of Impact Aid payments: payments relating to federal acquisition of real property, payments for federally connected children, and payments for construction and maintenance of school facilities. While the non-construction-related funds are usually used by LEAs for general operating expenses, the payments may also be used for capital expenditures. Impact Aid received an appropriation of $1.3 billion in each of FY2014 and FY2015.

Individuals with Disabilities Education Act

The Individuals with Disabilities Education Act (IDEA; 20 U.S.C. §1400 et seq.) provides funds to states for the education of children with disabilities. IDEA contains four main provisions:

- Part B authorizes two state grants programs for mainly school-aged children with disabilities and the preschool program;
- Part C authorizes the state grants program for infants and toddlers with disabilities;
- Part D authorizes various national programs and grants; and
- Title II creates the National Center for Special Education Research.

In addition to various requirements and with the permission of the Secretary of Education, Part B funds may be used for the acquisition of appropriate equipment, the construction of new K-12 facilities, and the alteration of existing facilities.[33] The appropriations for Part B in FY2014 and FY2015 were each $11.5 billion.

Low-Income and Minority-Serving Institutions of Higher Education

Several programs authorized under Title III-A, Title III-B, Title III-F, Title V, Title VII-A-4, and Title VIII-AA of HEA provide grants to certain eligible public and private nonprofit institutions

[31] Howard University Incorporation Act of 1867, as amended, codified in Title 20, Chapter 8 of the United States Code (20 U.S.C. 121 et seq.). The program website is available at http://www.ed.gov/programs/howard/index.html.

[32] For additional information, see CRS Report R44221, *Impact Aid, Title VIII of the Elementary and Secondary Education Act: A Primer*, by Rebecca R. Skinner.

[33] For additional information, see CRS Report R41833, *The Individuals with Disabilities Education Act (IDEA), Part B: Key Statutory and Regulatory Provisions*, by Kyrie E. Dragoo.

of higher education (IHEs) for activities such as the purchase of equipment, faculty development, curriculum development, tutoring, endowment development, and administrative improvements.[34] Although institutional eligibility criteria differ for each of the nine programs, eligible IHEs must generally enroll a high proportion of needy students and have lower than average educational and general expenditures. Many of the programs also require eligible IHEs to enroll a higher than average proportion of minority students.

To varying extents, the nine programs allow construction, maintenance, renovation, improvement of instructional facilities, or the acquisition of land on which to construct instructional or campus facilities. The appropriations for all of the programs were $521 million for FY2014 and $530 million for FY2015. Additional mandatory appropriations of $258 million in FY2014 and $236 million in FY2015 were provided by the SAFRA Act (P.L. 111-152).

Native Hawaiian K-12 and Community Education

The Native Hawaiian Education Act (ESEA, Title VII-B) provides competitive grants to Native Hawaiian and other organizations to develop, supplement, and expand innovative education programs to assist Native Hawaiians. The act also authorizes the Native Hawaiian Education Council and seven island councils. The appropriations acts of FY2012-FY2015 contained provisions allowing a portion of the appropriation to be used for elementary and secondary school construction, renovation, and modernization of a facility run by the Department of Education of the State of Hawaii that served a predominantly Native Hawaiian student body. The FY2014 and FY2015 appropriation levels were each $32 million.

Schools for the Deaf

Gallaudet University offers traditional undergraduate and graduate programs, continuing education, and programs in fields related to deafness for students who are deaf and those who are not. Gallaudet University operates the Laurent Clerc National Deaf Education Center, which includes the Kendall Demonstration Elementary School and the Model Secondary School for the Deaf. The Kendall Demonstration Elementary School provides an elementary school for children who are deaf, and the Model Secondary School for the Deaf provides secondary education programs for students who are deaf. The Gallaudet University program (20 U.S.C. §4301 et seq.) provides general support for the institutions. Funds may also be used for the construction and maintenance of facilities at those institutions. The appropriations for Gallaudet University were $119 million in FY2014 and $120 million in FY2015.

The National Technical Institute for the Deaf (NTID) is a technical college for students who are deaf or hard of hearing. NTID was established by Congress in 1965 and became a college within the Rochester Institute of Technology, a private university, in 1968. Statutory authorization (20 U.S.C. §4331 et seq.) is provided to support the operation, including construction and equipping, of NTID. The appropriations were $66 million for FY2014 and $67 million for FY2015.

[34] For additional information, see CRS Report R43237, *Programs for Minority-Serving Institutions (MSIs) Under the Higher Education Act (HEA)*, by Alexandra Hegji

Internal Revenue Code (Department of the Treasury)

Public Purpose Tax Exempt Bonds

The federal government exempts interest income earned on bonds issued by state, local, and tribal governments for a "public" purpose from federal income tax (26 U.S.C. §103).[35] Bonds are considered to be for a public purpose if they satisfy either of two criteria: less than 10% of the proceeds are used directly or indirectly by a non-governmental entity, or less than 10% of the bond proceeds are secured directly or indirectly by property used in a trade or business. Examples of public projects include elementary, secondary, and postsecondary schools; public buildings; and roads. The tax exemption lowers the cost of capital for state and local governments. There is no bond volume cap on state and local government bonds.

Tax Credit Bonds

Tax Credit Bonds (TCBs) are a type of bond that offers the investor a federal tax credit or the issuer a direct payment.[36] Congress has authorized various tax credit bonds that, among other purposes, may be used for the construction or modernization of school facilities. Eligible entities could issue bonds under two authorities in 2012 and 2013.

Qualified Energy Conservation Bonds (QECBs; 26 U.S.C. §54D) may be used to reduce energy consumption at least 20% in publicly owned buildings, including K-12 schools and IHEs, or to support research in specific areas through expenditures on research facilities and research grants. There is no statutory deadline for eligible public entities to issue the national bond volume cap for QECBs of $3.2 billion. The U.S. Department of the Treasury (Treasury) allocated the funds to states, the District of Columbia, and U.S. possessions. States are required to reallocate a portion of their allocation to large local governments, including Indian tribal governments.

Qualified zone academy debt instruments, also referred to as Qualified Zone Academy Bonds (QZABs; 26 U.S.C. §54E) may be used by state and local governments for elementary and secondary school renovation, equipment, teacher training, and course materials. Allowable activities exclude construction. To be eligible to receive the proceeds from QZABs, a school must

- be a public school providing education or training below the postsecondary level;
- be located in empowerment zones or enterprise communities, or have 35% or more of students qualified for free or reduced price lunches under the federal school lunch program;
- cooperate with business to enhance the curriculum, increase graduation and employment rates, and prepare students for college and the workforce;
- receive a dollar or in-kind match from private business entities equal to 10% of the issued bond; and
- have a comprehensive education plan approved by the LEA.

The national bond volume cap for QZABs is $400 million for each of CY2012 and CY2013. Unused credit capacity can be carried forward for up to two years.

[35] For additional information, see CRS Report RL30638, *Tax-Exempt Bonds: A Description of State and Local Government Debt*, by Steven Maguire and Jeffrey M. Stupak.

[36] For additional information, see CRS Report R40523, *Tax Credit Bonds: Overview and Analysis*, by Steven Maguire, pp. 7, 10-11.

Qualified School Construction Bonds (QSCBs; 26 U.S.C. §54F) made bond proceeds available for the construction, rehabilitation, or repair of, or the acquisition of land for, a public school facility, including charter schools but excluding postsecondary facilities, but the authority to issue QSCBs expired at the end of calendar year 2010. However, Treasury also allocated $200 million in each of 2009 and 2010 to the U.S. Department of the Interior for Indian tribal governments to construct or repair BIE-funded schools. These allocations remain available for issuance.

Qualified Public Educational Facilities (Private Activity Bonds)

State and local governments may issue bonds that are exempt from federal taxation to finance certain qualified private activities, including qualified public educational facilities (26 U.S.C. §142).[37] Indian tribal governments generally cannot issue tax-exempt private activity bonds. Private activity bonds benefit state and local governments because the bond buyer is willing to accept a lower interest rate because the interest income is not subject to federal income taxes.[38] A qualified public educational facility is a public elementary or secondary school facility (including a stadium) constructed, rehabilitated, refurbished, or equipped through a public-private partnership agreement. Bonds issued for qualified educational facilities are not counted against a state's private-activity volume cap. However, the qualified public educational facility bonds have their own volume capacity limit equal to the greater of $10 multiplied by the state population or $5 million.

Department of Agriculture

Hispanic-Serving Institutions Education Grants Program

The Hispanic-Serving Institutions Education Grants Program (7 U.S.C. §3241) supports the ability of Hispanic-serving IHEs to attract, retain, and graduate students pursuing careers in the food and agricultural sciences and natural resources. Although funds may not be used to acquire or construct facilities, minor alterations, renovations, or repairs necessary and incidental to the major purpose for which a grant is issued may be allowed with prior approval. The appropriations were $9 million in each of FY2014 and FY2015.

Land-Grant Colleges

Land-grant colleges were created in 1862 by the Morrill Act in each state as public IHEs to teach the "agricultural and mechanical arts." In 1890, Congress extended the designation to certain HBCUs, known as the 1890 institutions, and again in 1994 to certain tribal colleges, known as the 1994 institutions. Federal funds provide a major source of funding for public research and extension activities at land-grant institutions, including the 1862, 1890, and 1994 land-grant institutions. Six of the programs for land-grant colleges allow construction or renovation of facilities at the institutions.

- The **Hatch Act of 1887** (7 U.S.C. §301 et seq.), as amended, supports agricultural research and educational activities at the 1862 land-grant colleges.[39]

[37] For additional information about private activity bonds, see CRS Report RL30638, *Tax-Exempt Bonds: A Description of State and Local Government Debt*, by Steven Maguire and Jeffrey M. Stupak.

[38] Interest income from tax-exempt private activity bonds is included in the calculation of the federal alternative minimum tax (AMT). ARRA temporarily suspended the AMT taxability for the 2009 and 2010 tax years.

[39] U.S. Department of Agriculture, National Institute of Food and Agriculture, "Evans-Allen Program Formula Grant," http://www.nifa.usda.gov/business/awards/formula/hatch.html.

Funds may be used for the purchase and rental of land and the construction, acquisition, alteration, or repair of buildings necessary for conducting research. Appropriations for the Hatch Act were $244 million in each of FY2014 and FY2015.

- The **Payments to 1890 Land-Grant Colleges and Tuskegee University** program (Section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended), also known as the Evans-Allen Research program, allows the purchase and rental of land and the construction, acquisition, alteration, or repair of buildings necessary for conducting agricultural research, among other activities.[40] Funds are allocated by formula. The appropriations were $44 million in each of FY2014 and FY2015.
- The **1890 Facilities Grants** program (7 U.S.C. §3222b) provides funds to 1890 land-grant institutions, including Tuskegee University and West Virginia State University, for the acquisition and improvement of agricultural and food sciences facilities and equipment, including libraries. The appropriations were $20 million in each of FY2014 and FY2015.
- The **Tribal Colleges Endowment Fund** (7 U.S.C. §301 note.) enhances education in agricultural sciences and related disciplines for Native Americans by building educational capacity at tribal colleges in the areas of curricula design and materials development, faculty development and preparation for teaching, instruction delivery systems, experiential learning, equipment and instrumentation for teaching, and student recruitment and retention. It also funds facility renovation, repair, construction, and maintenance in support of these efforts. At the end of each fiscal year, the earned interest income from the endowment fund is distributed to tribal colleges according to a statutory formula. The appropriations were $12 million in each of FY2014 and FY2015.
- The **Tribal Colleges Education Equity Program** (7 U.S.C. 301 note and 7 U.S.C. 7601 note) supports the institutional capacity of the 1994 institutions to enhance educational opportunities for Native Americans in the food and agricultural sciences. Although funds may not be used to acquire or construct facilities, minor alterations, renovations, or repairs necessary and incidental to the major purpose for which a grant is issued may be allowed with prior approval. The appropriations were $3 million in each of FY2014 and FY2015.
- The **Tribal Colleges Extension Program**, also known as Extension Services at 1994 Institutions (7 U.S.C. 301 note; 7 U.S.C. 7601; 7 U.S.C. 341 et seq.), supports the capacity of the 1994 institutions to provide culturally relevant extension education programs to the public. Although funds may not be used to acquire or construct facilities, minor improvements, alterations, renovations, or repairs to land, buildings, or equipment necessary and incidental to the major purpose for which a grant is issued may be allowed with prior approval. The appropriations were $4 million in each of FY2014 and FY2015.

Rural Communities

The USDA Community Facilities Loans and Grants program (Section 306(a)(1) of the Consolidated Farm and Rural Development Act of 1972) provides direct loans,

[40] Ibid.

guaranteed/insured loans, and project grants for the construction, enlargement, extension, or other improvement of community facilities providing essential services to rural residents.[41] Community facilities include child care facilities and K-12 and postsecondary education facilities. State and local governments, political and quasi-political subdivisions of states and associations, federally recognized Indian tribes, and nonprofit organizations may apply. Loan authorization levels are $1.5 billion for direct loans with a subsidy level of $0 in FY2014. For guaranteed loans, authorization levels are $60 million with a subsidy level of $5 million. In FY2013, loan authorization levels were $2.2 billion for direct loans and $57 million for guaranteed loans, with a subsidy level of $4 million in FY2014. The grants appropriations were estimated at $13 million in FY2014 and $17 million in FY2015.

Secure Rural Schools Payments

The Secure Rural Schools (SRS) Payments compensate counties for the tax-exempt status of federal lands with national forest lands and with certain Bureau of Land Management (BLM) lands in Oregon.[42] Funds are allocated to states by formula and passed through to local governmental entities for use at the county level (but not necessarily to county governments). The Forest Service payments can be spent only on roads and schools in the counties where the national forests are located. State law dictates which road and school programs are financed with the payments, and the state laws differ widely, generally ranging from 30% to 100% for school programs, with a few states providing substantial local discretion on the split. The Bureau of Land Management payments are available for any local governmental purpose. The FY2014 SRS payment, made in FY2015, was $281 million.

Department of Commerce

Public Works and Economic Development

The Economic Development Administration administers the Public Works and Economic Development Facilities Program (42 U.S.C. §3141) as one of its Economic Development Assistance Programs. The competitive grant program awards grants to fund public works investments to support the construction or rehabilitation of essential public infrastructure and facilities (e.g. schools) necessary to generate or retain private sector jobs and investments, attract private sector capital, and promote regional competitiveness. Indian tribes and nonprofit IHEs are eligible to apply for grants. The area to be impacted by the project must meet certain criteria of economic distress. The Economic Development Administration allocated $96 million to the program in FY2014 and $99 million in FY2015.[43]

University Research Facilities

The federal government appropriates funds for the construction and improvement of buildings and facilities occupied or used by the National Institute of Standards and Technology (NIST) (15

[41] For more information, see CRS Report RL31837, *An Overview of USDA Rural Development Programs*, by Tadlock Cowan

[42] Title I of the Secure Rural Schools and Community Self-Determination Act of 2000 (SRS; P.L. 106-393), as amended (16. U.S.C. 7101-7153; 16 U.S.C. 500). For more information, see CRS Report R41303, *Reauthorizing the Secure Rural Schools and Community Self-Determination Act of 2000*, by Katie Hoover

[43] For additional information, see CRS Report R43509, *Commerce, Justice, Science, and Related Agencies: FY2015 Appropriations*, coordinated by Nathan James, Jennifer D. Williams, and John F. Sargent Jr.

U.S.C. §278c-278e) and for other congressionally directed projects. Most of these congressionally directed projects are university research facilities. The Consolidated Appropriations Act, 2008 (P.L. 110-161) created a new competitive construction grant program for the construction of new research science buildings or their expansion.[44] A research science building is a building or facility whose purpose is to conduct scientific research, including laboratories, test facilities, measurement facilities, research computing facilities, and observatories. IHEs and nonprofit organizations are eligible for the competitive grants. The appropriation for Construction of Research Facilities was $56 million in FY2014 and $50 million in FY2015.

Department of Defense

Impact Aid Program

The Department of Defense Impact Aid program provides funds to LEAs that enroll military-connected children. In recent years, Congress has provided funds through the DOD authorization and appropriation acts to LEAs serving military children. DOD awards funding under three subprograms. The Impact Aid Supplemental program supports LEAs serving significant numbers of military dependent students and allows payments to be used without restriction. The Impact Aid for Large Scale Rebasing (BRAC) program supports LEAs with enrollment changes due to base closures. The Impact Aid for Children with Severe Disabilities program supports LEAs serving children with severe disabilities as reimbursement for eligible costs incurred in providing such children a free and appropriate education (FAPE). For FY2014, $40 million was appropriated to the Supplemental program, and $5 million was appropriated for children with severe disabilities. For FY2015, $25 million and $5 million were appropriated, respectively, for these activities. No appropriations have been made as a result of base closures in recent years.

Public School Facilities

In recent years, Congress has provided funds in DOD appropriations acts to construct, renovate, repair, or expand elementary and secondary public schools located on military installations in order to address capacity or facility condition deficiencies at such schools. FY2015 funds required a state or local match equal to not less than 20% of the total project cost. The FY2015 appropriation was $175 million.

Department of Defense Education Activity (DODEA)

The Department of Defense operates schools for the children of military members stationed in the United States and abroad. Major construction and replacement projects are funded through the Defense-wide military construction appropriations.

Higher Education

The Department of Defense and service branches operate several institutions of higher education, including the service academies and the Uniformed Services University of the Health Sciences. Defense appropriations support operations, maintenance, and facilities.

[44] There is no separate authorizing statute for this program.

Department of Energy

State Energy Program

The State Energy Program (SEP),[45] established in 1996, provides grants to states and territories to address their energy priorities and to adopt emerging renewable energy and energy efficiency technologies.[46] Each state is required to develop a state energy conservation plan. Funding may be used for a wide variety of energy efficiency and renewable energy initiatives. The appropriations for each of FY2014 and FY2015 were $50 million.

Department of Health and Human Services

Head Start

Head Start (42 U.S.C 9801 et seq.) is a federal program that has provided comprehensive early childhood development services to low-income children since 1965. Head Start is administered by the Administration for Children and Families (ACF). Federal Head Start funds are provided directly to local grantees rather than through states. Programs are locally designed and are administered by a network of roughly 1,600 public and private nonprofit and for-profit agencies. In certain circumstances, grantees may apply to use funds to purchase, construct, or make major renovations to a Head Start facility.[47] The FY2014 and FY2015 appropriations were each $9 billion.

Department of the Interior (DOI)

Elementary and Secondary Schools for Native Americans

The Bureau of Indian Affairs (BIA) funds construction activities for Bureau of Indian Education (BIE) schools and school facilities (25 U.S.C. §13, §450, §631(2), §631(12), §631(14), §2005(b), and §2503(b)). There are 183 BIE-funded elementary and secondary schools and dormitories in 23 states. The construction activities supported by the BIA include new school facilities, employee and student housing, and facilities improvement and repair. The FY2014 and FY2015 appropriations for education construction were $55 million and $75 million, respectively.

Historic Preservation

The Historic Preservation Fund (HPF) was established under the National Historic Preservation Act and Omnibus Public Land Management Act of 2009 (16 U.S.C §470 et seq.) to protect significant cultural and historic resources. HPF eligible preservation projects include survey and inventory activities, National Register nominations, preservation education, architectural planning, historic structure reports, community preservation plans, and building repairs. The

[45] http://apps1.eere.energy.gov/state_energy_program/.

[46] The program is authorized by the Energy Policy and Conservation Act of 1975 (EPCA; P.L. 94-163); the Energy Supply and Production Act of 1976 (ECPA; P.L. 94-385); the National Energy Conservation Policy Act of 1978 (NECPA; P.L. 95-619); the State Energy Efficiency Programs Improvement Act of 1990 (P.L. 101-440); the Energy Policy Act of 1992 (EPACT; P.L. 102-486); the Energy Conservation Reauthorization Act of 1998 (P.L. 105-388); the Energy Policy Act of 2005 (EPACT 2005; P.L. 109-58); the Energy Independence and Security Act of 2007 (EISA; P.L. 110-140); and the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5).

[47] The rules regarding the use of Head Start funds for this purpose are codified at 45 C.F.R. 1309. For more information, see CRS Report RL30952, *Head Start: Background and Funding*, by Karen E. Lynch.

program provides matching grants to state and tribal historic preservation offices (SHPOs/THPOs). The National Park Service administers the grant programs. The programs received $56 million in each of FY2014 and FY2015.

Payments in Lieu of Taxes (PILT)

Although federal law authorizes various programs to compensate local governments for reductions to their property tax bases due to the presence of most federally owned land, the most widely applicable program applies to many types of federally owned land, and is called "Payments in Lieu of Taxes," or PILT.[48] The payments are authorized by the Payment for Entitlement Land (P.L. 97-258), as amended (31 U.S.C. §6901-6907). The authorized level of PILT payments is calculated under a complex formula. PILT payments are offset by the prior year's payments under several laws, including the Secure Rural Schools (SRS) program for certain lands under the jurisdiction of the Forest Service. Payments made under the law may be used for any governmental purpose, including school facilities. The FY2014 and FY2015 appropriations were $437 million and $405 million, respectively.

Postsecondary Schools for Native Americans

The Tribally Controlled Colleges or Universities Assistance Act (P.L. 95-471), as amended; the Navajo Community College Act (25 U.S.C. 640c-3), as amended; and the Snyder Act (25 U.S.C. §13), as amended, provide grants for the operation and improvement of tribally controlled colleges and universities and two BIE institutions of higher education to ensure continued and expanded educational opportunities for Indian students and to allow for the improvement and expansion of the physical resources of such institutions. The postsecondary education programs, which also fund postsecondary scholarships, received $132 million in FY2014 appropriations and $134 million in FY2015 appropriations.

Federal Emergency Management Agency (Department of Homeland Security)

Public Assistance

The Public Assistance Grant Program (PA Program) is administered by the Federal Emergency Management Agency (FEMA) and combines the authorities of multiple sections of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288, as amended, the Stafford Act).[49] Grants from the PA Program are only available in states and communities that have received a major or emergency disaster declaration through the Stafford Act. Grants may be awarded for a variety of eligible types of assistance, including debris removal, emergency protective measures, or the repair and replacement of damaged buildings and facilities. The primary grantee for all PA grants is the state or tribal government designated by a disaster declaration, but applicants (or subgrantees) can be many types of local governmental entities and private nonprofits, ranging from police departments to homeless shelters, public utilities, civic buildings, etc. Eligible applicants under the PA Program include public and private nonprofit

[48] For more information, see CRS Report RL31392, *PILT (Payments in Lieu of Taxes): Somewhat Simplified*, by M. Lynne Corn

[49] For more information, see CRS Report R43990, *FEMA's Public Assistance Grant Program: Background and Considerations for Congress*, by Jared T. Brown and Daniel J. Richardson.

schools and IHEs. School facilities of a church or other religious institution are also generally eligible for grant assistance, so long as the primary purpose of the damaged facilities is for secular education.[50] Eligible applicants can also apply for grants to replace certain damaged school supplies and equipment, including the possible repair and replacement of advanced laboratory and research equipment for IHEs. Because of the wide range of eligible uses and applicant types in the PA Program, it is difficult to assess through publically available information how much money has been spent exclusively for the repair and reconstruction of school facilities.

Hazard Mitigation

The Hazard Mitigation Grant Program (HMGP; 42 U.S.C. §5170c) provides grants to states and local governments, including school districts; tribal governments; and certain private nonprofit organizations, including IHEs, to implement long-term hazard mitigation measures after a major disaster declaration. While presidential declarations for major disasters specify the designated counties for certain forms of assistance, almost all declarations permit hazard mitigation funds to be used statewide. Allowable activities include acquisition of real property and retrofitting structures and facilities to minimize damages from high winds, earthquakes, floods, wildfires, or other natural hazards. Examples of allowable projects are community safe rooms in schools, dry floodproofing schools, and wildfire mitigation in schools. In FY2012, FEMA awarded $812 million under HMGP as a whole, and in FY2013 FEMA awarded $472 million.[51] Amounts for HMGP are derived from a percentage of total disaster spending (usually in the range of 15%) that is then cost-shared on a 75% federal/25% state and local basis. FY2014 and FY2015 data are not available because they are subject to considerable modification as the recovery from major disasters advances and more projects are approved or have their obligations revised.

Institute of American Indian and Alaska Native Culture and Arts Development

The Institute of American Indian and Alaska Native Culture and Arts Development is a federally chartered independent nonprofit educational institution (20 U.S.C., Chapter 56) that serves as a multi-tribal center of higher education for Native Americans and is dedicated to the study, creative application, preservation, and care of Indian arts and culture. Appropriations may be used for the institution's operation. In addition, a portion of funds may be deposited in a trust account for capital improvements, including the expenses associated with site selection and preparation, site planning and architectural design and planning, new construction, materials and equipment procurement, renovation, alteration, repair, and other building and expansion costs of the institute. The institute received approximately $9 million in each of FY2014 and FY2015.

National Endowment for the Humanities (NEH)

The Office of Challenge Grants (National Foundation on the Arts and the Humanities Act; 20 U.S.C §951) strengthens humanities education by supporting long-term institutional development. Funds may be used to purchase equipment, upgrade technology, renovate or construct facilities, add library or museum collections, provide staffing, provide educational programming, and increase or establish endowments. Nonprofit organizations such as museums, tribal centers,

[50] See the example provided by FEMA of a fictional "Community Church School" at FEMA, *Private Nonprofit (PNP) Facility Eligibility*, DAP 9521.3, July 8, 2007, p. A2, at http://www.fema.gov/media-library/assets/documents/89685.

[51] USASpending.gov, "CFDA 97.039," November 29, 2013, http://www.usaspending.gov.

libraries, colleges and universities, scholarly research organizations, state humanities councils, public radio and television stations, and historical societies and historic sites are eligible to receive grants. The program received $8 million in FY2014 and $9 million in FY2015.[52]

[52] National Endowment for the Humanities, FY 2016 Appropriation Request, available at http://www.neh.gov/files/neh_request_fy2016.pdf.

Appendix. Selected Acronyms Used in This Report

ARRA: The American Recovery and Reinvestment Act of 2009 (P.L. 111-5)

BIE: Bureau of Indian Education

ED: U.S. Department of Education

ESEA: Elementary and Secondary Education Act

FEMA: Federal Emergency Management Administration

HBCU: Historically Black Colleges and Universities

HEA: Higher Education Act

IHE: Institution of Higher Education

K-12: Kindergarten through grade 12

LEA: Local Educational Agency

P.L.: Public Law

QECB: Qualified Energy Conservation Bond

QSCB: Qualified School Construction Bond

QZAB: Qualified Zone Academy Bond

U.S.C.: United States Code

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