

At a Glance

H.R. 604, Rebuild America’s Schools Act of 2022

As ordered reported by the House Committee on Education and Labor on May 18, 2022

By Fiscal Year, Millions of Dollars	2023	2023-2027	2023-2032
Direct Spending (Outlays)	134	3,005	6,917
Revenues	-4	-209	-1,211
Increase in the Deficit	138	3,214	8,128

Spending Subject to Appropriation (Outlays)	2,037	56,507	121,134
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Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2033?	> \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Create a new school infrastructure bond program and reauthorize certain qualified tax credit bonds
- Authorize the appropriation of \$20 billion annually over the 2023-2027 period for need-based grants for school construction and renovation
- Authorize the appropriation of \$500 million over the 2023-2027 period to fund construction grants under the federal Impact Aid Program
- Require the Department of Education to assess the physical condition of all U.S. public schools and create the Office of School Infrastructure and Sustainability
- Permanently authorize the appropriation of whatever amounts are necessary for grants to repair school foundations affected by pyrrhotite

Estimated budgetary effects would mainly stem from

- The school infrastructure bond program
- New and increased authorizations of appropriations for school construction and renovation

Areas of significant uncertainty include

- Predicting interest rates over the next decade
- Forecasting the scope and funding required to assess the physical condition of all public schools
- Identifying the number of schools affected by pyrrhotite contamination

Detailed estimate begins on the next page.



Bill Summary

H.R. 604 would reauthorize certain qualified tax credit bonds and amend the Internal Revenue Code of 1986 to create a new bond program to fund school construction and renovations. The bill also would create a need-based grant program for improvement and construction of public schools and increase funding for construction grants under the federal Impact Aid Program. In addition, H.R. 604 would direct the Department of Education, through the Institute of Education Sciences (IES), to study the physical condition of all public schools in the United States and would direct the department to create the Office of School Infrastructure and Sustainability to oversee programs or initiatives affecting public school facilities, such as those included in the bill. Finally, the bill would create a grant program to identify and repair buildings affected by pyrrhotite (a mineral in some concrete mixtures that can cause foundations to crack).

Estimated Federal Cost

The costs of H.R. 604, detailed in Table 1, fall within budget function 500 (education, training, employment, and social services).

Table 1. Estimated Budgetary Effects of H.R. 604												
	By Fiscal Year, Millions of Dollars										2023- 2027	2023- 2032
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
Increases in Direct Spending												
Estimated Budget Authority	134	488	763	814	806	798	790	782	774	767	3,005	6,917
Estimated Outlays	134	488	763	814	806	798	790	782	774	767	3,005	6,917
Decreases in Revenues												
Estimated Revenues	-4	-14	-34	-64	-94	-122	-155	-196	-242	-287	-209	-1,211
Net Increase in the Deficit												
From Changes in Direct Spending and Revenues												
Effect on the Deficit	138	502	797	878	900	920	945	978	1,016	1,054	3,214	8,128
Increases in Spending Subject to Appropriation												
Estimated Authorization	20,155	20,158	20,159	20,160	20,162	20,163	64	66	67	69	100,794	121,223
Estimated Outlays	2,037	5,066	11,104	18,141	20,158	20,159	18,150	15,136	9,108	2,074	56,507	121,134

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.
Components may not sum to totals because of rounding.



Basis of Estimate

For this estimate, CBO assumes that H.R. 604 will be enacted by the end of calendar year 2022 and that the authorized and estimated amounts will be appropriated in each year. The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) will be the official estimates for all tax legislation considered by the Congress. CBO therefore incorporates those estimates into its cost estimates of the effects of legislation. The estimates of changes to tax credit bonds in H.R. 604 were provided by JCT.

Direct Spending and Revenues

Title II would authorize a new tax credit bond program for Qualified School Infrastructure Bonds. Up to \$10 billion would be authorized for each calendar year from 2022 through 2024. Title II also would reauthorize two tax credit bond programs. First, for 2023 and subsequent years, up to \$1.4 billion would be authorized each year for Qualified Zone Academy Bonds. Second, the Qualified School Construction Bonds would be reauthorized, but would receive no additional allocation. JCT estimates that the provisions in title II would increase outlays by \$6.9 billion over the 2023-2032 period and reduce revenues by \$1.2 billion over the same period.

Spending Subject to Appropriation

H.R. 604 would authorize the appropriation of \$100.8 billion over the 2023-2027 period, CBO estimates. Assuming the appropriation of the authorized and estimated amounts, CBO estimates that implementing the bill would cost \$56.5 billion over the 2023-2027 period (see Table 2).

Grants for Public School Facilities. The bill would authorize the appropriation of \$20 billion annually over the 2023-2027 period for need-based grants aimed at the long-term improvement of public school facilities. Under the General Education Provisions Act (GEPA), those authorizations would be extended automatically for one year, through fiscal year 2028. Based on historical spending patterns for similar programs, CBO estimates that implementing this provision would cost \$56 billion over the 2023-2027 period and an additional \$64 billion through 2032.

Impact Aid Construction. The federal Impact Aid Program provides funds to school districts that serve children who live on military installations or on other federal land that is exempt from local property taxation. The bill would authorize the appropriation of \$100 million for construction annually over the 2023-2027 period. (Under GEPA, that funding would be extended automatically through 2028.) CBO expects that the newly authorized funds would be disbursed more slowly at first than is ordinarily the case for Impact Aid because the bill would authorize a substantial increase over current funding.



CBO estimates that implementing this provision would cost \$280 million over the 2023-2027 period and an additional \$320 million through 2032.

Table 2.
Estimated Increases in Spending Subject to Appropriation Under H.R. 604

	By Fiscal Year, Millions of Dollars					2023-2027
	2023	2024	2025	2026	2027	
Grants for Public School Facilities						
Authorization	20,000	20,000	20,000	20,000	20,000	100,000
Estimated Outlays	2,000	5,000	11,000	18,000	20,000	56,000
Impact Aid Construction						
Authorization	100	100	100	100	100	500
Estimated Outlays	10	25	55	90	100	280
IES Study and Office of School Infrastructure and Sustainability						
Estimated Authorization	29	32	32	33	34	159
Estimated Outlays	23	31	32	33	33	152
Assistance for Schools Affected by Pyrrhotite						
Estimated Authorization	26	27	27	28	28	135
Estimated Outlays	4	10	17	19	24	74
Total Changes						
Estimated Authorization	20,155	20,158	20,159	20,160	20,162	100,794
Estimated Outlays	2,037	5,066	11,104	18,141	20,158	56,507

Components may not sum to totals because of rounding.

IES = Institute of Education Sciences.

Institute of Education Sciences Study and Office of School Infrastructure and Sustainability. H.R. 604 would require IES to study the physical condition of every public school in the nation. CBO assumes that IES would aggregate available information and augment those data with survey results and with inspections of a sample set of schools. Over a five-year period, CBO expects, IES would collect information from about 10 percent of all public schools. To implement this provision, CBO expects that the institute would need six full-time employees, conduct site visits, and hire contractors. On that basis, CBO estimates that implementing the provision would cost \$147 million over the 2023-2027 period.

The bill also would create the Office of School Infrastructure and Sustainability within the Department of Education to serve as a liaison between the department and other federal agencies on matters relating to public education and to ensure that the bill’s requirements are met in a timely manner. CBO estimates that implementing this provision would require five additional full-time employees and would cost \$5 million over the 2023-2027 period.

In total, CBO estimates that implementing those provisions would cost \$152 million over the 2023-2027 period and an additional \$178 million through 2032.



Assistance for Schools Affected by Pyrrhotite. H.R. 604 would permanently authorize the appropriation of whatever amounts are necessary for grants to repair schools with concrete foundations containing pyrrhotite, which can cause foundations to crack and crumble. CBO is unaware of any comprehensive data on schools affected by pyrrhotite; only one school is currently known to be affected. Using information from experts in the subject area, CBO expects that, on average, one school each year would receive such a grant. CBO projects, based on the estimated cost of a similar repair, that the federal share of the total cost would be \$26 million in 2023. On that basis, CBO estimates that implementing this provision would cost \$74 million over the 2023-2027 period and an additional \$130 million through 2032.

Uncertainty

JCT's estimates of the provisions related to tax credit bonds are closely tied to CBO's projections of interest rates over the next decade; those projections are inherently uncertain. Those estimates also depend on anticipated responses to the bill, including taxpayers' willingness to purchase state and local government bonds and governments' willingness to incur such debt.

CBO has identified two additional areas of significant uncertainty regarding its estimates of spending subject to appropriation in H.R. 604:

- The bill's language regarding the comprehensive survey of the physical condition of all U.S. public schools is broad enough that CBO expects that the Department of Education could exercise considerable judgment in designing and conducting the study. The cost would depend in part on how the study was structured.
- The exact number of public school buildings affected by pyrrhotite is not known and little information is available to identify such schools, although limited testing is under way. If the number of affected schools is larger than current data indicate, the study's cost could be greater and more funding would be necessary for remediation.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in Table 3.



Table 3.
CBO’s Estimate of the Statutory Pay-As-You-Go Effects of H.R. 604, the Rebuild America’s Schools Act of 2022
As ordered reported by the House Committee on Education and Labor on May 18, 2022

	By Fiscal Year, Millions of Dollars										2023-2027	2023-2032
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
	Net Increase in the Deficit											
Pay-As-You-Go Effect	138	502	797	878	900	920	945	978	1,016	1,054	3,214	8,128
Memorandum:												
Changes in Outlays	134	488	763	814	806	798	790	782	774	767	3,005	6,917
Changes in Revenues	-4	-14	-34	-64	-94	-122	-155	-196	-242	-287	-209	-1,211

Increase in Long-Term Deficits

JCT estimates that enacting H.R. 604 would increase on-budget deficits by more than \$5 billion in at least one of the four consecutive 10-year periods beginning in 2033.

Mandates: None.

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