

105TH CONGRESS
2^D SESSION

H. R. 4169

To improve educational facilities, reduce class size, provide parents with additional educational choices for their children, and for certain other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1998

Mr. FORBES introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To improve educational facilities, reduce class size, provide parents with additional educational choices for their children, and for certain 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 “Putting America’s
5 Children First Act of 1998”.

1 **TITLE I—EDUCATIONAL**
2 **FACILITIES IMPROVEMENT**

3 **SEC. 101. PROVISION OF ASSISTANCE FOR CONSTRUCTION**
4 **AND RENOVATION OF EDUCATIONAL FACILI-**
5 **TIES.**

6 Title XII of the Elementary and Secondary Edu-
7 cation Act of 1965 (20 U.S.C. 8501 et seq.) is amended—

8 (1) by striking sections 12002 and 12003;

9 (2) by redesignating sections 12001 and 12004
10 through 12013, as sections 12101 and 12102
11 through 12111, respectively;

12 **“SEC. 12001. FINDINGS.**

13 “The Congress finds the following:

14 “(1) The General Accounting Office performed
15 a comprehensive survey of the Nation’s public ele-
16 mentary and secondary school facilities, and found
17 severe levels of disrepair in all areas of the United
18 States.

19 “(2) The General Accounting Office concluded
20 more than 14,000,000 children attend schools in
21 need of extensive repair or replacement. Seven mil-
22 lion children attend schools with life safety code vio-
23 lations. Twelve million children attend schools with
24 leaky roofs.

1 “(3) The General Accounting Office found the
2 problem of crumbling schools transcends demo-
3 graphic and geographic boundaries. At 38 percent of
4 urban schools, 30 percent of rural schools, and 29
5 percent of suburban schools, at least one building is
6 in need of extensive repair or should be completely
7 replaced.

8 “(4) The condition of school facilities has a di-
9 rect effect on the safety of students and teachers,
10 and on the ability of students to learn.

11 “(5) Academic research has proven a direct cor-
12 relation between the condition of school facilities and
13 student achievement. At Georgetown University, re-
14 searchers found students assigned to schools in poor
15 condition can be expected to fall 10.9 percentage
16 points below those in buildings in excellent condition.
17 Similar studies have demonstrated up to a 20 per-
18 cent improvement in test scores when students were
19 moved from a poor facility to a new facility.

20 “(6) The General Accounting Office found most
21 schools are not prepared to incorporate modern tech-
22 nology into the classroom. Forty-six percent of
23 schools lack adequate electrical wiring to support the
24 full-scale use of technology. More than a third of
25 schools lack the requisite electrical power. Fifty-six

1 percent of schools have insufficient phone lines for
2 modems.

3 “(7) The Department of Education reported
4 that elementary and secondary school enrollment, al-
5 ready at a record high level, will continue to grow
6 during the period between 1996 and 2000, and that
7 in order to accommodate this growth, the United
8 States will need to build an additional 6,000 schools
9 over this time period.

10 “(8) The General Accounting Office found it
11 will cost \$112,000,000,000 just to bring schools up
12 to good, overall condition, not including the cost of
13 modernizing schools so the schools can utilize 21st
14 century technology, nor including the cost of expan-
15 sion to meet record enrollment levels.

16 “(9) State and local financing mechanisms have
17 proven inadequate to meet the challenges facing to-
18 day’s aging school facilities. Large numbers of local
19 educational agencies have difficulties securing fi-
20 nancing for school facility improvement.

21 “(10) The Federal Government can support ele-
22 mentary and secondary school facilities, and can le-
23 verage additional funds for the improvement of ele-
24 mentary and secondary school facilities.

1 **“SEC. 12002. PURPOSE.**

2 “The purpose of this title is to help State and local
3 authorities improve the quality of education at their public
4 schools through the provision of Federal funds to enable
5 the State and local authorities to meet the cost associated
6 with the improvement of school facilities within their juris-
7 dictions.

8 **“PART A—GENERAL INFRASTRUCTURE**
9 **IMPROVEMENT GRANT PROGRAM”;**

10 and

11 (4) by adding at the end the following:

12 **“PART B—CONSTRUCTION AND RENOVATION**
13 **BOND SUBSIDY PROGRAM**

14 **“SEC. 12201. DEFINITIONS.**

15 “As used in this part:

16 “(1) **EDUCATIONAL FACILITY.**—The term ‘edu-
17 cational facility’ has the meaning given the term
18 ‘school’ in section 12110.

19 “(2) **LOCAL AREA.**—The term ‘local area’
20 means the geographic area served by a local edu-
21 cational agency.

22 “(3) **LOCAL BOND AUTHORITY.**—The term
23 ‘local bond authority’ means—

24 “(A) a local educational agency with au-
25 thority to issue a bond for construction or ren-

1 ovation of educational facilities in a local area;
2 and

3 “(B) a political subdivision of a State with
4 authority to issue such a bond for an area in-
5 cluding a local area.

6 “(4) POVERTY LINE.—The term ‘poverty line’
7 means the official poverty line (as defined by the Of-
8 fice of Management and Budget, and revised annu-
9 ally in accordance with section 673(2) of the Omni-
10 bus Budget Reconciliation Act of 1981 (42 U.S.C.
11 9902(2))) applicable to a family of the size involved.

12 “(5) STATE.—The term ‘State’ means each of
13 the several States of the United States, the District
14 of Columbia, and the Commonwealth of Puerto Rico.

15 **“SEC. 12202. AUTHORIZATION OF PROGRAM.**

16 “(a) PROGRAM AUTHORITY.—Of the amount appro-
17 priated under section 12210 for a fiscal year and not re-
18 served under subsection (b), the Secretary shall use—

19 “(1) 20 percent of such amount to award
20 grants to local bond authorities for not more than
21 125 eligible local areas as provided for under section
22 12203; and

23 “(2) 80 percent of such amount to award
24 grants to States as provided for under section
25 12204.

1 “(b) SPECIAL RULE.—The Secretary may reserve—

2 “(1) not more than 1 percent of the amount ap-
3 propriated under section 12210 to provide assistance
4 to Indian schools in accordance with the purpose of
5 this title;

6 “(2) not more than 0.5 percent of the amount
7 appropriated under section 12210 to provide assist-
8 ance to Guam, the United States Virgin Islands,
9 American Samoa, the Commonwealth of the North-
10 ern Mariana Islands, the Republic of the Marshall
11 Islands, the Federated States of Micronesia, and the
12 Republic of Palau to carry out the purpose of this
13 title; and

14 “(3) not more than 0.1 percent of the amount
15 appropriated under section 12210 to carry out sec-
16 tion 12209.

17 **“SEC. 12203. DIRECT GRANTS TO LOCAL BOND AUTHORI-**
18 **TIES.**

19 “(a) IN GENERAL.—The Secretary shall award a
20 grant under section 12202(a)(1) to eligible local bond au-
21 thorities to provide assistance for construction or renova-
22 tion of educational facilities in a local area.

23 “(b) USE OF FUNDS.—The local bond authority shall
24 use amounts received through a grant made under section
25 12202(a)(1) to pay a portion of the interest costs applica-

1 ble to any local bond issued to finance an activity de-
2 scribed in section 12205 with respect to the local area.

3 “(c) ELIGIBILITY AND DETERMINATION.—

4 “(1) ELIGIBILITY.—To be eligible to receive a
5 grant under section 12202(a)(1) for a local area, a
6 local bond authority shall demonstrate the capacity
7 to issue a bond for an area that includes 1 of the
8 125 local areas for which the Secretary has made a
9 determination under paragraph (2).

10 “(2) DETERMINATION.—

11 “(A) MANDATORY.—The Secretary shall
12 make a determination of the 100 local areas
13 that have the highest numbers of children who
14 are—

15 “(i) aged 5 to 17, inclusive; and

16 “(ii) members of families with in-
17 comes that do not exceed 100 percent of
18 the poverty line.

19 “(B) DISCRETIONARY.—The Secretary
20 may make a determination of 25 local areas, for
21 which the Secretary has not made a determina-
22 tion under subparagraph (A), that have extraor-
23 dinary needs for construction or renovation of
24 educational facilities that the local bond author-
25 ity serving the local area is unable to meet.

1 “(d) APPLICATION.—To be eligible to receive a grant
2 under section 12202(a)(1), a local bond authority shall
3 prepare and submit to the Secretary an application at
4 such time, in such manner, and containing such informa-
5 tion as the Secretary may require, including—

6 “(1) an assurance that the application was de-
7 veloped in consultation with parents and classroom
8 teachers;

9 “(2) information sufficient to enable the Sec-
10 retary to make a determination under subsection
11 (c)(2) with respect to such local authority;

12 “(3) a description of the architectural, civil,
13 structural, mechanical, or electrical construction or
14 renovation to be supported with the assistance pro-
15 vided under this part;

16 “(4) a cost estimate of the proposed construc-
17 tion or renovation;

18 “(5) an identification of other resources, such
19 as unused bonding capacity, that are available to
20 carry out the activities for which assistance is re-
21 quested under this part;

22 “(6) a description of how activities supported
23 with funds provided under this part will promote en-
24 ergy conservation; and

1 “(7) such other information and assurances as
2 the Secretary may require.

3 “(e) AWARD OF GRANTS.—

4 “(1) IN GENERAL.—In awarding grants under
5 section 12202(a)(1), the Secretary shall give pref-
6 erence to a local bond authority based on—

7 “(A) the extent to which the local edu-
8 cational agency serving the local area involved
9 or the educational facility for which the author-
10 ity seeks a grant (as appropriate) meets the cri-
11 teria described in section 12103(a);

12 “(B) the extent to which the educational
13 facility is overcrowded; and

14 “(C) the extent to which assistance pro-
15 vided through the grant will be used to fund
16 construction or renovation that, but for receipt
17 of the grant, would not otherwise be possible to
18 undertake.

19 “(2) AMOUNT OF ASSISTANCE.—

20 “(A) IN GENERAL.—In determining the
21 amount of assistance for which local bond au-
22 thorities are eligible under section 12202(a)(1),
23 the Secretary shall—

1 “(i) give preference to a local bond
2 authority based on the criteria specified in
3 paragraph (1); and

4 “(ii) consider—

5 “(I) the amount of the cost esti-
6 mate contained in the application of
7 the local bond authority under sub-
8 section (d)(4);

9 “(II) the relative size of the local
10 area served by the local bond author-
11 ity; and

12 “(III) any other factors deter-
13 mined to be appropriate by the Sec-
14 retary.

15 “(B) MAXIMUM AMOUNT OF ASSIST-
16 ANCE.—A local bond authority shall be eligible
17 for assistance under section 12202(a)(1) in an
18 amount that does not exceed the appropriate
19 percentage under section 12204(f)(3) of the in-
20 terest costs applicable to any local bond issued
21 to finance an activity described in section
22 12205 with respect to the local area involved.

23 **“SEC. 12204. GRANTS TO STATES.**

24 “(a) IN GENERAL.—The Secretary shall award a
25 grant under section 12202(a)(2) to each eligible State to

1 provide assistance to the State, or local bond authorities
2 in the State, for construction and renovation of edu-
3 cational facilities in local areas.

4 “(b) USE OF FUNDS.—The State shall use amounts
5 received through a grant made under section
6 12202(a)(2)—

7 “(1) to pay a portion of the interest costs appli-
8 cable to any State bond issued to finance an activity
9 described in section 12205 with respect to the local
10 areas; or

11 “(2) to provide assistance to local bond authori-
12 ties in the State to pay a portion of the interest
13 costs applicable to any local bond issued to finance
14 an activity described in section 12205 with respect
15 to the local areas.

16 “(c) AMOUNT OF GRANT TO STATE.—

17 “(1) IN GENERAL.—From the amount available
18 for grants under section 12202(a)(2), the Secretary
19 shall award a grant to each eligible State that is
20 equal to the total of—

21 “(A) a sum that bears the same relation-
22 ship to 50 percent of such amount as the total
23 amount of funds made available for all eligible
24 local educational agencies in the State under
25 part A of title I for such year bears to the total

1 amount of funds made available for all eligible
2 local educational agencies in all States under
3 such part for such year; and

4 “(B) a sum that bears the same relation-
5 ship to 50 percent of such amount as the total
6 amount of funds made available for all eligible
7 local educational agencies in the State under
8 title VI for such year bears to the total amount
9 of funds made available for all eligible local
10 educational agencies in all States under such
11 title for such year.

12 “(2) ELIGIBLE LOCAL EDUCATIONAL AGEN-
13 CIES.—For the purpose of paragraph (1) the term
14 ‘eligible local educational agency’ means a local edu-
15 cational agency that does not serve a local area for
16 which an eligible local bond authority received a
17 grant under section 12203.

18 “(d) STATE APPLICATIONS REQUIRED.—To be eligi-
19 ble to receive a grant under section 12202(a)(2), a State
20 shall prepare and submit to the Secretary an application
21 at such time, in such manner, and containing such infor-
22 mation as the Secretary may require. Such application
23 shall contain—

1 “(1) a description of the process the State will
2 use to determine which local bond authorities will re-
3 ceive assistance under subsection (b)(2).

4 “(2) an assurance that grant funds under this
5 section will be used to increase the amount of school
6 construction or renovation in the State for a fiscal
7 year compared to such amount in the State for the
8 preceding fiscal years.”(e) ADMINISTERING AGEN-
9 CY.—

10 “(1) IN GENERAL.—The State agency with au-
11 thority to issue bonds for the construction or renova-
12 tion of educational facilities, or with the authority to
13 otherwise finance such construction or renovation,
14 shall administer the amount received through the
15 grant.

16 “(2) SPECIAL RULE.—If no agency described in
17 paragraph (1) exists, or if there is more than one
18 such agency, then the chief executive officer of the
19 State and the chief State school officer shall des-
20 ignate a State entity or individual to administer the
21 amounts received through the grant.

22 “(f) ASSISTANCE TO LOCAL BOND AUTHORITIES.—

23 “(1) IN GENERAL.—To be eligible to receive as-
24 sistance from a State under this section, a local
25 bond authority shall prepare and submit to the State

1 agency designated under subsection (e) an applica-
2 tion at such time, in such manner, and containing
3 such information as the State agency may require,
4 including the information described in section
5 12203(d).

6 “(2) CRITERIA.—In awarding grants under this
7 section, the State agency shall give preference to a
8 local bond authority based on—

9 “(A) the extent to which the local edu-
10 cational agency serving the local area involved
11 or the educational facility for which the author-
12 ity seeks the grant (as appropriate) meets the
13 criteria described in section 12103(a);

14 “(B) the extent to which the educational
15 facility is overcrowded; and

16 “(C) the extent to which assistance pro-
17 vided through the grant will be used to fund
18 construction or renovation that, but for receipt
19 of the grant, would not otherwise be possible to
20 undertake.

21 “(3) AMOUNT OF ASSISTANCE.—A local bond
22 authority seeking assistance for a local area served
23 by a local educational agency described in—

24 “(A) clause (i)(I) or clause (ii)(I) of sec-
25 tion 1125(c)(2)(A), shall be eligible for assist-

1 ance in an amount that does not exceed 10 per-
2 cent;

3 “(B) clause (i)(II) or clause (ii)(II) of sec-
4 tion 1125(c)(2)(A), shall be eligible for assist-
5 ance in an amount that does not exceed 20 per-
6 cent;

7 “(C) clause (i)(III) or clause (ii)(III) of
8 section 1125(c)(2)(A), shall be eligible for as-
9 sistance in an amount that does not exceed 30
10 percent;

11 “(D) clause (i)(IV) or clause (ii)(IV) of
12 section 1125(c)(2)(A), shall be eligible for as-
13 sistance in an amount that does not exceed 40
14 percent; and

15 “(E) clause (i)(V) or clause (ii)(V) of sec-
16 tion 1125(c)(2)(A), shall be eligible for assist-
17 ance in an amount that does not exceed 50 per-
18 cent;

19 of the interest costs applicable to any local bond
20 issued to finance an activity described in section
21 12205 with respect to the local area.

22 “(g) ASSISTANCE TO STATE.—

23 “(1) IN GENERAL.—If a State issues a bond to
24 finance an activity described in section 12205 with
25 respect to local areas, the State shall be eligible for

1 assistance in an amount that does not exceed the
2 percentage calculated under the formula described in
3 paragraph (2) of the interest costs applicable to the
4 State bond with respect to the local areas.

5 “(2) FORMULA.—The Secretary shall develop a
6 formula for determining the percentage referred to
7 in paragraph (1). The formula shall specify that the
8 percentage shall consist of a weighted average of the
9 percentages referred to in subparagraphs (A)
10 through (E) of subsection (f)(3) for the local areas
11 involved.

12 **“SEC. 12205. AUTHORIZED ACTIVITIES.**

13 “An activity described in this section is a project of
14 significant size and scope that consists of—

15 “(1) the repair or upgrading of classrooms or
16 structures related to academic learning, including
17 the repair of leaking roofs, crumbling walls, inad-
18 equate plumbing, poor ventilation equipment, and in-
19 adequate heating or light equipment;

20 “(2) an activity to increase physical safety at
21 the educational facility involved;

22 “(3) an activity to enhance the educational fa-
23 cility involved to provide access for students, teach-
24 ers, and other individuals with disabilities;

1 “(4) an activity to improve the energy efficiency
2 of the educational facility involved;

3 “(5) an activity to address environmental haz-
4 ards at the educational facility involved, such as
5 poor ventilation, indoor air quality, or lighting;

6 “(6) the provision of basic infrastructure that
7 facilitates educational technology, such as commu-
8 nications outlets, electrical systems, power outlets, or
9 a communication closet;

10 “(7) the construction of new schools to meet
11 the needs imposed by enrollment growth;

12 “(8) additional construction for existing schools
13 to meet needs imposed by overcrowding; and

14 “(9) any other activity the Secretary determines
15 achieves the purpose of this title.

16 **“SEC. 12206. STATE GRANT WAIVERS.**

17 “(a) WAIVER FOR STATE ISSUANCE OF BOND.—

18 “(1) IN GENERAL.—A State that issues a bond
19 described in section 12204(b)(1) with respect to a
20 local area may request that the Secretary waive the
21 limits described in section 12204(f)(3) for the local
22 area, in calculating the amount of assistance the
23 State may receive under section 12204(g). The State
24 may request the waiver only if no local entity is able,
25 for one of the reasons described in subparagraphs

1 (A) through (F) of paragraph (2), to issue bonds on
2 behalf of the local area. Under such a waiver, the
3 Secretary may permit the State to use amounts re-
4 ceived through a grant made under section
5 12202(a)(2) to pay for not more than 80 percent of
6 the interest costs applicable to the State bond with
7 respect to the local area.

8 “(2) DEMONSTRATION BY STATE.—To be eligi-
9 ble to receive a waiver under this subsection, a State
10 shall demonstrate to the satisfaction of the Secretary
11 that—

12 “(A) the local bond authority serving the
13 local area has reached a limit on its borrowing
14 authority as a result of a debt ceiling or prop-
15 erty tax cap;

16 “(B) the local area has a high percentage
17 of low-income residents, or an unusually high
18 property tax rate;

19 “(C) the demographic composition of the
20 local area will not support additional school
21 spending;

22 “(D) the local bond authority has a history
23 of failed attempts to pass bond referenda;

1 “(E) the local area contains a significant
2 percentage of Federally-owned land that is not
3 subject to local taxation; or

4 “(F) for another reason, no local entity is
5 able to issue bonds on behalf of the local area.

6 “(b) WAIVER FOR OTHER FINANCING SOURCES.—

7 “(1) IN GENERAL.—A State may request that
8 the Secretary waive the use requirements of section
9 12204(b) for a local bond authority to permit the
10 State to provide assistance to the local bond author-
11 ity to finance construction or renovation by means
12 other than through the issuance of bonds.

13 “(2) USE OF FUNDS.—A State that receives a
14 waiver granted under this subsection may provide
15 assistance to a local bond authority in accordance
16 with the criteria described in section 12204(f)(2) to
17 enable the local bond authority to repay the costs in-
18 curred by the local bond authority in financing an
19 activity described in section 12205. The local bond
20 authority shall be eligible to receive the amount of
21 such assistance that the Secretary estimates the
22 local bond authority would be eligible to receive
23 under section 12204(f)(3) if the construction or ren-
24 ovation were financed through the issuance of a
25 bond.

1 “(3) MATCHING REQUIREMENT.—The State
2 shall make available to the local bond authority (di-
3 rectly or through donations from public or private
4 entities) non-Federal contributions in an amount
5 equal to not less than \$1 for every \$1 of Federal
6 funds provided to the local bond authority through
7 the grant.

8 “(c) WAIVER FOR OTHER USES.—

9 “(1) IN GENERAL.—A State may request that
10 the Secretary waive the use requirements of section
11 12204(b) for a State to permit the State to carry
12 out activities that achieve the purpose of this title.

13 “(2) DEMONSTRATION BY STATE.—To be eligi-
14 ble to receive a waiver under this subsection, a State
15 shall demonstrate to the satisfaction of the Secretary
16 that the use of assistance provided under the waiv-
17 er—

18 “(A) will result in an equal or greater
19 amount of construction or renovation of edu-
20 cational facilities than the provision of assist-
21 ance to defray the interest costs applicable to a
22 bond for such construction or renovation; and

23 “(B) will be used to fund activities that
24 are effective in carrying out the activities de-
25 scribed in section 12205, such as—

1 “(i) the capitalization of a revolving
2 loan fund for such construction or renova-
3 tion;

4 “(ii) the use of funds for reinsurance
5 or guarantees with respect to the financing
6 of such construction or renovation;

7 “(iii) the creation of a mechanism to
8 leverage private sector resources for such
9 construction or renovation;

10 “(iv) the capitalization of authorities
11 similar to State Infrastructure Banks to
12 leverage additional funds for such con-
13 struction or renovation; or

14 “(v) any other activity the Secretary
15 determines achieves the purpose of this
16 title.

17 “(d) LOCAL BOND AUTHORITY WAIVER.—

18 “(1) IN GENERAL.—A local bond authority may
19 request the Secretary waive the use requirements of
20 section 12203(b) for a local head authority to permit
21 the authority to finance construction or renovation
22 of educational facilities by means other than through
23 use of bonds.

24 “(2) DEMONSTRATION.—To be eligible to re-
25 ceive a waiver under this subsection, a local bond

1 authority shall demonstrate that the amounts made
2 available through a grant under the waiver will re-
3 sult in an equal or greater amount of construction
4 or renovation of educational facilities than the provi-
5 sion of assistance to defray the interest costs appli-
6 cable to a bond for such construction or renovation.

7 “(e) REQUEST FOR WAIVER.—A State or local bond
8 authority that desires a waiver under this section shall
9 submit a waiver request to the Secretary that—

10 “(1) identifies the type of waiver requested;

11 “(2) with respect to a waiver described in sub-
12 section (a), (c), or (d), makes the demonstration de-
13 scribed in subsection (a)(2), (c)(2), or (d)(2), respec-
14 tively;

15 “(3) describes the manner in which the waiver
16 will further the purpose of this title; and

17 “(4) describes the use of assistance provided
18 under such waiver.

19 “(f) ACTION BY SECRETARY.—The Secretary shall
20 make a determination with respect to a request submitted
21 under subsection (d) not later than 90 days after the date
22 on which such request was submitted.

23 “(g) GENERAL REQUIREMENTS.—

1 “(1) STATES.—In the case of a waiver request
2 submitted by a State under this section, the State
3 shall—

4 “(A) provide all interested local edu-
5 cational agencies in the State with notice and a
6 reasonable opportunity to comment on the re-
7 quest;

8 “(B) submit the comments to the Sec-
9 retary; and

10 “(C) provide notice and information to the
11 public regarding the waiver request in the man-
12 ner that the applying State customarily pro-
13 vides similar notices and information to the
14 public.

15 “(2) LOCAL BOND AUTHORITIES.—In the case
16 of a waiver request submitted by a local bond au-
17 thority under this section, the local bond authority
18 shall—

19 “(A) provide the affected local educational
20 agency with notice and a reasonable oppor-
21 tunity to comment on the request;

22 “(B) submit the comments to the Sec-
23 retary; and

24 “(C) provide notice and information to the
25 public regarding the waiver request in the man-

1 ner that the applying local bond authority cus-
2 tomarily provides similar notices and informa-
3 tion to the public.

4 **“SEC. 12207. GENERAL PROVISIONS.**

5 “(a) FAILURE TO ISSUE BONDS.—

6 “(1) STATES.—If a State that receives assist-
7 ance under this part fails to issue a bond for which
8 the assistance is provided, the amount of such as-
9 sistance shall be made available to the State as pro-
10 vided for under section 12204, during the first fiscal
11 year following the date of repayment.

12 “(2) LOCAL BOND AUTHORITIES AND LOCAL
13 AREAS.—If a local bond authority that receives as-
14 sistance under this part fails to issue a bond, or a
15 local area that receives such assistance fails to be-
16 come the beneficiary of a bond, for which the assist-
17 ance is provided, the amount of such assistance—

18 “(A) in the case of assistance received
19 under section 12202(a)(1), shall be repaid to
20 the Secretary and made available as provided
21 for under section 12203; and

22 “(B) in the case of assistance received
23 under section 12202(a)(2), shall be repaid to
24 the State and made available as provided for
25 under section 12204.

1 “(b) LIABILITY OF THE FEDERAL GOVERNMENT.—
2 The Secretary shall not be liable for any debt incurred
3 by a State or local bond authority for which assistance
4 is provided under this part. If such assistance is used by
5 a local educational agency to subsidize a debt other than
6 the issuance of a bond, the Secretary shall have no obliga-
7 tion to repay the lending institution to whom the debt is
8 owed if the local educational agency defaults.

9 **“SEC. 12208. FAIR WAGES.**

10 “The provisions of section 12107 shall apply with re-
11 spect to all laborers and mechanics employed by contrac-
12 tors or subcontractors in the performance of any contract
13 and subcontract for the repair, renovation, alteration, or
14 construction, including painting and decorating, of any
15 building or work that is financed in whole or in part using
16 assistance provided under this part.

17 **“SEC. 12209. REPORT.**

18 “From amounts reserved under section 12202(b)(3)
19 for each fiscal year the Secretary shall—

20 “(1) collect such data as the Secretary deter-
21 mines necessary at the school, local, and State levels;

22 “(2) conduct studies and evaluations, including
23 national studies and evaluations, in order to—

24 “(A) monitor the progress of activities sup-
25 ported with funds provided under this part; and

1 “(B) evaluate the state of United States
2 educational facilities; and

3 “(3) report to the appropriate committees of
4 Congress regarding the findings of the studies and
5 evaluations described in paragraph (2).

6 **“SEC. 12210. FUNDING.**

7 “(a) IN GENERAL.—There are authorized to be ap-
8 propriated \$5,000,000,000 for fiscal year 1999 to carry
9 out this part.

10 “(b) ENTITLEMENT.—Subject to subsection (a), each
11 State or local bond authority awarded a grant under this
12 part shall be entitled to payments under the grant.

13 “(c) AVAILABILITY.—Any amounts appropriated pur-
14 suant to the authority of subsection (a) shall remain avail-
15 able until expended.”.

16 **SEC. 102. CONFORMING AMENDMENTS.**

17 (a) CROSS REFERENCES.—Part A of title XII of the
18 Elementary and Secondary Education Act of 1965 (as re-
19 designated by section 102(3)) is amended—

20 (1) in section 12102(a) (as redesignated by sec-
21 tion 102(2))—

22 (A) in paragraph (1)—

23 (i) by striking “12013” and inserting
24 “12111”;

1 (ii) by striking “12005” and inserting
2 “12103”; and

3 (iii) by striking “12007” and insert-
4 ing “12105”; and

5 (B) in paragraph (2), by striking “12013”
6 and inserting “12111”; and

7 (2) in section 12110(3)(C) (as redesignated by
8 section 102(2)), by striking “12006” and inserting
9 “12104”.

10 (b) CONFORMING AMENDMENTS.—Part A of title XII
11 of the Elementary and Secondary Education Act of 1965
12 (as redesignated by section 202(3)) (20 U.S.C. 8501 et
13 seq.) is further amended—

14 (1) in section 12101 (as redesignated by section
15 102(2)), by striking “This title” and inserting “This
16 part”; and

17 (2) in sections 12102(a)(2), 12102(b)(1),
18 12103(a), 12103(b), 12103(b)(2), 12103(c),
19 12103(d), 12104(a), 12104(b)(2), 12104(b)(3),
20 12104(b)(4), 12104(b)(6), 12104(b)(7), 12105(a),
21 12105(b), 12106(a), 12106(b), 12106(c),
22 12106(c)(1), 12106(c)(7), 12106(e), 12107,
23 12108(a)(1), 12108(a)(2), 12108(b)(1),
24 12108(b)(2), 12108(b)(3), 12108(b)(4),
25 12109(2)(A), and 12110 (as redesignated by section

1 102(2)), by striking “this title” each place it ap-
2 pears and inserting “this part”.

3 **TITLE II—REDUCING CLASS SIZE**

4 **SEC. 201. FINDINGS.**

5 Congress makes the following findings:

6 (1) Qualified teachers in small classes can pro-
7 vide students with more individualized attention,
8 spend more time on instruction and less on other
9 tasks, cover more material effectively, and are better
10 able to work with parents to help the parents further
11 their children’s education.

12 (2) Rigorous research has shown that students
13 attending small classes in the early grades make
14 more rapid educational progress than the students in
15 larger classes, and that those achievement gains per-
16 sist through at least the 8th grade. For example:

17 (A) In a landmark 4-year experimental
18 study of class size reduction in grades kinder-
19 garten through grade 3 in Tennessee, research-
20 ers found that students in smaller classes
21 earned significantly higher scores on basic skills
22 tests in all 4 years and in all types of schools,
23 including urban, rural, and suburban schools.

24 (B) After 2 years in reduced class sizes,
25 students in the Flint, Michigan Public School

1 District improved their reading scores by 44
2 percent.

3 (3) The benefits of smaller classes are greatest
4 for lower-achieving, minority, poor, and inner-city
5 children. One study found that urban 4th-graders in
6 smaller than average classes were 3/4 of a school
7 year ahead of their counterparts in larger than aver-
8 age classes.

9 (4) Smaller classes allow teachers to identify
10 and work sooner with students who have learning
11 disabilities and, potentially, can reduce those stu-
12 dents' need for special education services in the later
13 grades.

14 (5) Students in smaller classes are able to be-
15 come more actively engaged in learning than their
16 peers in large classes.

17 (6) Efforts to improve educational outcomes by
18 reducing class sizes in the early grades are likely to
19 be successful only if well-qualified teachers are hired
20 to fill additional classroom positions and if teachers
21 received intensive, continuing training in working ef-
22 fectively in smaller classroom settings.

23 (7) State certified and licensed teachers help
24 ensure high quality instruction in the classroom.

1 (8) According to the National Commission on
2 Teaching and America's Future, the most important
3 influence on student achievement is the expertise of
4 their teachers. One New York City study comparing
5 high- and low-achieving elementary schools with
6 similar student characteristics, found that more than
7 90 percent of the variation in achievement in mathe-
8 matics and reading was due to differences in teacher
9 qualifications.

10 (9) Our Nation needs more qualified teachers to
11 meet changing demographics and to help students
12 meet high standards, as demonstrated by the follow-
13 ing:

14 (A) Over the next decade, our Nation will
15 need to hire over 2,000,000 teachers to meet in-
16 creasing student enrollments and teacher retire-
17 ments.

18 (B) 1 out of 4 high school teachers does
19 not have a major or minor in the main subject
20 that they teach. This is true for more than 30
21 percent of mathematics teachers.

22 (C) In schools with the highest minority
23 enrollments, students have less than a 50 per-
24 cent chance of getting a science or mathematics
25 teacher who holds a degree in that field.

1 (D) In 1991, 25 percent of new public
2 school teachers had not completed the require-
3 ments for a license in their main assignment
4 field. This number increased to 27 percent by
5 1994, including 11 percent who did not have a
6 license.

7 (10) We need more teachers who are adequately
8 prepared for the challenges of the 21st century
9 classroom, as demonstrated by the fact that—

10 (A) 50 percent of teachers have little or no
11 experience using technology in the classroom;
12 and

13 (B) in 1994, only 10 percent of new teach-
14 ers felt they were prepared to integrate new
15 technology into their instruction.

16 (11) Teacher quality cannot be further com-
17 promised to meet the demographic demand for new
18 teachers and smaller class sizes. Comprehensive im-
19 provements in teacher preparation and development
20 programs are also necessary to ensure the effective-
21 ness of new teachers and the academic success of
22 students in the classroom. These comprehensive im-
23 provements should include encouraging more institu-
24 tions of higher education that operate teacher prepa-
25 ration programs to work in partnership with local

1 educational agencies and elementary and secondary
2 schools; providing more hands-on, classroom experi-
3 ence to prospective teachers; creating mentorship
4 programs for new teachers; providing high quality
5 content area training and classroom skills for new
6 teachers; and training teachers to incorporate tech-
7 nology into the classroom.

8 (12) Efforts should be made to provide prospec-
9 tive teachers with a greater knowledge of instruc-
10 tional programs that are research-based, of dem-
11 onstrated effectiveness, replicable in diverse and
12 challenging circumstances, and supported by net-
13 works of experts and experienced practitioners.

14 (13) Several States have begun serious efforts
15 to reduce class sizes in the early elementary grades,
16 but these actions may be impeded by financial limi-
17 tations or difficulties in hiring qualified teachers.

18 (14) The Federal Government can assist in this
19 effort by providing funding for class size reductions
20 in grades 1 through 3, and by helping to ensure that
21 the new teachers brought into the classroom are
22 well-qualified.

23 **SEC. 202. PURPOSE.**

24 It is the purpose of this title to help States and local
25 educational agencies recruit, train, and hire 100,000 addi-

1 tional qualified teachers in order to reduce class sizes na-
2 tionally, in grades 1 through 3, to an average of 18 stu-
3 dents per classroom and to improve teaching in the early
4 grades so that all students can learn to read independently
5 and well by the end of the third grade.

6 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

7 There are authorized to be appropriated to carry out
8 this title \$1,100,000,000 for fiscal year 1999,
9 \$1,300,000,000 for fiscal year 2000, \$1,500,000,000 for
10 fiscal year 2001, \$1,700,000,000 for fiscal year 2002,
11 \$1,700,000,000 for fiscal year 2003, \$2,300,000,000 for
12 fiscal year 2004, and \$2,800,000,000 for fiscal year 2005.

13 **SEC. 204. ALLOTMENT TO STATES.**

14 (a) ENTITLEMENT TO PAYMENTS.—Each State hav-
15 ing an application approved under section 205 shall be en-
16 titled to a payment for a fiscal year in an amount equal
17 to the State's allotment under this section.

18 (b) RESERVATIONS.—

19 (1) EVALUATIONS.—From the amount made
20 available under section 203 for a fiscal year, the
21 Secretary may reserve not more than
22 \$1,000,000,000 to carry out the evaluation required
23 under section 213.

24 (2) OUTLYING AREAS; SECRETARY OF THE IN-
25 TERIOR.—From the amount made available under

1 section 203 and not reserved under paragraph (1)
2 for a fiscal year, the Secretary shall reserve not
3 more than 1 percent for payments to the outlying
4 areas, and to the Secretary of the Interior for
5 schools supported by the Bureau of Indian Affairs,
6 for activities that are consistent with the purpose of
7 this title. The Secretary shall allocate funds among
8 the outlying areas and the Secretary of the Interior
9 in accordance with their respective needs for assist-
10 ance under this title.

11 (c) ALLOTMENT FORMULA.—From the amount made
12 available under section 203 and not reserved under sub-
13 section (b) for a fiscal year, the Secretary shall allot to
14 each State an amount that bears the same relationship
15 to the amount so made available as the amount of funding
16 the State received under part A of title I of the Elemen-
17 tary and Secondary Education Act of 1965 (20 U.S.C.
18 6311 et seq.) for the previous fiscal year bears to the total
19 amount so received by all States for the previous fiscal
20 year.

21 (d) REALLOTMENT.—If the Secretary determines
22 that any amount of a State's allotment under this section
23 will not be available to the State for such year, then the
24 Secretary shall reallocate such amount to other States in the

1 same manner as the funds were originally allotted under
2 subsection (b).

3 (e) DEFINITIONS.—In this title:

4 (1) OUTLYING AREA.—The term ‘outlying area’
5 means the United States Virgin Islands, Guam,
6 American Samoa, and the Commonwealth of the
7 Northern Mariana Islands.

8 (2) STATE.—The term ‘State’ means each of
9 the several States of the United States, the District
10 of Columbia, and the Commonwealth of Puerto Rico.

11 **SEC. 205. APPLICATIONS.**

12 (a) IN GENERAL.—The State educational agency of
13 each State desiring to receive funding under this title shall
14 submit an application to the Secretary at such time, in
15 such form, and containing such information as the Sec-
16 retary may require.

17 (b) CONTENTS.—The application shall include—

18 (1) the State educational agency’s goals for
19 using funds under this title to reduce average class
20 sizes in grades 1 through 3, including a description
21 of current class sizes in the schools served by local
22 educational agencies of the State;

23 (2) a description of the State educational agen-
24 cy’s plan for using funds under this title to reduce
25 average class size in grades 1 through 3;

1 (3) a description of the State educational agen-
2 cy's plan for allocating funds provided under this
3 title within the State, including an estimate of the
4 impact of those allocations on class sizes in the
5 schools served by individual local educational agen-
6 cies of the State, and an assurance that the State
7 educational agency will make this plan public within
8 the State;

9 (4) a description of the State educational agen-
10 cy's strategy for improving teacher quality in grades
11 1 through 3 within the State (which may be a part
12 of a broader strategy to improve teacher quality gen-
13 erally), including actions the State educational agen-
14 cy will take to ensure the availability, within the
15 State, of a sufficient number of qualified teachers to
16 fill the positions created with funds provided under
17 this title, which strategy shall describe how the State
18 educational agency and the local educational agen-
19 cies within the State will ensure that—

20 (A) individuals hired for positions created
21 with funds provided under this title will meet
22 all of the State's requirements for full certifi-
23 cation or licensure of teachers, or will make sat-
24 isfactory progress toward achieving such full
25 certification or licensure (which may include in-

1 dividuals pursuing alternative routes to such
2 certification or licensure); and

3 (B) individuals hired for positions created
4 with funds provided under this title, and other
5 teachers affected by the funds, will be prepared
6 to teach reading effectively to all children and
7 will take part in continuing professional devel-
8 opment in effective reading instruction and in
9 teaching effectively in small classes; and

10 (5) a description of how the State will use other
11 funds, including other Federal funds, to improve
12 teacher quality and reading achievement within the
13 State.

14 (c) APPROVAL.—The Secretary shall approve an ap-
15 plication of a State if such application meets the require-
16 ments of this section and holds reasonable promise of
17 achieving the purpose of this title.

18 **SEC. 206. WITHIN STATE ALLOCATIONS.**

19 (a) RESERVATION.—From the amount allotted to a
20 State under this title for a fiscal year, the State may re-
21 serve a total of not more than 1 percent for the adminis-
22 trative costs of the State educational agency under this
23 title and for State level activities described in section 207.

24 (b) ALLOCATIONS.—

1 (1) MINIMUM ALLOCATION TO CERTAIN LOCAL
2 EDUCATIONAL AGENCIES.—

3 (A) IN GENERAL.—From the amount allot-
4 ted to a State under this title and not reserved
5 under subsection (a) for a fiscal year, the State
6 shall make an allocation to each local edu-
7 cational agency in the State that is described in
8 subparagraph (B) in an amount that bears the
9 same relation to such amount as the amount
10 such local educational agency received under
11 part A of title I of the Elementary and Second-
12 ary Education Act of 1965 (20 U.S.C. 6311 et
13 seq.) for the preceding fiscal year bears to the
14 total amount all such local educational agencies
15 in the State received under such part for the
16 preceding year.

17 (B) CERTAIN LOCAL EDUCATIONAL AGEN-
18 CIES.—A local educational agency referred to in
19 subparagraph (A) is a local educational agency
20 that serves schools in which—

21 (i) at least 30 percent of the children
22 enrolled in the schools are from families
23 with incomes below the poverty line; or

1 (ii) at least 10,000 of the children en-
2 rolled in the schools are from such fami-
3 lies.

4 (2) REMAINDER.—From the amount allotted to
5 a State under this title, not reserved under sub-
6 section (a), and that remain after application of
7 paragraph (1), the State shall make allocations to
8 local educational agencies in the State—

9 (A) on the basis of—

10 (i) the local educational agencies' cur-
11 rent or projected class sizes in grades 1
12 through 3; and

13 (ii) the relative ability of the local
14 educational agencies to finance class size
15 reductions with local educational agency
16 funds; and

17 (B) in such a manner as to enable local
18 educational agencies to reduce their average
19 class sizes, in grades 1 through 3, to the aver-
20 age class size proposed in the State application.

21 (3) CLARIFICATION REGARDING CERTAIN LOCAL
22 EDUCATIONAL AGENCIES.—A State shall make an
23 allocation under paragraph (1) to a local educational
24 agency described in paragraph (1)(B) and may make

1 an allocation under paragraph (2) to a local edu-
2 cational agency described in paragraph (1)(B).

3 **SEC. 207. STATE LEVEL ACTIVITIES.**

4 From the amount reserved under section 206(a) for
5 a fiscal year the State may carry out activities described
6 in the application submitted under section 205. Such ac-
7 tivities may include—

8 (1) revision of State teacher certification or li-
9 censure standards so as to promote the hiring of
10 teachers with high academic and pedagogical quali-
11 fications;

12 (2) developing opportunities for professional de-
13 velopment for teachers with respect to skills and
14 strategies that enable the teachers to teach effec-
15 tively in smaller classes; and

16 (3) monitoring of activities assisted under this
17 title and other administrative costs associated with
18 the operation of the activities.

19 **SEC. 208. LOCAL USES OF FUNDS.**

20 (a) LOCAL EDUCATIONAL AGENCIES.—

21 (1) IN GENERAL.—

22 (A) HIRING OF TEACHERS.—Each local
23 educational agency receiving an allocation under
24 this title shall use the allocated funds, with the
25 exception of funds reserved under paragraph

1 (2), for the payment of the salaries and benefits
2 for the additional teachers needed to reduce
3 class sizes in grades 1 through 3 to the level de-
4 termined as the State goal in the State applica-
5 tion under section 205(b)(1).

6 (B) SPECIAL RULE.—A local educational
7 agency that has achieved the goal described in
8 section 205(b)(1) may use the allocated
9 funds—

10 (i) to make further class size reduc-
11 tions in grades 1 through 3;

12 (ii) to reduce class sizes in grades
13 other than grades 1 through 3; or

14 (iii) to undertake quality improvement
15 activities such as the activities described in
16 paragraph (2).

17 (2) SPECIAL RULE.—From the amount allo-
18 cated to a local educational agency under this title
19 for each of the fiscal years 1999 through 2003, the
20 local educational agency shall use not less than 10
21 percent for activities to ensure that teachers hired
22 with funds provided under this title, and other
23 teachers who will teach smaller classes as a result of
24 activities assisted under this title, are prepared to
25 teach reading and other subjects effectively in a

1 smaller class setting. Activities undertaken in pur-
2 suit of this objective may include—

3 (A) training teachers in effective reading
4 instructional practices (including practices for
5 teaching students who experience initial dif-
6 ficulty in learning to read) and in effective in-
7 structional practices in small classes;

8 (B) paying the costs for teachers hired in
9 grades 1 through 3 who are not fully certified
10 or licensed to obtain full certification or licen-
11 sure;

12 (C) providing mentors or other support for
13 teachers in grades 1 through 3;

14 (D) establishing programs for the recruit-
15 ment of qualified teachers for schools that have
16 a shortage of certified or licensed teachers; and

17 (E) providing scholarships or other aid to
18 paraprofessionals or undergraduate students in
19 order to expand the pool of qualified teachers.

20 (b) SCHOOLS.—Each school receiving funds from a
21 local educational agency under this title may use the funds
22 to produce for the public an annual report regarding the
23 school's—

24 (1) student achievement in reading (using the
25 assessments the State uses under section 1111(b) of

1 the Elementary and Secondary Education Act of
2 1965 (20 U.S.C. 6311(b)), and disaggregating data
3 in the same manner as required under such section;

4 (2) average class size; and

5 (3) teacher qualifications for teachers of grades
6 1 through 3.

7 **SEC. 209. MATCHING REQUIREMENT.**

8 (a) **MATCHING FUNDS.**—In order to receive an allo-
9 cation under this title for a fiscal year a local educational
10 agency shall provide matching funds, in the amount deter-
11 mined under subsection (b), to pay the cost of activities
12 assisted under this title for the fiscal year.

13 (b) **AMOUNT.**—The amount of matching funds re-
14 quired under subsection (a)—

15 (1) in the case of a local educational agency for
16 which the number of children from families with in-
17 comes below the poverty line that are served by the
18 agency is 25 percent or greater than 25 percent of
19 all students served by the agency, 0 percent of the
20 cost of activities to be assisted under this title;

21 (2) in the case of a local educational agency for
22 which such number is 20 percent or greater but less
23 than 25 percent, shall be not less than 10 percent
24 of the costs;

1 (3) in the case of a local educational agency for
2 which such number is 15 percent or greater but less
3 than 20 percent, shall be not less than 20 percent
4 of the costs;

5 (4) in the case of a local educational agency for
6 which such number is 10 percent or greater but less
7 than 15 percent, shall be not less than 30 percent
8 of the costs;

9 (5) in the case of a local educational agency for
10 which such number is 5 percent or greater but less
11 than 10 percent, shall be not less than 40 percent
12 of the costs; and

13 (6) in the case of a local educational agency for
14 which such number is less than 5 percent, shall be
15 not less than 50 percent of the costs.

16 (c) DETERMINATION.—For purposes of determining
17 the applicable matching requirement under subsection (a),
18 the Secretary shall determine the number of children from
19 families with incomes below the poverty line (as defined
20 by the Office of Management and Budget, and revised an-
21 nually in accordance with section 673(2) of the Commu-
22 nity Services Block Grant Act (42 U.S.C. 9902(2)) for
23 individual local educational agencies.

24 (d) SPECIAL RULE.—A local educational agency shall
25 meet the matching requirement determined in subsection

1 (b) through cash expenditures from non-Federal sources,
2 except that schools operating schoolwide programs under
3 section 1114 of the Elementary and Secondary Education
4 Act of 1965 (20 U.S.C. 6314) may use funds provided
5 under part A of title I of such Act (20 U.S.C. 6311 et
6 seq.) to meet the requirements, if the use of the part A
7 funds is consistent with the school plan under section
8 1112 of such Act (20 U.S.C. 6312) and the requirements
9 of sections 1120(c) and 1120A(b) of such Act (20 U.S.C.
10 6321(c) and 6322).

11 **SEC. 210. CARRYOVER.**

12 Notwithstanding section 421 of the General Edu-
13 cation Provisions Act (20 U.S.C. 1225), funds made avail-
14 able to a local educational agency under this title shall
15 be available for obligation until September 30, 2008.

16 **SEC. 211. ACCOUNTABILITY.**

17 (a) IN GENERAL.—Not later than 3 years after a
18 local educational agency receives funds under this title, the
19 local educational agency shall provide to the State edu-
20 cational agency evidence of the achievement of the local
21 educational agencies' students, in grades 1 through 4, in
22 reading. Such evidence shall be—

23 (1) in a form determined by the State edu-
24 cational agency;

1 (2) based on the assessments local educational
2 agencies are using under section 1111(b) of the Ele-
3 mentary and Secondary Education Act of 1965 (20
4 U.S.C. 6311(b)) or on comparably rigorous State or
5 local assessments; and

6 (3) disaggregated to show the achievement of
7 students in individual schools and of students in dif-
8 ferent racial groups, by gender, by family income,
9 and for students with disabilities and with limited
10 English proficiency.

11 (b) IMPROVEMENT PLAN.—Each local educational
12 agency serving a school that fails to show improvement
13 in reading achievement after receiving funds under this
14 title for 3 years shall develop a program improvement plan
15 that is approved by the Secretary. The program improve-
16 ment plan may provide for—

17 (1) additional technical assistance, in the school
18 failing to show improvement, in order to change cur-
19 riculum, change school leadership, or more effec-
20 tively use staff;

21 (2) implementation, in the school, of com-
22 prehensive, research-based education reform models;
23 or

24 (3) any other improvement strategy agreed to
25 by the local educational agency and the Secretary.

1 (c) REDUCTION OF ALLOCATION.—Beginning with
2 fiscal year 2004, a State educational agency shall reduce
3 the allocation to any local educational agency under sec-
4 tion 206 for a fiscal year if the State educational agency
5 determines that the local educational agency serves a
6 school which fails to show improvement in reading achieve-
7 ment. The reduction shall be in an amount equivalent to
8 the amount made available to the school for the fiscal year
9 for which the determination is made.

10 **SEC. 212. PARTICIPATION OF PRIVATE SCHOOL TEACHERS.**

11 (a) IN GENERAL.—Proportionate to the number of
12 children who are enrolled in private elementary schools or
13 secondary schools in the area served by a local educational
14 agency that receives an allocation under this title, the local
15 educational agency shall provide for the inclusion of pri-
16 vate school teachers in the professional development activi-
17 ties the local educational agencies and the schools served
18 by such agency carries out under this title.

19 (b) WAIVER.—If, by reason of any provision of law,
20 a local educational agency is prohibited from providing for
21 the professional development activities for private school
22 teachers and administrators as required by subsection (a),
23 or if the Secretary determines that the agency is unwilling
24 or unable to do so, the Secretary shall waive that require-

1 ment and shall use a portion of the agency’s grant to ar-
2 range for the provision of those activities.

3 **SEC. 213. EVALUATION.**

4 From the amount reserved under section 204(b)(1),
5 the Secretary shall carry out an evaluation of—

6 (1) the extent to which the activities assisted
7 under this title achieve the objective of reducing
8 class sizes;

9 (2) the impact of the activities on reading
10 achievement;

11 (3) the quality of the teachers hired with funds
12 provided under this title;

13 (4) the success of State and local efforts to use
14 funds provided under this title to ensure high quality
15 teaching; and

16 (5) the effectiveness of the requirements under
17 section 211.

18 **TITLE III—CHARTER SCHOOLS**

19 **SEC. 301. INNOVATIVE CHARTER SCHOOLS.**

20 Title VI of the Elementary and Secondary Education
21 Act of 1965 (20 U.S.C. 7301 et seq.) is amended—

22 (1) in section 6201(a)—

23 (A) in paragraph (1)(C), by striking “and”
24 after the semicolon;

1 (B) by redesignating paragraph (2) as
2 paragraph (3); and

3 (C) by inserting after paragraph (1) the
4 following:

5 “(2) support for planning, designing, and initial
6 implementation of charter schools as described in
7 part C of title X; and”;

8 (2) in section 6301(b)—

9 (A) in paragraph (7), by striking “and”
10 after the semicolon;

11 (B) by redesignating paragraph (8) as
12 paragraph (9); and

13 (C) by inserting after paragraph (7) the
14 following:

15 “(8) planning, designing, and initial implemen-
16 tation of charter schools as described in part C of
17 title X; and”.

18 **SEC. 302. CHARTER SCHOOLS.**

19 Part C of title X of the Elementary and Secondary
20 Education Act of 1965 is amended to read as follows:

21 **“PART C—PUBLIC CHARTER SCHOOLS**

22 **“SEC. 10301. FINDINGS AND PURPOSE.**

23 “(a) FINDINGS.—The Congress finds that—

24 “(1) enhancement of parent and student choices
25 among public schools can assist in promoting com-

1 prehensive educational reform and give more stu-
2 dents the opportunity to learn to challenging State
3 content standards and challenging State student
4 performance standards, if sufficiently diverse and
5 high-quality choices, and genuine opportunities to
6 take advantage of such choices, are available to all
7 students;

8 “(2) useful examples of such choices can come
9 from States and communities that experiment with
10 methods of offering teachers and other educators,
11 parents, and other members of the public the oppor-
12 tunity to design and implement new public schools
13 and to transform existing public schools;

14 “(3) charter schools are a mechanism for test-
15 ing a variety of educational approaches and should,
16 therefore, be exempted from restrictive rules and
17 regulations if the leadership of such schools commits
18 to attaining specific and ambitious educational re-
19 sults for educationally disadvantaged students con-
20 sistent with challenging State content standards and
21 challenging State student performance standards for
22 all students;

23 “(4) charter schools, as such schools have been
24 implemented in a few States, can embody the nec-
25 essary mixture of enhanced choice, exemption from

1 restrictive regulations, and a focus on learning
2 gains;

3 “(5) charter schools, including charter schools
4 that are schools-within-schools, can help reduce
5 school size, which can have a significant effect on
6 student achievement;

7 “(6) the Federal Government should test, evalu-
8 ate, and disseminate information on a variety of
9 charter school models in order to help demonstrate
10 the benefits of this promising educational reform;
11 and

12 “(7) there is a strong documented need for
13 cash-flow assistance to charter schools that are
14 starting up, because State and local operating reve-
15 nue streams are not immediately available.

16 “(b) PURPOSES.—The purposes of this part are—

17 “(1) to provide financial assistance for the plan-
18 ning, design, initial implementation of charter
19 schools;

20 “(2) to facilitate the ability of States and local-
21 ities to increase the number of charter schools in the
22 Nation to not less than 3,000 by the year 2000; and

23 “(3) to evaluate the effects of charter schools,
24 including the effects on students, student achieve-
25 ment, staff, and parents.

1 **“SEC. 10302. PROGRAM AUTHORIZED.**

2 “(a) IN GENERAL.—The Secretary may award grants
3 to State educational agencies having applications approved
4 pursuant to section 10303 to enable such agencies to con-
5 duct a charter school grant program in accordance with
6 this part.

7 “(b) SPECIAL RULE.—If a State educational agency
8 elects not to participate in the program authorized by this
9 part or does not have an application approved under sec-
10 tion 10303, the Secretary may award a grant to an eligible
11 applicant that serves such State and has an application
12 approved pursuant to section 10303.

13 “(c) PROGRAM PERIODS.—

14 “(1) GRANTS TO STATES.—

15 “(A) BASIC GRANTS.—Grants awarded to
16 State educational agencies under this part for
17 planning, design, or initial implementation of
18 charter schools, shall be awarded for a period of
19 not more than 5 years.

20 “(B) EXTENSION.—Any State educational
21 agency that has received a grant or subgrant
22 under this part prior to October 1, 1998, shall
23 be eligible to receive an additional grant for a
24 period not to exceed 2 years in accordance with
25 this section, notwithstanding that such a State

1 does not meet the requirements of section
2 10309(1)(A).

3 “(2) GRANTS TO ELIGIBLE APPLICANTS.—

4 “(A) BASIC GRANTS.—Grants awarded by
5 the Secretary to eligible applicants or subgrants
6 awarded by State educational agencies to eligi-
7 ble applicants under this part shall be awarded
8 for planning, design, or initial implementation
9 of charter schools, for a period not to exceed
10 more than 5 years, of which the eligible appli-
11 cant may use—

12 “(i) not more than 30 months for
13 planning and program design; and

14 “(ii) not more than 4 years for the
15 initial implementation of a charter school.

16 “(B) EXTENSION.—Any eligible applicant
17 that has received a grant or subgrant under
18 this part prior to October 1, 1998, shall be eli-
19 gible to receive an additional grant for a period
20 not to exceed 2 years in accordance with this
21 section, notwithstanding that such an eligible
22 applicant does not meet the requirements of
23 section 10309(1)(A).

24 “(d) LIMITATION.—Except as otherwise provided
25 under subsection (c), the Secretary shall not award more

1 than one grant and State educational agencies shall not
2 award more than one subgrant under this part to support
3 a particular charter school.

4 “(e) PRIORITY AND REQUIREMENTS.—

5 “(1) PRIORITY.—

6 “(A) FISCAL YEARS 1999, 2000, AND 2001.—

7 In awarding grants under this part for any of
8 the fiscal years 1999, 2000, and 2001 from
9 funds appropriated under section 10310 that
10 are in excess of \$51,000,000 for the fiscal year,
11 the Secretary shall give priority to State edu-
12 cational agencies in accordance with subpara-
13 graph (C).

14 “(B) SUCCEEDING FISCAL YEARS.—In
15 awarding grants under this part for fiscal year
16 2001 or any succeeding fiscal year from any
17 funds appropriated under section 10310, the
18 Secretary shall consider the number of charter
19 schools in each State and shall give priority to
20 State educational agencies in accordance with
21 subparagraph (C).

22 “(C) PRIORITY ORDER.—In awarding
23 grants under subparagraphs (A) and (B), the
24 Secretary shall, in the order listed, give priority
25 to a State that—

1 “(i) meets all requirements of para-
2 graph (2);

3 “(ii) meets 2 requirements of para-
4 graph (2); and

5 “(iii) meets 1 requirement of para-
6 graph (2).

7 “(2) REQUIREMENTS.—The requirements re-
8 ferred to in paragraph (1)(C) are as follows:

9 “(A) The State law regarding charter
10 schools ensures that each charter school has a
11 high degree of autonomy over its budgets and
12 expenditures.

13 “(B) The State law regarding charter
14 schools provides that not less than 1 chartering
15 authority in the State allows for an increase in
16 the number of charter schools from 1 year to
17 the next year; and

18 “(C) The State law regarding charter
19 schools provides for periodic review and evalua-
20 tion by the authorized public chartering agency
21 of each charter school to determine whether the
22 school is meeting or exceeding the academic
23 performance requirements and goals for charter
24 schools as set forth under State law or the
25 school’s charter.

1 **“SEC. 10303. APPLICATIONS.**

2 “(a) APPLICATIONS FROM STATE AGENCIES.—Each
3 State educational agency desiring a grant from the Sec-
4 retary under this part shall submit to the Secretary an
5 application at such time, in such manner, and containing
6 or accompanied by such information as the Secretary may
7 require.

8 “(b) CONTENTS OF A STATE EDUCATIONAL AGENCY
9 APPLICATION.—Each application submitted pursuant to
10 subsection (a) shall—

11 “(1) describe the objectives of the State edu-
12 cational agency’s charter school grant program and
13 a description of how such objectives will be fulfilled,
14 including steps taken by the State educational agen-
15 cy to inform teachers, parents, and communities of
16 the State educational agency’s charter school grant
17 program;

18 “(2) describe how the State educational agency
19 will inform each charter school of available Federal
20 programs and funds that each such school is eligible
21 to receive and ensure that each such school receives
22 its appropriate share of Federal education funds al-
23 located by formula; and

24 “(3) contain assurances that the State edu-
25 cational agency will require each eligible applicant

1 desiring to receive a subgrant to submit an applica-
2 tion to the State educational agency containing—

3 “(A) a description of the educational pro-
4 gram to be implemented by the proposed char-
5 ter school, including—

6 “(i) how the program will enable all
7 students to meet challenging State student
8 performance standards;

9 “(ii) the grade levels or ages of chil-
10 dren to be served; and

11 “(iii) the curriculum and instructional
12 practices to be used;

13 “(B) a description of how the charter
14 school will be managed;

15 “(C) a description of—

16 “(i) the objectives of the charter
17 school; and

18 “(ii) the methods by which the charter
19 school will determine its progress toward
20 achieving those objectives;

21 “(D) a description of the administrative re-
22 lationship between the charter school and the
23 authorized public chartering agency;

24 “(E) a description of how parents and
25 other members of the community will be in-

1 involved in the design and implementation of the
2 charter school;

3 “(F) a description of how the authorized
4 public chartering agency will provide for contin-
5 ued operation of the school once the Federal
6 grant has expired, if such agency determines
7 that the school has met the objectives described
8 in subparagraph (C)(i);

9 “(G) a request and justification for waivers
10 of any Federal statutory or regulatory provi-
11 sions that the applicant believes are necessary
12 for the successful operation of the charter
13 school, and a description of any State or local
14 rules, generally applicable to public schools,
15 that will be waived for, or otherwise not apply
16 to, the school;

17 “(H) a description of how the subgrant
18 funds or grant funds, as appropriate, will be
19 used, including a description of how such funds
20 will be used in conjunction with other Federal
21 programs administered by the Secretary;

22 “(I) a description of how students in the
23 community will be—‘(i) informed about the
24 charter school; and ‘(ii) given an equal oppor-
25 tunity to attend the charter school;

1 “(J) an assurance that the eligible appli-
2 cant will annually provide the Secretary and the
3 State educational agency such information as
4 may be required to determine if the charter
5 school is making satisfactory progress toward
6 achieving the objectives described in subpara-
7 graph (C)(i);

8 “(K) an assurance that the applicant will
9 cooperate with the Secretary and the State edu-
10 cational agency in evaluating the program as-
11 sisted under this part;

12 “(L)(i) an assurance that the charter
13 school that is a local educational agency or the
14 local educational agency in which the charter
15 school is located, as the case may be, will com-
16 ply with the requirements of the Individuals
17 with Disabilities Education Act (20 U.S.C.
18 1400 et seq.) with respect to the provision of
19 special education and related services to chil-
20 dren with disabilities in charter schools; and

21 “(ii) a description of how the charter
22 school that is a local educational agency or the
23 local educational agency in which the charter
24 school is located, as the case may be, will en-
25 sure, consistent with such requirements, the re-

1 ceipt of special education and related services
2 by children with disabilities in charter schools;
3 and

4 “(M) such other information and assur-
5 ances as the Secretary and the State edu-
6 cational agency may require; and

7 “(4) describe how the State educational agency
8 will use administrative funds provided under section
9 10304(f)(4) to disseminate best or promising prac-
10 tices of charter schools in such State to each local
11 educational agency in the State, except that such
12 dissemination shall result, to the extent practicable,
13 in a minimum of paperwork for a State educational
14 agency, eligible applicant, or charter school.

15 “(c) CONTENTS OF ELIGIBLE APPLICANT APPLICA-
16 TION.—Each eligible applicant desiring a grant pursuant
17 to section 10302 shall submit an application to the State
18 educational agency or Secretary, respectively, at such
19 time, in such manner, and accompanied by such informa-
20 tion as the State educational agency or Secretary, respec-
21 tively, may reasonably require.

22 “(d) CONTENTS OF APPLICATION.—Each application
23 submitted pursuant to subsection (c) shall contain—

24 “(1) the information and assurances described
25 in subparagraphs (A) through (L) of subsection

1 (b)(3), except that for purposes of this subsection
2 subparagraphs (J), (K), and (L) of such subsection
3 shall be applied by striking ‘and the State edu-
4 cational agency’ each place such term appears; and

5 “(2) assurances that the State educational
6 agency—

7 “(A) will grant, or will obtain, waivers of
8 State statutory or regulatory requirements; and

9 “(B) will assist each subgrantee in the
10 State in receiving a waiver under section
11 10304(e).

12 **“SEC. 10304. ADMINISTRATION.**

13 “(a) SELECTION CRITERIA FOR STATE EDU-
14 CATIONAL AGENCIES.—The Secretary shall award grants
15 to State educational agencies under this part on the basis
16 of the quality of the applications submitted under section
17 10303(b), after taking into consideration such factors
18 as—

19 “(1) the contribution that the charter schools
20 grant program will make to assisting educationally
21 disadvantaged and other students to achieving State
22 content standards and State student performance
23 standards and, in general, a State’s education im-
24 provement plan;

1 “(2) the degree of flexibility afforded by the
2 State educational agency to charter schools under
3 the State’s charter schools law;

4 “(3) the ambitiousness of the objectives for the
5 State charter school grant program;

6 “(4) the quality of the strategy for assessing
7 achievement of those objectives;

8 “(5) the likelihood that the charter school grant
9 program will meet those objectives and improve edu-
10 cational results for students; and

11 “(6) the number of charter schools created
12 under this part in the State.

13 “(b) SELECTION CRITERIA FOR ELIGIBLE APPLI-
14 CANTS.—The Secretary shall award grants to eligible ap-
15 plicants under this part on the basis of the quality of the
16 applications submitted under section 10303(c), after tak-
17 ing into consideration such factors as—

18 “(1) the quality of the proposed curriculum and
19 instructional practices;

20 “(2) the degree of flexibility afforded by the
21 State educational agency and, if applicable, the local
22 educational agency to the charter school;

23 “(3) the extent of community support for the
24 application;

1 “(4) the ambitiousness of the objectives for the
2 charter school;

3 “(5) the quality of the strategy for assessing
4 achievement of those objectives; and

5 “(6) the likelihood that the charter school will
6 meet those objectives and improve educational re-
7 sults for students.

8 “(c) PEER REVIEW.—The Secretary, and each State
9 educational agency receiving a grant under this part, shall
10 use a peer review process to review applications for assist-
11 ance under this part.

12 “(d) DIVERSITY OF PROJECTS.—The Secretary and
13 each State educational agency receiving a grant under this
14 part, shall award subgrants under this part in a manner
15 that, to the extent possible, ensures that such grants and
16 subgrants—

17 “(1) are distributed throughout different areas
18 of the Nation and each State, including urban and
19 rural areas; and

20 “(2) will assist charter schools representing a
21 variety of educational approaches, such as ap-
22 proaches designed to reduce school size.

23 “(e) WAIVERS.—The Secretary may waive any statu-
24 tory or regulatory requirement over which the Secretary
25 exercises administrative authority except any such require-

1 ment relating to the elements of a charter school described
2 in section 10309(1), if—

3 “(1) the waiver is requested in an approved ap-
4 plication under this part; and

5 “(2) the Secretary determines that granting
6 such a waiver will promote the purpose of this part.

7 “(f) USE OF FUNDS.—

8 “(1) STATE EDUCATIONAL AGENCIES.—Each
9 State educational agency receiving a grant under
10 this part shall use such grant funds to award sub-
11 grants to one or more eligible applicants in the State
12 to enable such applicant to plan and implement a
13 charter school in accordance with this part.

14 “(2) ELIGIBLE APPLICANTS.—Each eligible ap-
15 plicant receiving funds from the Secretary or a State
16 educational agency shall use such funds to plan and
17 implement a charter school in accordance with this
18 part.

19 “(3) ALLOWABLE ACTIVITIES FOR BASIC
20 GRANTS.—An eligible applicant receiving a basic
21 grant or subgrant under section 10302(c)(2) may
22 use the grant or subgrant funds only for—

23 “(A) post-award planning and design of
24 the educational program, which may include—

1 “(i) refinement of the desired edu-
2 cational results and of the methods for
3 measuring progress toward achieving those
4 results; and

5 “(ii) professional development of
6 teachers and other staff who will work in
7 the charter school; and

8 “(B) initial implementation of the charter
9 school, which may include—

10 “(i) informing the community about
11 the school;

12 “(ii) acquiring necessary equipment
13 and educational materials and supplies;

14 “(iii) acquiring or developing curricu-
15 lum materials; and

16 “(iv) other initial operational costs
17 that cannot be met from State or local
18 sources.

19 “(4) ADMINISTRATIVE EXPENSES.—Each State
20 educational agency receiving a grant pursuant to
21 this part may reserve not more than 5 percent of
22 such grant funds for administrative expenses associ-
23 ated with the charter school grant program assisted
24 under this part.

1 “(g) TRIBALLY CONTROLLED SCHOOLS.—Each State
2 that receives a grant under this part and designates a trib-
3 ally controlled school as a charter school shall not consider
4 payments to a school under the Tribally Controlled
5 Schools Act of 1988 (25 U.S.C. 2507) in determining—

6 “(1) the eligibility of the school to receive any
7 other Federal, State, or local aid; or

8 “(2) the amount of such aid.

9 **“SEC. 10305. NATIONAL ACTIVITIES.**

10 “The Secretary shall reserve for each fiscal year the
11 lesser of 5 percent of the amount appropriated to carry
12 out this part for the fiscal year or \$5,000,000, to carry
13 out, giving highest priority to carrying out paragraph (3),
14 the following:

15 “(1) To provide charter schools, either directly
16 or through the State educational agency, with infor-
17 mation regarding available education funds that
18 such school is eligible to receive, and assistance in
19 applying for Federal education funds which are allo-
20 cated by formula, including filing deadlines and sub-
21 mission of applications; and

22 “(2) To provide, through 1 or more contracts
23 using a competitive bidding process—

24 “(A) charter schools with assistance in ac-
25 cessing private capital;

1 “(B) pilot projects in a variety of States to
2 better understand and improve access to private
3 capital by charter schools; and

4 “(C) collection on a nationwide basis, of
5 information regarding successful programs that
6 access private capital for charter schools and
7 disseminate any such relevant information and
8 model descriptions to all charter schools.

9 “(3) To provide for the completion of the 4-year
10 national study (which began in 1995) of charter
11 schools and any related present or future evaluations
12 or studies which shall include the evaluation of the
13 impact of charter schools on student achievement,
14 including information regarding—

15 “(A) the number of students who applied
16 for admission to charter schools and the num-
17 ber of such students who enrolled in charter
18 schools, disaggregated on the basis of race, age,
19 disability, gender, limited English proficiency,
20 and previous enrollment in a public school;

21 “(B) student achievement; and

22 “(C) qualifications of school employees at
23 the charter school, including the number of
24 teachers within a charter school that have been

1 certified or licensed by the State and the turn-
2 over of the teaching force.

3 “(4)(A) To provide information to applicants
4 for assistance under this part;

5 “(B) assistance to applicants for assistance
6 under this part with the preparation of applications
7 under section 10303;

8 “(C) assistance in the planning and startup of
9 charter schools;

10 “(D) ongoing training and technical assistance
11 to existing charter schools; and

12 “(E) for the dissemination of best practices in
13 charter schools to other public schools.

14 **“SEC. 10306. FEDERAL FORMULA ALLOCATION DURING**
15 **FIRST YEAR AND FOR SUCCESSIVE ENROLL-**
16 **MENT EXPANSIONS.**

17 “For purposes of the allocation to schools by the
18 States or their agencies of funds under part A of title I,
19 and any other Federal funds which the Secretary allocates
20 to States on a formula basis, the Secretary and each State
21 educational agency shall take such measures not later
22 than 6 months after the date of the enactment of this part
23 as are necessary to ensure that every charter school re-
24 ceives the Federal funding for which it is eligible not later
25 than 5 months after first opening, notwithstanding the

1 fact that the identity and characteristics of the students
2 enrolling in that school are not fully and completely deter-
3 mined until that school actually opens. These measures
4 shall similarly ensure that every charter school expanding
5 its enrollment in any subsequent year of operation receives
6 the Federal funding for which it is eligible not later than
7 5 months after such expansion.

8 **“SEC. 10307. RECORDS TRANSFER.**

9 “State and local educational agencies, to the extent
10 practicable, shall ensure that a student’s records and if
11 applicable a student’s individualized education program as
12 defined in section 602(11) of the Individuals with Disabil-
13 ities Education Act (20 U.S.C. 1401(11)), are transferred
14 to the charter school upon transfer of a student to a char-
15 ter school in accordance with applicable State law.

16 **“SEC. 10308. PAPERWORK REDUCTION.**

17 “To the extent practicable, the Secretary and each
18 authorized public chartering agency, shall ensure that im-
19 plementation of this part results in a minimum of paper-
20 work for any eligible applicant or charter school.

21 **“SEC. 10309. DEFINITIONS.**

22 “As used in this part:

23 “(1) The term ‘charter school’ means a public
24 school that—

1 “(A) in accordance with a specific State
2 charter school statute, is exempted from signifi-
3 cant State or local rules that inhibit the flexible
4 operation and management of public schools,
5 but not from any rules relating to the other re-
6 quirements of this paragraph;

7 “(B) is created by a developer as a public
8 school, or is adapted by a developer from an ex-
9 isting public school, and is operated under pub-
10 lic supervision and direction;

11 “(C) operates in pursuit of a specific set of
12 educational objectives determined by the
13 school’s developer and agreed to by the author-
14 ized public chartering agency;

15 “(D) provides a program of elementary or
16 secondary education, or both;

17 “(E) is nonsectarian in its programs, ad-
18 missions policies, employment practices, and all
19 other operations, and is not affiliated with a
20 sectarian school or religious institution;

21 “(F) does not charge tuition;

22 “(G) complies with the Age Discrimination
23 Act of 1975, title VI of the Civil Rights Act of
24 1964, title IX of the Education Amendments of
25 1972, section 504 of the Rehabilitation Act of

1 1973, and part B of the Individuals with Dis-
2 abilities Education Act;

3 “(H) is a school to which parents choose to
4 send their children, and that admits students
5 on the basis of a lottery, if more students apply
6 for admission than can be accommodated;

7 “(I) agrees to comply with the same Fed-
8 eral and State audit requirements as do other
9 elementary and secondary schools in the State,
10 unless such requirements are specifically waived
11 for the purpose of this program;

12 “(J) meets all applicable Federal, State,
13 and local health and safety requirements;

14 “(K) operates in accordance with State
15 law; and

16 “(L) has a written performance contract
17 with the authorized public chartering agency in
18 the State.

19 “(2) The term ‘developer’ means an individual
20 or group of individuals (including a public or private
21 nonprofit organization), which may include teachers,
22 administrators and other school staff, parents, or
23 other members of the local community in which a
24 charter school project will be carried out.

1 “(3) The term ‘eligible applicant’ means an au-
2 thorized public chartering agency participating in a
3 partnership with a developer to establish a charter
4 school in accordance with this part.

5 “(4) The term ‘authorized public chartering
6 agency’ means a State educational agency, local edu-
7 cational agency, or other public entity that has the
8 authority pursuant to State law and approved by the
9 Secretary to authorize or approve a charter school.

10 **“SEC. 10310. AUTHORIZATION OF APPROPRIATIONS.**

11 “For the purpose of carrying out this part, there are
12 authorized to be appropriated \$100,000,000 for fiscal year
13 1999 and such sums as may be necessary for each of the
14 four succeeding fiscal years.

15 **“SEC. 10311. PROHIBITION OF CONTRACTS.**

16 “If it has been finally determined by a court or Fed-
17 eral agency that any person intentionally affixed a fraudu-
18 lent label bearing a ‘Made in America’ inscription, or any
19 inscription with the same meaning, to any product sold
20 in or shipped to the United States that was not made in
21 the United States, such person shall be ineligible to receive
22 any contract or subcontract made with funds provided
23 pursuant to this part, pursuant to the debarment, suspen-
24 sion, and ineligibility procedures described in section

1 9.400 through 9.409 of title 48, Code of Federal Regula-
2 tions.”.

3 **TITLE IV—SCHOLARSHIPS**

4 **SEC. 401. DEFINITIONS.**

5 Section 6003 of the Elementary and Secondary Edu-
6 cation Act of 1965 is amended—

7 (1) in the section heading by striking “defini-
8 tion” and inserting “definitions”;

9 (2) in the matter preceding subparagraph (A)—

10 (A) by striking “(1)”, “(2)”, and “(3)”;

11 (B) by striking “title the term” and insert-
12 ing the following: “title—

13 “(1) the term”;

14 (3) by striking the period at the end; and

15 (4) by adding at the end the following:

16 “(2) the term ‘poverty line’ means the poverty
17 line (as defined by the Office of Management and
18 Budget, and revised annually in accordance with sec-
19 tion 673(2) of the Community Services Block Grant
20 Act (42 U.S.C. 9902(2)) applicable to a family of
21 the size involved; and

22 “(3) the term ‘voluntary public and private pa-
23 rental choice program’ means a program that meets
24 the requirements of section 6301(b)(9), is authorized
25 by State law, and includes 1 or more private schools

1 to allow low-income parents to choose the appro-
2 priate school for their children.”.

3 **SEC. 402. ALLOCATION TO LOCAL EDUCATIONAL AGEN-**
4 **CIES.**

5 Section 6102(a) of the Elementary and Secondary
6 Education Act of 1965 is amended to read as follows:

7 “(a) DISTRIBUTION RULE.—

8 “(1) IN GENERAL.—Except as provided in para-
9 graph (2), from the sums made available each year
10 to carry out this title, the State educational agency
11 shall distribute not less than 90 percent to local edu-
12 cational agencies within such State according to the
13 relative enrollments in public and private, nonprofit
14 schools within the school districts of such agencies,
15 adjusted, in accordance with criteria approved by the
16 Secretary, to provide higher per pupil allocations to
17 local educational agencies which have the greatest
18 numbers or percentages of children whose education
19 imposes a higher than average cost per child, such
20 as—

21 “(A) children living in areas with high con-
22 centrations of low-income families;

23 “(B) children from low-income families;

24 and

25 ‘

1 “(C) children living in sparsely populated
2 areas.

3 “(2) EXCEPTION.—A State that has enacted or
4 will enact a law that establishes a voluntary public
5 and private parental choice program and that com-
6 plies with the provisions of section 6301(b)(9) may
7 reserve an additional 15 percent from the sums
8 made available each year to carry out this title if the
9 additional amount reserved is used exclusively for
10 voluntary public and private parental choice pro-
11 grams.”.

12 **SEC. 403. USES OF FUNDS.**

13 (a) STATE USES OF FUNDS.—Section 6201(a)(1) of
14 the Elementary and Secondary Education Act of 1965 is
15 amended—

16 (1) in subparagraph (C), by striking “and”
17 after the semicolon;

18 (2) by inserting after subparagraph (C) the fol-
19 lowing:

20 “(D) establishing voluntary public and pri-
21 vate parental choice programs in accordance
22 with section 6301(b)(9); and”.

23 (b) LOCAL USES OF FUNDS.—Section 6301(b) of the
24 Elementary and Secondary Education Act of 1965 is
25 amended—

1 (1) in paragraph (7), by striking “and” after
2 the semicolon;

3 (2) in paragraph (8), by striking the period and
4 inserting “; and”; and

5 (3) by inserting after paragraph (8) the follow-
6 ing:

7 “(9) voluntary public and private parental
8 choice programs that—

9 “(A) are located in an area that has the
10 greatest numbers or percentages of children—

11 “(i) living in areas with a high con-
12 centration of low-income families;

13 “(ii) from low-income families; or

14 “(iii) living in sparsely populated
15 areas;

16 “(B) ensure that participation in such a
17 voluntary public and private parental choice
18 program is limited to families whose family in-
19 come does not exceed 185 percent of the pov-
20 erty line;

21 “(C) ensure that—

22 “(i) the maximum amount of a vol-
23 untary public and private parental choice
24 scholarship does not exceed the per pupil
25 expenditure of the local educational agency

1 in which an applicant for a voluntary pub-
2 lic and private parental choice scholarship
3 resides;

4 “(ii) the minimum amount of a vol-
5 untary public and private parental choice
6 scholarship is not less than 60 percent of
7 the per pupil expenditure of the local edu-
8 cational agency in which an applicant for
9 a voluntary public and private parental
10 choice scholarship resides or the cost of
11 tuition at a private school, whichever is
12 less;

13 “(D) ensure that for a private school that
14 chooses to participate in a voluntary public and
15 private parental choice program—

16 “(i) such a school is permitted to im-
17 pose the same academic requirements for
18 all students, including students selected for
19 a scholarship as provided under this para-
20 graph;

21 “(ii) receipt of funds under this title
22 is not conditioned with requirements or
23 regulations that preclude the use of such
24 funds for sectarian educational purposes or

1 require removal of religious art, icons,
2 scripture, or other symbols; and

3 “(iii) such a school is in compliance
4 with all State requirements applicable to
5 the operation of a private school that are
6 in effect in the year preceding the date of
7 the enactment of the Helping Empower
8 Low-income Parents (HELP) Scholarships
9 Amendments of 1997;

10 “(E) may allow State, local, and private
11 funds to be used for voluntary public and pri-
12 vate parental choice programs; and

13 “(F) ensure priority for students who were
14 enrolled in a public school in the school year
15 preceding the school year in which a voluntary
16 public and private parental choice school begins
17 operation.”.

18 **SEC. 404. EVALUATION.**

19 Part D of title VI of the Elementary and Secondary
20 Education Act of 1965 is amended—

21 (1) by adding at the end of section 6402 the
22 following new subsection:

23 “(j) APPLICATION.—This section shall not apply to
24 funds that a State or local educational agency uses to es-

1 tablish a voluntary public and private parental choice pro-
2 gram in accordance with section 6301(b)(9).”; and

3 (2) by adding at the end of such part the fol-
4 lowing new sections:

5 **“SEC. 6404. EVALUATION.**

6 “(a) ANNUAL EVALUATION.—

7 “(1) CONTRACT.—The Comptroller General of
8 the United States shall enter into a contract, with
9 an evaluating agency that has demonstrated experi-
10 ence in conducting evaluations, for the conduct of an
11 ongoing rigorous evaluation of the programs estab-
12 lished under section 6301(b)(9).

13 “(2) ANNUAL EVALUATION REQUIREMENT.—

14 The contract described in paragraph (1) shall re-
15 quire the evaluating agency entering into such con-
16 tract to evaluate annually each program established
17 under section 6301(b)(9) in accordance with the
18 evaluation criteria described in subsection (b).

19 “(3) TRANSMISSION.—The contract described
20 in paragraph (1) shall require the evaluating agency
21 entering into such contract to transmit to the Comp-
22 troller General of the United States the findings of
23 each annual evaluation under paragraph (1).

24 “(b) EVALUATION CRITERIA.—The Comptroller Gen-
25 eral of the United States, in consultation with the Sec-

1 retary, shall establish minimum criteria for evaluating
2 each program established under section 6301(b)(9). Such
3 criteria shall provide for—

4 “(1) a description of the implementation of
5 each program established under section 6301(b)(9)
6 and the program’s effects on all participants,
7 schools, and communities in the program area, with
8 particular attention given to the effect of parent par-
9 ticipation in the life of the school and the level of
10 parental satisfaction with the program; and

11 “(2) a comparison of the educational achieve-
12 ment of all students in the program area, including
13 a comparison between—

14 “(A) students receiving a voluntary public
15 and private parental choice scholarships under
16 section 6301(b)(9); and

17 “(B) students not receiving a voluntary
18 public and private parental choice scholarships
19 under such section.

20 “(c) EVALUATION FUNDS.—Pursuant to the author-
21 ity provided under section 14701, the Secretary shall re-
22 serve not more than 0.50 percent of the amount of funds
23 made available under section 6002 to carry out this sec-
24 tion.

1 **“SEC. 6405. APPLICABILITY.**

2 “(a) NOT SCHOOL AID.—Subject to subsection (b),
3 funds used under this title to establish a voluntary public
4 and private parental choice program shall be considered
5 assistance to the student and shall not be considered as
6 assistance to any school that chooses to participate in such
7 program.

8 “(b) NO FEDERAL CONTROL.—The Secretary is not
9 permitted to exercise any direction, supervision, or control
10 over curricula, program of instruction, administration, or
11 personnel of any school that chooses to participate in a
12 voluntary public and private choice program established
13 under 6309(b)(9).”

14 **TITLE V—VOLUNTARY**
15 **NATIONAL TESTS**

16 **SEC. 501. OERI ANNUAL SPENDING PLAN.**

17 Notwithstanding any other provision of law, the As-
18 sistant Secretary for Educational Research and Improve-
19 ment shall submit to the Committee on Appropriations of
20 the Senate a spending plan for activities funded through
21 the Office of Educational Research and Improvement for
22 each fiscal year, prior to the obligation of any funds for
23 the fiscal year.

24 **SEC. 502. EXCLUSIVE AUTHORITY.**

25 Notwithstanding any other provision of law, the Na-
26 tional Assessment Governing Board established under sec-

1 tion 412 of the National Education Statistics Act of 1994
2 (20 U.S.C. 9011) (hereafter in this section referred to as
3 the “Board”) shall hereafter have exclusive authority over
4 all policies, direction, and guidelines for establishing and
5 implementing voluntary national tests for 4th grade
6 English reading and 8th grade mathematics.

7 **SEC. 503. AVAILABILITY OF TESTS.**

8 The tests described in section 504(b) shall be made
9 available to a State, local educational agency, or private
10 or parochial school, upon the request of the State, agency,
11 or school, and the use of the tests shall not be a condition
12 for receiving any Federal funds.

13 **SEC. 504. CONTRACT AUTHORITY.**

14 (a) IN GENERAL.—Within 90 days after the date of
15 enactment of this Act, the Board shall review the national
16 test development contract in effect on the date of enact-
17 ment of this Act, and modify the contract as the Board
18 determines necessary. If the contract cannot be modified
19 to the extent determined necessary by the Board, the con-
20 tract shall be terminated and the Board shall negotiate
21 a new contract, under the Board’s exclusive control, for
22 the tests.

23 (b) BOARD DUTIES.—In exercising the Board’s re-
24 sponsibilities under paragraph (a) regarding the national
25 tests, and notwithstanding any action undertaken by the

1 Department of Education or a person contracting with or
2 providing services for the Department regarding the plan-
3 ning, or the development of specifications, for the tests,
4 the Board shall—

5 (1) ensure that the content and standards for
6 the tests are the same as the content and standards
7 for the National Assessment;

8 (2) exercise exclusive authority over any expert
9 panel or advisory committee that will be or is estab-
10 lished with respect to the tests;

11 (3) ensure that the tests are linked to the Na-
12 tional Assessment to the maximum degree possible;

13 (4) develop test objectives, test specifications,
14 and test methodology;

15 (5) develop policies for test administration, in-
16 cluding guidelines for inclusion of, and accommoda-
17 tions for, students with disabilities and students
18 with limited English proficiency;

19 (6) develop policies for reporting test results,
20 including the use of standards or performance levels,
21 and for test use;

22 (7) have final authority over the appropriate-
23 ness of all test items;

1 (8) ensure that all items selected for use on the
2 tests are free from racial, cultural, or gender bias;
3 and

4 (9) take such actions and make such policies as
5 the Board determines necessary.

6 **SEC. 505. CONSENT REQUIREMENT.**

7 No State or local educational agency may require any
8 private or parochial school student, or home-schooled indi-
9 vidual, to take any test developed under this title without
10 the written consent of the student or individual.

11 **SEC. 506. CONFORMING AMENDMENTS.**

12 Section 412 of the National Education Statistics Act
13 of 1994 (20 U.S.C. 9011) is amended—

14 (1) in subsection (b)(1)—

15 (A) by amending subparagraph (A) to read
16 as follows:

17 “(A) three Governors, or former Gov-
18 ernors, of whom not more than 1 shall be a
19 member of the same political party as the
20 President;”;

21 (B) by amending subparagraph (B) to read
22 as follows:

23 “(B) two State legislators, of whom not
24 more than 1 shall be a member of the same po-
25 litical party as the President;”;

1 (C) in subparagraph (H), by striking ‘one
2 representative’ and inserting ‘three representa-
3 tives’;

4 (D) by amending subparagraph (I) to read
5 as follows:

6 “(I) two mayors, of whom not more than
7 1 shall be a member of the same political party
8 as the President;”;

9 (E) by striking subparagraph (J); and

10 (F) by redesignating subparagraphs (K), (L),
11 and (M) as subparagraphs (J), (K), and (L), respec-
12 tively;

13 (2) in subsection (c)—

14 (A) in paragraph (1), by striking “and
15 may not exceed a period of 3” and inserting
16 “and shall be for periods of 4”; and

17 (B) in paragraph (2), by inserting “con-
18 secutive” after “two”;

19 (3) by amending subsection (d) to read as fol-
20 lows:

21 “(d) VACANCIES.—As vacancies on the Board occur,
22 new members of the Board shall be appointed by the Sec-
23 retary from among individuals who are nominated by the
24 Board after consultation with representatives of the indi-
25 viduals described in subsection (b)(1). For each vacancy,

1 the Board shall nominate at least 3 individuals who are
2 qualified by experience or training to fill the particular
3 Board vacancy.”; and

4 (4) in subsection (e) by adding at the end the
5 following:

6 “(7) INDEPENDENCE.—In the exercise of its
7 functions, powers, and duties, the Board shall be
8 independent of the Secretary and the other offices
9 and officers of the Department. The Secretary shall,
10 by written delegation of authority, authorize the
11 Board to award grants and contracts, and otherwise
12 operate, to the maximum extent practicable, inde-
13 pendent of the Department.”.

14 **SEC. 507. APPOINTMENTS.**

15 Not later than 30 days after the date of enactment
16 of this Act, the Secretary of Education, in consultation
17 with the Speaker and Minority Leader of the House of
18 Representatives, and the Majority Leader and Minority
19 Leader of the Senate, shall appoint individuals to fill va-
20 cancies on the National Assessment Governing Board
21 caused by the expiration of the terms of members of the
22 Board, or the creation of new membership positions on
23 the Board pursuant to amendments made by this Act.

1 fore January 1, 2003, and earnings on such
2 contributions.

3 “(B) QUALIFIED STATE TUITION PRO-
4 GRAMS.—Such term shall include amounts paid
5 or incurred to purchase tuition credits or cer-
6 tificates, or to make contributions to an ac-
7 count, under a qualified State tuition program
8 (as defined in section 529(b)) for the benefit of
9 the beneficiary of the account.”.

10 (2) QUALIFIED ELEMENTARY AND SECONDARY
11 EDUCATION EXPENSES.—Section 530(b) of such
12 Code is amended by adding at the end the following
13 new paragraph:

14 “(4) QUALIFIED ELEMENTARY AND SECONDARY
15 EDUCATION EXPENSES.—

16 “(A) IN GENERAL.—The term ‘qualified el-
17 elementary and secondary education expenses’
18 means tuition, fees, tutoring, special needs serv-
19 ices, books, supplies, computer equipment (in-
20 cluding related software and services) and other
21 equipment, transportation, and supplementary
22 expenses required for the enrollment or attend-
23 ance of the designated beneficiary of the trust
24 at a public, private, or religious school.

1 “(B) SPECIAL RULE FOR
2 HOMESCHOOLING.—Such term shall include ex-
3 penses described in subparagraph (A) required
4 for education provided for homeschooling if the
5 requirements of any applicable State or local
6 law are met with respect to such education.

7 “(C) SCHOOL.—The term ‘school’ means
8 any school which provides elementary education
9 or secondary education (through grade 12), as
10 determined under State law.”.

11 (3) CONFORMING AMENDMENTS.—Subsections
12 (b)(1) and (d)(2) of section 530 of such Code are
13 each amended by striking “higher” each place it ap-
14 pears in the text and heading thereof.

15 (b) TEMPORARY INCREASE IN MAXIMUM ANNUAL
16 CONTRIBUTIONS.—

17 (1) IN GENERAL.—Section 530(b)(1)(A)(iii) of
18 the Internal Revenue Code of 1986 is amended by
19 striking “\$500” and inserting “the contribution
20 limit for such taxable year”.

21 (2) CONTRIBUTION LIMIT.—Section 530(b) of
22 such Code is amended by adding at the end the fol-
23 lowing new paragraph:

1 “(4) CONTRIBUTION LIMIT.—The term ‘con-
2 tribution limit’ means \$2,500 (\$500 in the case of
3 any taxable year ending after December 31, 2002).”.

4 (3) CONFORMING AMENDMENTS.—

5 (A) Section 530(d)(4)(C) of such Code is
6 amended by striking “\$500” and inserting “the
7 contribution limit for such taxable year”.

8 (B) Section 4973(e)(1)(A) of such Code is
9 amended by striking “\$500” and inserting “the
10 contribution limit (as defined in section
11 530(b)(4)) for such taxable year”.

12 (c) WAIVER OF AGE LIMITATIONS FOR CHILDREN
13 WITH SPECIAL NEEDS.—Paragraph (1) of section 530(b)
14 of the Internal Revenue Code of 1986 is amended by add-
15 ing at the end the following flush sentence:

16 “The age limitations in the preceding sentence shall
17 not apply to any designated beneficiary with special
18 needs (as determined under regulations prescribed
19 by the Secretary).”.

20 (d) CORPORATIONS PERMITTED TO CONTRIBUTE TO
21 ACCOUNTS.—Paragraph (1) of section 530(c) of the Inter-
22 nal Revenue Code of 1986 is amended by striking “The
23 maximum amount which a contributor” and inserting “In
24 the case of a contributor who is an individual, the maxi-
25 mum amount the contributor”.

1 (e) EFFECTIVE DATE; REFERENCES.—

2 (1) EFFECTIVE DATE.—The amendments made
3 by this section shall take effect as if included in the
4 amendments made by section 213 of the Taxpayer
5 Relief Act of 1997.

6 (2) REFERENCES.—Any reference in this sec-
7 tion to any section of the Internal Revenue Code of
8 1986 shall be a reference to such section as added
9 by the Taxpayer Relief Act of 1997.

10 **TITLE VII—DOLLARS TO THE**
11 **CLASSROOM**

12 **SEC. 701. SHORT TITLE.**

13 This title may be cited as the “Dollars to the Class-
14 room Act”.

15 **SEC. 702. DIRECT AWARDS OF CERTAIN EDUCATION FUND-**
16 **ING TO STATES.**

17 (a) DIRECT AWARDS OF CERTAIN EDUCATION
18 FUNDING.—

19 (1) IN GENERAL.—Notwithstanding any other
20 provision of law, for each fiscal year the Secretary
21 shall award the total amount of funds described in
22 paragraph (2) directly to States in accordance with
23 this subsection.

24 (2) APPLICABLE FUNDING.—The total amount
25 of funds referred to in paragraph (1) are all funds

1 not used to carry out paragraph (6)(B) for the fiscal
2 year that are appropriated for the Department of
3 Education for the fiscal year to carry out programs
4 or activities under the following provisions of law:

5 (A) Title III of the Goals 2000: Educate
6 America Act (20 U.S.C. 5881 et seq.).

7 (B) Title IV of the Goals 2000: Educate
8 America Act (20 U.S.C. 5911 et seq.).

9 (C) Title VI of the Goals 2000: Educate
10 America Act (20 U.S.C. 5951).

11 (D) The Educational Research, Develop-
12 ment, Disseminations, and Improvement Act of
13 1994 (20 U.S.C. 6001 et seq.).

14 (E) Titles II, III, and IV of the School-to-
15 Work Opportunities Act of 1994 (20 U.S.C.
16 6121 et seq., 6171 et seq., and 6191 et seq.).

17 (F) Section 1502 of the Elementary and
18 Secondary Education Act of 1965 (20 U.S.C.
19 6492).

20 (G) Section 1503 of the Elementary and
21 Secondary Education Act of 1965 (20 U.S.C.
22 6493).

23 (H) Part A of title II of the Elementary
24 and Secondary Education Act of 1965 (20
25 U.S.C. 6621 et seq.).

1 (I) Part B of title II of the Elementary
2 and Secondary Education Act of 1965 (20
3 U.S.C. 6641 et seq.).

4 (J) Section 3132 of the Elementary and
5 Secondary Education Act of 1965 (20 U.S.C.
6 6842 et seq.).

7 (K) Title III of the Elementary and Sec-
8 ondary Education Act of 1965 (20 U.S.C. 6801
9 et seq.) (other than section 3132 of such title).

10 (L) Subpart 1 of part A of title IV of the
11 Elementary and Secondary Education Act of
12 1965 (20 U.S.C. 7111 et seq.).

13 (M) Subpart 2 of part A of title IV of the
14 Elementary and Secondary Education Act of
15 1965 (20 U.S.C. 7131 et seq.).

16 (N) Part A of title V of the Elementary
17 and Secondary Education Act of 1965 (20
18 U.S.C. 7201 et seq.).

19 (O) Part B of title V of the Elementary
20 and Secondary Education Act of 1965 (20
21 U.S.C. 7231 et seq.).

22 (P) Part B of title IX of the Elementary
23 and Secondary Education Act of 1965 (20
24 U.S.C. 7901 et seq.).

1 (Q) Part C of title IX of the Elementary
2 and Secondary Education Act of 1965 (20
3 U.S.C. 7931 et seq.).

4 (R) Part A of title X of the Elementary
5 and Secondary Education Act of 1965 (20
6 U.S.C. 8001 et seq.).

7 (S) Part B of title X of the Elementary
8 and Secondary Education Act of 1965 (20
9 U.S.C. 8031 et seq.).

10 (T) Part D of title X of the Elementary
11 and Secondary Education Act of 1965 (20
12 U.S.C. 8091 et seq.).

13 (U) Part F of title X of the Elementary
14 and Secondary Education Act of 1965 (20
15 U.S.C. 8141 et seq.).

16 (V) Part G of title X of the Elementary
17 and Secondary Education Act of 1965 (20
18 U.S.C. 8161 et seq.).

19 (W) Part I of title X of the Elementary
20 and Secondary Education Act of 1965 (20
21 U.S.C. 8241 et seq.).

22 (X) Part J of title X of the Elementary
23 and Secondary Education Act of 1965 (20
24 U.S.C. 8271 et seq.).

1 (Y) Part K of title X of the Elementary
2 and Secondary Education Act of 1965 (20
3 U.S.C. 8331 et seq.).

4 (Z) Part L of title X of the Elementary
5 and Secondary Education Act of 1965 (20
6 U.S.C. 8351 et seq.).

7 (AA) Part A of title XIII of the Elemen-
8 tary and Secondary Education Act of 1965 (20
9 U.S.C. 8621 et seq.).

10 (BB) Part C of title XIII of the Elemen-
11 tary and Secondary Education Act of 1965 (20
12 U.S.C. 8671 et seq.).

13 (CC) Part B of title VII of the Stewart B.
14 McKinney Homeless Assistance Act (42 U.S.C.
15 11421 et seq.).

16 (3) TIMELINES.—

17 (A) CENSUS DETERMINATION.—

18 (i) IN GENERAL.—Not later than 21
19 days after the beginning of an academic
20 year, each State shall conduct a census to
21 determine the number of kindergarten
22 through grade 12 students in the State for
23 the academic year.

24 (ii) SUBMISSION.—Each State shall
25 submit the number described in clause (i)

1 to the Secretary not later than February 1
2 of the academic year.

3 (B) PUBLICATION.—The Secretary shall
4 publish in the Federal Register not later than
5 March 15 of each fiscal year the amount each
6 State shall receive under this subsection for the
7 succeeding fiscal year.

8 (C) DISBURSAL.—The Secretary shall dis-
9 burse the amount awarded to a State under
10 this subsection for a fiscal year not later than
11 July 1 of the fiscal year.

12 (4) DETERMINATION OF AWARD.—From the
13 total amount made available under paragraph (2)
14 and not used to carry out paragraph (6)(B), the
15 Secretary, using the information provided under
16 paragraph (3), shall award to each State an amount
17 that bears the same relation to the total amount as
18 the number of kindergarten through grade 12 stu-
19 dents in the State for the academic year preceding
20 the fiscal year bears to the total number of all such
21 students in all States for the academic year.

22 (5) PENALTY.—If the Secretary determines
23 that a State has knowingly submitted false informa-
24 tion under paragraph (3) for the purpose of gaining
25 additional funds under paragraph (1), then the

1 State shall be fined an amount equal to twice the
2 difference between the amount the State received
3 under this subsection, and the correct amount the
4 State would have received if the State had submitted
5 accurate information under paragraph (3).

6 (6) HOLD HARMLESS.—

7 (A) IN GENERAL.—No State shall receive
8 an award under this subsection—

9 (i) for fiscal year 1999 in an amount
10 that is less than the amount the State
11 would have received to carry out programs
12 or activities under the provisions of law de-
13 scribed in subparagraphs (A), (F), (I), (J),
14 (L), and (DD) of paragraph (2) for fiscal
15 year 1999;

16 (ii) for fiscal year 2000 in an amount
17 that is less than 95 percent of the mini-
18 mum amount the State is eligible to receive
19 under clause (i) for fiscal year 1999;

20 (iii) for fiscal year 2001 in an amount
21 that is less than 90 percent of the mini-
22 mum amount the State is eligible to receive
23 under clause (ii) for fiscal year 2000;

24 (iv) for fiscal year 2002 in an amount
25 that is less than 85 percent of the mini-

1 mum amount the State is eligible to receive
2 under clause (iii) for fiscal year 2001; and
3 (v) for fiscal year 2003 in an amount
4 that is less than 80 percent of the mini-
5 mum amount the State is eligible to receive
6 under clause (iv) for fiscal year 2002.

7 (B) MULTIYEAR AWARDS.—The Secretary
8 shall use funds appropriated to carry out the
9 programs or activities under the provisions of
10 law described in paragraph (2) (other than sub-
11 paragraphs (A), (F), (I), (J), (L), and (DD) of
12 paragraph (2)) to make payments to eligible re-
13 cipients under such provisions pursuant to any
14 multiyear award made under such provisions
15 prior to the date of enactment of this Act.

16 (b) PAYMENTS AND AVAILABILITY.—

17 (1) PAYMENTS.—Funds awarded to a State
18 under this subsection shall be paid to the Governor
19 of the State.

20 (2) AVAILABILITY.—The Governor of the State
21 shall make the funds provided under this subsection
22 available to the individual or entity in the State that
23 is responsible for the State administration of Fed-
24 eral education funds pursuant to State law.

25 (c) USE OF STATE AWARDS.—

1 (1) IN GENERAL.—From the amount made
2 available to a State under subsection (a) for a fiscal
3 year, the State—

4 (A) shall use not more than 5 percent of
5 the amount to support programs or activities,
6 for kindergarten through grade 12 students,
7 that the State determines appropriate, of which
8 the State shall distribute 20 percent of the 5
9 percent to local educational agencies in the
10 State to pay the administrative expenses of the
11 local educational agencies that are associated
12 with the activities and services assisted under
13 this section; and

14 (B) shall distribute not less than 95 per-
15 cent of the amount to local educational agencies
16 in the State for the fiscal year to enable the
17 local educational agencies to pay the costs of
18 activities or services, for kindergarten through
19 grade 12 students, that—

20 (i) the local educational agencies de-
21 termine appropriate; and

22 (ii) are provided in the classroom.

23 (2) CLASSROOM ACTIVITIES AND SERVICES.—

24 For the purpose of paragraph (1)(B), the costs of
25 activities and services provided in the classroom ex-

1 clude the administrative expenses associated with the
2 activities and services.

3 (d) REGULATIONS.—

4 (1) IN GENERAL.—No head of a Federal de-
5 partment or agency other than the Secretary may
6 promulgate regulations under this section.

7 (2) CLASSROOM ACTIVITIES AND SERVICES.—

8 The Secretary of Education shall not issue any regu-
9 lation regarding the type of classroom activities or
10 services that may be assisted under this section.

11 (e) REPORT.—Each Governor of a State receiving as-
12 sistance under this section shall prepare and submit, not
13 later than 60 days after the date of enactment of this Act,
14 to the Committee on Labor and Human Resources of the
15 Senate and the Committee on Education and the Work-
16 force of the House of Representatives, a report that de-
17 fines classroom activities and services and specifies what
18 such activities and services will be included in the State
19 under this section.

20 **SEC. 703. TITLE I FUNDING.**

21 Section 1603 of the Elementary and Secondary Edu-
22 cation Act of 1965 (20 U.S.C. 6513) is amended by add-
23 ing at the end the following:

24 “(d) DOLLARS TO THE CLASSROOM.—

1 “(1) IN GENERAL.—Notwithstanding any other
2 provision of law, from the funds made available to
3 a local educational agency under this part for a fis-
4 cal year, not less than 95 percent of the funds shall
5 be used for the costs of activities and services that—

6 “(A) the local educational agency deems
7 appropriate; and

8 “(B) are provided in the classroom.

9 “(2) CLASSROOM ACTIVITIES AND SERVICES.—
10 For the purpose of paragraph (1), the costs of ac-
11 tivities and services provided in the classroom ex-
12 clude the administrative expenses associated with the
13 activities and services.

14 “(3) PLAN.—Not later than 6 months after the
15 date of enactment of the Dollars to the Classroom
16 Act, the Secretary shall—

17 “(A) develop and implement a plan for
18 streamlining regulations and eliminating bu-
19 reaucracy so that 95 percent of the funds made
20 available to local educational agencies under
21 this part are used for the costs of activities and
22 services provided in the classroom; and

23 “(B) prepare and submit to Congress rec-
24 ommended legislation containing changes to

1 Federal law that are needed for 95 percent of
2 the funds to be so used.”.

3 **SEC. 704. PARTICIPATION OF CHILDREN ENROLLED IN PRI-**
4 **VATE AND HOME SCHOOLS.**

5 Each local educational agency that receives funds
6 under section 702 shall provide for the participation of
7 children enrolled in private and home schools in the activi-
8 ties and services assisted under such section in the same
9 manner as private school children participate in activities
10 and services under the Elementary and Secondary Edu-
11 cation Act of 1965 (20 U.S.C. 6301 et seq.) pursuant to
12 sections 14503, 14504, 14505, and 14506 of such Act (20
13 U.S.C. 8893, 8894, 8895, and 8896).

14 **SEC. 705. DEFINITIONS.**

15 In this title—

16 (1) the term “local educational agency” has the
17 meaning given the term in section 14101 of the Ele-
18 mentary and Secondary Education Act of 1965 (20
19 U.S.C. 8801);

20 (2) the term “Secretary” means the Secretary
21 of Education; and

22 (3) the term “State” means each of the several
23 States of the United States, the District of Colum-
24 bia, the Commonwealth of Puerto Rico, Guam,
25 American Samoa, the Commonwealth of the North-

1 ern Mariana Islands, and the United States Virgin
2 Islands.

○