

107TH CONGRESS
1ST SESSION

S. 1414

To provide incentives for States to establish and administer periodic testing and merit pay programs for elementary school and secondary school teachers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 10, 2001

Mr. CRAIG introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To provide incentives for States to establish and administer periodic testing and merit pay programs for elementary school and secondary school teachers, and for 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 “Parent and Teacher
5 Achievement Act of 2001”.

1 **SEC. 2. STATE INCENTIVES FOR TEACHER TESTING AND**
2 **MERIT PAY.**

3 (a) AMENDMENTS.—Title II of the Elementary and
4 Secondary Education Act of 1965 (20 U.S.C. 6601 et
5 seq.) is amended—

6 (1) by redesignating part E as part F;

7 (2) by redesignating sections 2401 and 2402 as
8 sections 2501 and 2502, respectively; and

9 (3) by inserting after part D the following:

10 **“PART E—STATE INCENTIVES FOR TEACHER**
11 **TESTING AND MERIT PAY**

12 **“SEC. 2401. STATE INCENTIVES FOR TEACHER TESTING**
13 **AND MERIT PAY.**

14 “(a) STATE AWARDS.—From funds made available
15 under subsection (b) for a fiscal year, the Secretary shall
16 make an award to each State that—

17 “(1) administers a test to each elementary
18 school and secondary school teacher in the State,
19 with respect to the subjects taught by the teacher,
20 every 3 to 5 years;

21 “(2) has an elementary school and secondary
22 school teacher compensation system that is based on
23 merit; and

24 “(3) requires elementary school and secondary
25 school teachers to earn continuing education credits
26 as part of a State recertification process.

1 “(b) AVAILABLE FUNDING.—Notwithstanding any
2 other provision of law, the amount of funds that are avail-
3 able to carry out this section for a fiscal year is 50 percent
4 of the amount of funds appropriated to carry out this title
5 that are in excess of the amount so appropriated for fiscal
6 year 2001, except that no funds shall be available to carry
7 out this section for any fiscal year for which—

8 “(1) the amount appropriated to carry out this
9 title exceeds \$600,000,000; or

10 “(2) each of the several States is eligible to re-
11 ceive an award under this section.

12 “(c) AWARD AMOUNT.—A State shall receive an
13 award under this section in an amount that bears the
14 same relation to the total amount available for awards
15 under this section for a fiscal year as the number of States
16 that are eligible to receive such an award for the fiscal
17 year bears to the total number of all States so eligible for
18 the fiscal year.

19 “(d) USE OF FUNDS.—Funds provided under this
20 section may be used by States to carry out the activities
21 described in section 2207.

22 “(e) DEFINITION OF STATE.—In this section, the
23 term ‘State’ means each of the 50 States and the District
24 of Columbia.”.

1 (b) EFFECTIVE DATE.—The amendments made by
 2 subsection (a) shall take effect on October 1, 2001.

3 **SEC. 3. TEACHER TESTING AND MERIT PAY.**

4 (a) IN GENERAL.—Notwithstanding any other provi-
 5 sion of law, a State may use Federal education funds—

6 (1) to carry out a test of each elementary
 7 school or secondary school teacher in the State with
 8 respect to the subjects taught by the teacher; or

9 (2) to establish a merit pay program for the
 10 teachers.

11 (b) DEFINITIONS.—In this section, the terms “ele-
 12 mentary school” and “secondary school” have the mean-
 13 ings given the terms in section 14101 of the Elementary
 14 and Secondary Education Act of 1965 (20 U.S.C. 8801).

15 **SEC. 4. NONREFUNDABLE CREDIT FOR ELEMENTARY AND**
 16 **SECONDARY SCHOOL EXPENSES.**

17 (a) IN GENERAL.—Subpart A of part IV of sub-
 18 chapter A of chapter 1 of the Internal Revenue Code of
 19 1986 (relating to nonrefundable personal credits) is
 20 amended by inserting after section 25B the following new
 21 section:

22 **“SEC. 25C. CREDIT FOR ELEMENTARY AND SECONDARY**
 23 **SCHOOL EXPENSES.**

24 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 25 dividual, there shall be allowed as a credit against the tax

1 imposed by this chapter for the taxable year an amount
2 equal to the qualified elementary and secondary education
3 expenses (within the meaning of section 530(b)(4)) with
4 respect to one or more qualifying students which are paid
5 or incurred by the individual during such taxable year.

6 “(b) LIMITATIONS.—

7 “(1) MAXIMUM CREDIT.—The credit allowed by
8 subsection (a) for any taxable year shall not exceed
9 \$1000 per qualifying student.

10 “(2) MAXIMUM TUITION EXPENSES.—The tui-
11 tion expenses which may be taken into account in
12 determining qualified elementary and secondary edu-
13 cation expenses for any taxable year shall not exceed
14 \$500 per qualifying student.

15 “(c) QUALIFYING STUDENT.—For purposes of this
16 section, the term ‘qualifying student’ means a dependent
17 (within the meaning of section 152) or a relative of the
18 taxpayer who is enrolled in school (as defined in section
19 530(b)(4)(B)) on a full-time basis. For purposes of the
20 preceding sentence, the term ‘relative’ means an individual
21 bearing a relationship to the taxpayer which is described
22 in any of paragraphs (1) through (8) of section 152(a).

23 “(d) DENIAL OF DOUBLE BENEFIT.—No deduction
24 or exclusion shall be allowed under this chapter for any
25 expense for which credit is allowed under this section.

1 “(e) ELECTION TO HAVE CREDIT NOT APPLY.—A
2 taxpayer may elect to have this section not apply for any
3 taxable year.”.

4 (b) CONFORMING AMENDMENT.—The table of sec-
5 tions for subpart A of part IV of subchapter A of chapter
6 1 of the Internal Revenue Code of 1986 is amended by
7 inserting after the item relating to section 25B the fol-
8 lowing new item:

“Sec. 25C. Credit for elementary and secondary school ex-
penses.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2001.

12 **SEC. 5. CREDIT FOR CONTRIBUTIONS FOR THE BENEFIT OF**
13 **ELEMENTARY AND SECONDARY SCHOOLS.**

14 (a) IN GENERAL.—Subpart B of part IV of sub-
15 chapter A of chapter 1 of the Internal Revenue Code of
16 1986 (relating to other credits) is amended by adding at
17 the end the following new section:

18 **“SEC. 30B. CREDIT FOR CONTRIBUTIONS FOR THE BENEFIT**
19 **OF ELEMENTARY AND SECONDARY SCHOOLS.**

20 “(a) ALLOWANCE OF CREDIT.—There shall be al-
21 lowed as a credit against the tax imposed by this chapter
22 for the taxable year an amount equal to 75 percent of the
23 qualified charitable contributions of the taxpayer for the
24 taxable year.

1 “(b) MAXIMUM CREDIT.—

2 “(1) INDIVIDUALS.—In the case of a taxpayer
3 other than a corporation, the credit allowed by sub-
4 section (a) for any taxable year shall not exceed
5 \$500 (\$1,000 in the case of a joint return).

6 “(2) CORPORATIONS.—In the case of a corpora-
7 tion, the credit allowed by subsection (a) shall not
8 exceed \$100,000.

9 “(c) QUALIFIED CHARITABLE CONTRIBUTION.—For
10 purposes of this section—

11 “(1) IN GENERAL.—The term ‘qualified chari-
12 table contribution’ means, with respect to any tax-
13 able year, the aggregate amount allowable as a de-
14 duction under section 170 (determined without re-
15 gard to subsection (d)(1)) for cash contributions to
16 a school tuition organization.

17 “(2) SCHOOL TUITION ORGANIZATION.—

18 “(A) IN GENERAL.—The term ‘school tui-
19 tion organization’ means any organization
20 which—

21 “(i) is described in section 170(c)(2),

22 “(ii) allocates at least 90 percent of
23 its gross income and contributions and
24 gifts to elementary and secondary school
25 scholarships, and

1 “(iii) awards scholarships to any stu-
 2 dent who is eligible for free or reduced cost
 3 lunch under the school program established
 4 under the Richard B. Russell National
 5 School Lunch Act.

6 “(B) ELEMENTARY AND SECONDARY
 7 SCHOOL SCHOLARSHIP.—The term ‘elementary
 8 and secondary school scholarship’ means any
 9 scholarship excludable from gross income under
 10 section 117 for expenses related to education at
 11 or below the 12th grade.

12 “(d) SPECIAL RULES.—

13 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
 14 tion shall be allowed under this chapter for any con-
 15 tribution for which credit is allowed under this sec-
 16 tion.

17 “(2) APPLICATION WITH OTHER CREDITS.—
 18 The credit allowable under subsection (a) for any
 19 taxable year shall not exceed the excess (if any) of—

20 “(A) the regular tax for the taxable year,
 21 reduced by the sum of the credits allowable
 22 under subpart A and the preceding sections of
 23 this subpart, over

24 “(B) the tentative minimum tax for the
 25 taxable year.

1 “(3) CONTROLLED GROUPS.—All persons who
 2 are treated as one employer under subsection (a) or
 3 (b) of section 52 shall be treated as 1 taxpayer for
 4 purposes of this section.

5 “(e) ELECTION TO HAVE CREDIT NOT APPLY.—A
 6 taxpayer may elect to have this section not apply for any
 7 taxable year.”.

8 (b) CONFORMING AMENDMENT.—The table of sec-
 9 tions for subpart B of part IV of subchapter A of chapter
 10 1 of the Internal Revenue Code of 1986 is amended by
 11 adding at the end the following new item:

“Sec. 30B. Credit for contributions for the benefit of elementary
 and secondary schools.”.

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 2001.

15 **SEC. 6. CREDIT TO ELEMENTARY AND SECONDARY SCHOOL**
 16 **TEACHERS WHO PROVIDE CLASSROOM MATE-**
 17 **RIALS.**

18 (a) IN GENERAL.—Subpart B of part IV of sub-
 19 chapter A of chapter 1 of the Internal Revenue Code of
 20 1986 (relating to other credits), as amended by section
 21 4(a), is amended by adding at the end the following new
 22 section:

1 **“SEC. 30C. CREDIT TO ELEMENTARY AND SECONDARY**
 2 **SCHOOL TEACHERS WHO PROVIDE CLASS-**
 3 **ROOM MATERIALS.**

4 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
 5 gible educator, there shall be allowed as a credit against
 6 the tax imposed by this chapter for the taxable year an
 7 amount equal to the qualified elementary and secondary
 8 education expenses which are paid or incurred by the tax-
 9 payer during such taxable year.

10 “(b) MAXIMUM CREDIT.—The credit allowed by sub-
 11 section (a) for any taxable year shall not exceed \$1,000.

12 “(c) DEFINITIONS.—

13 “(1) ELIGIBLE EDUCATOR.—The term ‘eligible
 14 educator’ means an individual who is a teacher, in-
 15 structor, counselor, principal, or aide in a school (as
 16 defined in section 530(b)(4)(B)) for at least 900
 17 hours during a school year.

18 “(2) QUALIFIED ELEMENTARY AND SECONDARY
 19 EDUCATION EXPENSES.—The term ‘qualified ele-
 20 mentary and secondary education expenses’ means
 21 expenses for books, supplies (other than nonathletic
 22 supplies for courses of instruction in health or phys-
 23 ical education), computer equipment (including re-
 24 lated software and services) and other equipment,
 25 and supplementary materials used by an eligible ed-
 26 ucator in the classroom.

1 “(d) SPECIAL RULES.—

2 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
3 tion shall be allowed under this chapter for any ex-
4 pense for which credit is allowed under this section.

5 “(2) APPLICATION WITH OTHER CREDITS.—
6 The credit allowable under subsection (a) for any
7 taxable year shall not exceed the excess (if any) of—

8 “(A) the regular tax for the taxable year,
9 reduced by the sum of the credits allowable
10 under subpart A and the preceding sections of
11 this subpart, over

12 “(B) the tentative minimum tax for the
13 taxable year.

14 “(e) ELECTION TO HAVE CREDIT NOT APPLY.—A
15 taxpayer may elect to have this section not apply for any
16 taxable year.”.

17 (b) CLERICAL AMENDMENT.—The table of sections
18 for subpart B of part IV of subchapter A of chapter 1
19 of the Internal Revenue Code of 1986, as amended by sec-
20 tion 4(b), is amended by adding at the end the following
21 new item:

“Sec. 30C. Credit to elementary and secondary school teachers
who provide classroom materials.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2001.

1 **SEC. 7. ADJUSTED GROSS INCOME DETERMINED BY TAK-**
 2 **ING INTO ACCOUNT PROFESSIONAL DEVEL-**
 3 **OPMENT EXPENSES OF ELEMENTARY AND**
 4 **SECONDARY SCHOOL TEACHERS.**

5 (a) IN GENERAL.—Section 62(a)(2) of the Internal
 6 Revenue Code of 1986 (relating to certain trade and busi-
 7 ness deductions of employees) is amended by adding at
 8 the end the following:

9 “(D) PROFESSIONAL DEVELOPMENT EX-
 10 PENSES OF ELEMENTARY AND SECONDARY
 11 SCHOOL TEACHERS.—The deductions allowed
 12 by section 162 which consist of expenses, not in
 13 excess of \$1,500, paid or incurred by an eligible
 14 educator (as defined section 30C(c)(1)) by rea-
 15 son of the participation of the educator in pro-
 16 fessional development courses which are related
 17 to the curriculum and academic subjects in
 18 which the educator provides instruction or to
 19 the students for which the educator provides in-
 20 struction and which are part of a program of
 21 professional development which is approved and
 22 certified by the appropriate local educational
 23 agency (as defined by section 14101 of the Ele-
 24 mentary and Secondary Education Act of 1965,
 25 as in effect on the date of the enactment of this
 26 subparagraph).”.

1 (b) SPECIAL RULES.—Section 62 of the Internal
2 Revenue Code of 1986 is amended by adding at the end
3 the following:

4 “(d) SPECIAL RULES.—A deduction shall be allowed
5 under subsection (a)(2)(D) for expenses only to the extent
6 the amount of such expenses exceeds the amount exclud-
7 able under section 135, 529(c)(1), or 530(d)(2) for the
8 taxable year.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2001.

○