

Calendar No. 157

105TH CONGRESS
1ST Session
S. 1160

A BILL

To provide for educational facilities improvement.

SEPTEMBER 11, 1997

Read the second time and placed on the calendar

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105TH CONGRESS
1ST SESSION**S. 1160**

To provide for educational facilities improvement.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 10, 1997

Mr. DASCHLE (for himself and Ms. MOSELEY-BRAUN) introduced the following bill; which was read the first time

SEPTEMBER 11, 1997

Read the second time and placed on the calendar

A BILL

To provide for educational facilities improvement.

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 “Educational Facilities
5 Improvement Act”.

1 **SEC. 2. PROVISION OF ASSISTANCE FOR CONSTRUCTION**
2 **AND RENOVATION OF EDUCATIONAL FACILI-**
3 **TIES.**

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

6 (1) by repealing sections 12002 and 12003;

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

10 (3) by inserting after the title heading the fol-
11 lowing:

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.

25 “(3) The General Accounting Office found the
26 problem of crumbling schools transcends demo-

1 graphic and geographic boundaries. At 38 percent of
2 urban schools, 30 percent of rural schools, and 29
3 percent of suburban schools, at least one building is
4 in need of extensive repair or should be completely
5 replaced.

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

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

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

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

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

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

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

23 **“SEC. 12002. PURPOSE.**

24 “The purpose of this title is to help State and local
25 authorities improve the quality of education at their public

1 schools through the provision of Federal funds to enable
 2 the State and local authorities to meet the cost associated
 3 with the improvement of school facilities within their juris-
 4 dictions.

5 **“PART A—GENERAL INFRASTRUCTURE**
 6 **IMPROVEMENT GRANT PROGRAM”;**

7 and

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

9 **“PART B—CONSTRUCTION AND RENOVATION**
 10 **BOND SUBSIDY PROGRAM**

11 **“SEC. 12201. DEFINITIONS.**

12 “As used in this part:

13 “(1) EDUCATIONAL FACILITY.—The term ‘edu-
 14 cational facility’ has the meaning given the term
 15 ‘school’ in section 12110.

16 “(2) LOCAL AREA.—The term ‘local area’
 17 means the geographic area served by a local edu-
 18 cational agency.

19 “(3) LOCAL BOND AUTHORITY.—The term
 20 ‘local bond authority’ means—

21 “(A) a local educational agency with au-
 22 thority to issue a bond for construction or ren-
 23 ovation of educational facilities in a local area;
 24 and

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

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

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

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

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

17 “(1) 33 percent of such amount to award
18 grants to local bond authorities for not more than
19 125 eligible local areas as provided for under section
20 12203; and

21 “(2) 67 percent of such amount to award
22 grants to States as provided for under section
23 12204.

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

1 “(1) not more than 1.5 percent of the amount
2 appropriated under section 12210 to provide assist-
3 ance to Indian schools in accordance with the pur-
4 pose of this title;

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

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

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

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

22 “(b) USE OF FUNDS.—The local bond authority shall
23 use amounts received through a grant made under section
24 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.

9 “(e) ADMINISTERING AGENCY.—

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 is-
20 sued 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; and

12 “(8) any other activity the Secretary determines
13 achieves the purpose of this title.

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

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

16 “(1) IN GENERAL.—A State that issues a bond
17 described in section 12204(b)(1) with respect to a
18 local area may request that the Secretary waive the
19 limits described in section 12204(f)(3) for the local
20 area, in calculating the amount of assistance the
21 State may receive under section 12204(g). The State
22 may request the waiver only if no local entity is able,
23 for one of the reasons described in subparagraphs
24 (A) through (F) of paragraph (2), to issue bonds on
25 behalf of the local area. Under such a waiver, the

1 Secretary may permit the State to use amounts re-
2 ceived through a grant made under section
3 12202(a)(2) to pay for not more than 80 percent of
4 the interest costs applicable to the State bond with
5 respect to the local area.

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

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

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

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

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

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

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

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

4 “(1) IN GENERAL.—A State may request that
5 the Secretary waive the use requirements of section
6 12204(b) for a local bond authority to permit the
7 State to provide assistance to the local bond author-
8 ity to finance construction or renovation by means
9 other than through the issuance of bonds.

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

23 “(3) MATCHING REQUIREMENT.—The State
24 shall make available to the local bond authority (di-
25 rectly or through donations from public or private

1 entities) non-Federal contributions in an amount
2 equal to not less than \$1 for every \$1 of Federal
3 funds provided to the local bond authority through
4 the grant.

5 “(c) WAIVER FOR OTHER USES.—

6 “(1) IN GENERAL.—A State may request that
7 the Secretary waive the use requirements of section
8 12204(b) for a State to permit the State to carry
9 out activities that achieve the purpose of this title.

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

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

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

23 “(i) the capitalization of a revolving
24 loan fund for such construction or renova-
25 tion;

1 “(ii) the use of funds for reinsurance
2 or guarantees with respect to the financing
3 of such construction or renovation;

4 “(iii) the creation of a mechanism to
5 leverage private sector resources for such
6 construction or renovation;

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

11 “(v) any other activity the Secretary
12 determines achieves the purpose of this
13 title.

14 “(d) LOCAL BOND AUTHORITY WAIVER.—

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

21 “(2) DEMONSTRATION.—To be eligible to re-
22 ceive a waiver under this subsection, a local bond
23 authority shall demonstrate that the amounts made
24 available through a grant under the waiver will re-
25 sult in an equal or greater amount of construction

1 or renovation of educational facilities than the provi-
2 sion of assistance to defray the interest costs appli-
3 cable to a bond for such construction or renovation.

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

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

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

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

14 “(4) describes the use of assistance provided
15 under such waiver.

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

20 “(g) GENERAL REQUIREMENTS.—

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

24 “(A) provide all interested local edu-
25 cational agencies in the State with notice and a

1 reasonable opportunity to comment on the re-
2 quest;

3 “(B) submit the comments to the Sec-
4 retary; and

5 “(C) provide notice and information to the
6 public regarding the waiver request in the man-
7 ner that the applying State customarily pro-
8 vides similar notices and information to the
9 public.

10 “(2) LOCAL BOND AUTHORITIES.—In the case
11 of a waiver request submitted by a local bond au-
12 thority under this section, the local bond authority
13 shall—

14 “(A) provide the affected local educational
15 agency with notice and a reasonable oppor-
16 tunity to comment on the request;

17 “(B) submit the comments to the Sec-
18 retary; and

19 “(C) provide notice and information to the
20 public regarding the waiver request in the man-
21 ner that the applying local bond authority cus-
22 tomarily provides similar notices and informa-
23 tion to the public.

24 **“SEC. 12207. GENERAL PROVISIONS.**

25 “(a) FAILURE TO ISSUE BONDS.—

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

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

13 “(A) in the case of assistance received
14 under section 12202(a)(1), shall be repaid to
15 the Secretary and made available as provided
16 for under section 12203; and

17 “(B) in the case of assistance received
18 under section 12202(a)(2), shall be repaid to
19 the State and made available as provided for
20 under section 12204.

21 “(b) LIABILITY OF THE FEDERAL GOVERNMENT.—
22 The Secretary shall not be liable for any debt incurred
23 by a State or local bond authority for which assistance
24 is provided under this part. If such assistance is used by
25 a local educational agency to subsidize a debt other than

1 the issuance of a bond, the Secretary shall have no obliga-
2 tion to repay the lending institution to whom the debt is
3 owed if the local educational agency defaults.

4 **“SEC. 12208. FAIR WAGES.**

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

12 **“SEC. 12209. REPORT.**

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

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

17 “(2) conduct studies and evaluations, including
18 national studies and evaluations, in order to—

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

21 “(B) evaluate the state of United States
22 educational facilities; and

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

1 **“SEC. 12210. FUNDING.**

2 “(a) IN GENERAL.—There are appropriated
3 \$1,900,000,000 for fiscal year 1998 to carry out this part.

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

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

10 **SEC. 3. CONFORMING AMENDMENTS.**

11 (a) CROSS REFERENCES.—Part A of title XII of the
12 Elementary and Secondary Education Act of 1965 (as re-
13 designated by section 2(3)) is amended—

14 (1) in section 12102(a) (as redesignated by sec-
15 tion 2(2))—

16 (A) in paragraph (1)—

17 (i) by striking “12013” and inserting
18 “12111”;

19 (ii) by striking “12005” and inserting
20 “12103”; and

21 (iii) by striking “12007” and insert-
22 ing “12105”; and

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

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

4 (b) CONFORMING AMENDMENTS.—Part A of title XII
5 of the Elementary and Secondary Education Act of 1965
6 (as redesignated by section 2(3)) (20 U.S.C. 8501 et seq.)
7 is further amended—

8 (1) in section 12101 (as redesignated by
9 section 2(2)), by striking “This title” and in-
10 serting “This part”; and

11 (2) in sections 12102(a)(2), 12102(b)(1),
12 12103(a), 12103(b), 12103(b)(2), 12103(c),
13 12103(d), 12104(a), 12104(b)(2), 12104(b)(3),
14 12104(b)(4), 12104(b)(6), 12104(b)(7),
15 12105(a), 12105(b), 12106(a), 12106(b),
16 12106(c), 12106(c)(1), 12106(c)(7), 12106(e),
17 12107, 12108(a)(1), 12108(a)(2), 12108(b)(1),
18 12108(b)(2), 12108(b)(3), 12108(b)(4),
19 12109(2)(A), and 12110 (as redesignated by
20 section 2(2)), by striking “this title” each place
21 it appears and inserting “this part”.

1 **SEC. 4. MODIFICATION TO FOREIGN TAX CREDIT**
2 **CARRYBACK AND CARRYOVER PERIODS.**

3 (a) **IN GENERAL.**—Subsection (c) of section 904 of
4 the Internal Revenue Code of 1986 (relating to limitation
5 on credit) is amended—

6 (1) by striking “in the second preceding taxable
7 year,” and

8 (2) by striking “or fifth” and inserting “fifth,
9 sixth, or seventh”.

10 (b) **EFFECTIVE DATE.**—The amendment made by
11 subsection (a) shall apply to credits arising in taxable
12 years beginning after December 31, 1997.