

106TH CONGRESS
1ST SESSION

H. R. 892

To renew education in this country by providing funds for school renovation and construction, scholarships that allow parents choice in education, and tax incentives.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 1999

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 renew education in this country by providing funds for school renovation and construction, scholarships that allow parents choice in education, and tax incentives.

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 “Renewing America’s
5 Schools Act”.

**TITLE I—EDUCATIONAL
FACILITIES IMPROVEMENT**

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

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

(1) by striking sections 12002 and 12003;

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

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

“SEC. 12001. FINDINGS.

“The Congress finds the following:

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

“(2) The General Accounting Office concluded
more than 14,000,000 children attend schools in
need of extensive repair or replacement. Seven mil-
lion children attend schools with life safety code vio-

1 lations. Twelve million children attend schools with
2 leaky roofs.

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

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

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

22 “(6) The General Accounting Office found most
23 schools are not prepared to incorporate modern tech-
24 nology into the classroom. Forty-six percent of
25 schools lack adequate electrical wiring to support the

1 full-scale use of technology. More than a third of
2 schools lack the requisite electrical power. Fifty-six
3 percent of schools have insufficient phone lines for
4 modems.

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

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

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

23 “(10) The Federal Government can support ele-
24 mentary and secondary school facilities, and can le-

1 verage additional funds for the improvement of ele-
 2 mentary and secondary school facilities.

3 **“SEC. 12002. PURPOSE.**

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

10 **“PART A—GENERAL INFRASTRUCTURE**
 11 **IMPROVEMENT GRANT PROGRAM”;**

12 and

13 (4) by adding at the end of part A the follow-
 14 ing:

15 **“PART B—CONSTRUCTION AND RENOVATION**
 16 **BOND SUBSIDY PROGRAM**

17 **“SEC. 12201. DEFINITIONS.**

18 “‘As used in this part:

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

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

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

3 “(A) a local educational agency with au-
4 thority to issue a bond for construction or ren-
5 ovation of educational facilities in a local area;
6 and

7 “(B) a political subdivision of a State with
8 authority to issue such a bond for an area in-
9 cluding a local area.

10 “(4) POVERTY LINE.—The term ‘poverty line’
11 means the official poverty line (as defined by the Of-
12 fice of Management and Budget, and revised annu-
13 ally in accordance with section 673(2) of the Omni-
14 bus Budget Reconciliation Act of 1981 (42 U.S.C.
15 9902(2))) applicable to a family of the size involved.

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

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

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

23 “(1) 20 percent of such amount to award
24 grants to local bond authorities for not more than

1 125 eligible local areas as provided for under section
2 12203; and

3 “(2) 80 percent of such amount to award
4 grants to States as provided for under section
5 12204.

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

7 “(1) not more than 1 percent of the amount ap-
8 propriated under section 12210 to provide assistance
9 to Indian schools in accordance with the purpose of
10 this title;

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

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

22 **“SEC. 12203. DIRECT GRANTS TO LOCAL BOND AUTHORI-**
23 **TIES.**

24 “(a) IN GENERAL.—The Secretary shall award a
25 grant under section 12202(a)(1) to eligible local bond au-

1 thorities to provide assistance for construction or renova-
 2 tion of educational facilities in a local area.

3 “(b) USE OF FUNDS.—The local bond authority shall
 4 use amounts received through a grant made under section
 5 12202(a)(1) to pay a portion of the interest costs applica-
 6 ble to any local bond issued to finance an activity de-
 7 scribed in section 12205 with respect to the local area.

8 “(c) ELIGIBILITY AND DETERMINATION.—

9 “(1) ELIGIBILITY.—To be eligible to receive a
 10 grant under section 12202(a)(1) for a local area, a
 11 local bond authority shall demonstrate the capacity
 12 to issue a bond for an area that includes 1 of the
 13 125 local areas for which the Secretary has made a
 14 determination under paragraph (2).

15 “(2) DETERMINATION.—

16 “(A) MANDATORY.—The Secretary shall
 17 make a determination of the 100 local areas
 18 that have the highest numbers of children who
 19 are—

20 “(i) aged 5 to 17, inclusive; and

21 “(ii) members of families with in-
 22 comes that do not exceed 100 percent of
 23 the poverty line.

24 “(B) DISCRETIONARY.—The Secretary
 25 may make a determination of 25 local areas, for

1 which the Secretary has not made a determina-
2 tion under subparagraph (A), that have extraor-
3 dinary needs for construction or renovation of
4 educational facilities that the local bond author-
5 ity serving the local area is unable to meet.

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

11 “(1) an assurance that the application was de-
12 veloped in consultation with parents and classroom
13 teachers;

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

17 “(3) a description of the architectural, civil,
18 structural, mechanical, or electrical construction or
19 renovation to be supported with the assistance pro-
20 vided under this part;

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

23 “(5) an identification of other resources, such
24 as unused bonding capacity, that are available to

1 carry out the activities for which assistance is re-
2 quested under this part;

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

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

8 “(e) AWARD OF GRANTS.—

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

12 “(A) the extent to which the local edu-
13 cational agency serving the local area involved
14 or the educational facility for which the author-
15 ity seeks a grant (as appropriate) meets the cri-
16 teria described in section 12103(a);

17 “(B) the extent to which the educational
18 facility is overcrowded; and

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

24 “(2) AMOUNT OF ASSISTANCE.—

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

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

8 “(ii) consider—

9 “(I) the amount of the cost esti-
10 mate contained in the application of
11 the local bond authority under sub-
12 section (d)(4);

13 “(II) the relative size of the local
14 area served by the local bond author-
15 ity; and

16 “(III) any other factors deter-
17 mined to be appropriate by the Sec-
18 retary.

19 “(B) MAXIMUM AMOUNT OF ASSIST-
20 ANCE.—A local bond authority shall be eligible
21 for assistance under section 12202(a)(1) in an
22 amount that does not exceed the appropriate
23 percentage under section 12204(f)(3) of the in-
24 terest costs applicable to any local bond issued

1 to finance an activity described in section
2 12205 with respect to the local area involved.

3 **“SEC. 12204. GRANTS TO STATES.**

4 “(a) IN GENERAL.—The Secretary shall award a
5 grant under section 12202(a)(2) to each eligible State to
6 provide assistance to the State, or local bond authorities
7 in the State, for construction and renovation of edu-
8 cational facilities in local areas.

9 “(b) USE OF FUNDS.—The State shall use amounts
10 received through a grant made under section
11 12202(a)(2)—

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

16 “(2) to provide assistance to local bond authori-
17 ties in the State to pay a portion of the interest
18 costs applicable to any local bond issued to finance
19 an activity described in section 12205 with respect
20 to the local areas.

21 “(c) AMOUNT OF GRANT TO STATE.—

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

1 “(A) a sum that bears the same relation-
 2 ship to 50 percent of such amount as the total
 3 amount of funds made available for all eligible
 4 local educational agencies in the State under
 5 part A of title I for such year bears to the total
 6 amount of funds made available for all eligible
 7 local educational agencies in all States under
 8 such part for such year; and

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

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

23 “(d) STATE APPLICATIONS REQUIRED.—To be eligi-
 24 ble to receive a grant under section 12202(a)(2), a State
 25 shall prepare and submit to the Secretary an application

1 at such time, in such manner, and containing such infor-
2 mation as the Secretary may require. Such application
3 shall contain—

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

7 “(2) an assurance that grant funds under this
8 section will be used to increase the amount of school
9 construction or renovation in the State for a fiscal
10 year compared to such amount in the State for the
11 preceding fiscal years.

12 “(e) ADMINISTERING AGENCY.—

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

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

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

1 “(1) IN GENERAL.—To be eligible to receive as-
2 sistance from a State under this section, a local
3 bond authority shall prepare and submit to the State
4 agency designated under subsection (e) an applica-
5 tion at such time, in such manner, and containing
6 such information as the State agency may require,
7 including the information described in section
8 12203(d).

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

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

17 “(B) the extent to which the educational
18 facility is overcrowded; and

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

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

4 “(A) clause (i)(I) or clause (ii)(I) of sec-
5 tion 1125(c)(2)(A), shall be eligible for assist-
6 ance in an amount that does not exceed 10 per-
7 cent;

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

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

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

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

1 of the interest costs applicable to any local bond
2 issued to finance an activity described in section
3 12205 with respect to the local area.

4 “(g) ASSISTANCE TO STATE.—

5 “(1) IN GENERAL.—If a State issues a bond to
6 finance an activity described in section 12205 with
7 respect to local areas, the State shall be eligible for
8 assistance in an amount that does not exceed the
9 percentage calculated under the formula described in
10 paragraph (2) of the interest costs applicable to the
11 State bond with respect to the local areas.

12 “(2) FORMULA.—The Secretary shall develop a
13 formula for determining the percentage referred to
14 in paragraph (1). The formula shall specify that the
15 percentage shall consist of a weighted average of the
16 percentages referred to in subparagraphs (A)
17 through (E) of subsection (f)(3) for the local areas
18 involved.

19 **“SEC. 12205. AUTHORIZED ACTIVITIES.**

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

22 “(1) the repair or upgrading of classrooms or
23 structures related to academic learning, including
24 the repair of leaking roofs, crumbling walls, inad-

1 equate plumbing, poor ventilation equipment, and in-
2 adequate heating or light equipment;

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

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

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

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

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

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

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

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

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

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

1 “(1) IN GENERAL.—A State that issues a bond
2 described in section 12204(b)(1) with respect to a
3 local area may request that the Secretary waive the
4 limits described in section 12204(f)(3) for the local
5 area, in calculating the amount of assistance the
6 State may receive under section 12204(g). The State
7 may request the waiver only if no local entity is able,
8 for one of the reasons described in subparagraphs
9 (A) through (F) of paragraph (2), to issue bonds on
10 behalf of the local area. Under such a waiver, the
11 Secretary may permit the State to use amounts re-
12 ceived through a grant made under section
13 12202(a)(2) to pay for not more than 80 percent of
14 the interest costs applicable to the State bond with
15 respect to the local area.

16 “(2) DEMONSTRATION BY STATE.—To be eligi-
17 ble to receive a waiver under this subsection, a State
18 shall demonstrate to the satisfaction of the Secretary
19 that—

20 “(A) the local bond authority serving the
21 local area has reached a limit on its borrowing
22 authority as a result of a debt ceiling or prop-
23 erty tax cap;

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

4 “(C) the demographic composition of the
5 local area will not support additional school
6 spending;

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

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

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

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

15 “(1) IN GENERAL.—A State may request that
16 the Secretary waive the use requirements of section
17 12204(b) for a local bond authority to permit the
18 State to provide assistance to the local bond author-
19 ity to finance construction or renovation by means
20 other than through the issuance of bonds.

21 “(2) USE OF FUNDS.—A State that receives a
22 waiver granted under this subsection may provide
23 assistance to a local bond authority in accordance
24 with the criteria described in section 12204(f)(2) to
25 enable the local bond authority to repay the costs in-

1 curred by the local bond authority in financing an
2 activity described in section 12205. The local bond
3 authority shall be eligible to receive the amount of
4 such assistance that the Secretary estimates the
5 local bond authority would be eligible to receive
6 under section 12204(f)(3) if the construction or ren-
7 ovation were financed through the issuance of a
8 bond.

9 “(3) MATCHING REQUIREMENT.—The State
10 shall make available to the local bond authority (di-
11 rectly or through donations from public or private
12 entities) non-Federal contributions in an amount
13 equal to not less than \$1 for every \$1 of Federal
14 funds provided to the local bond authority through
15 the grant.

16 “(c) WAIVER FOR OTHER USES.—

17 “(1) IN GENERAL.—A State may request that
18 the Secretary waive the use requirements of section
19 12204(b) for a State to permit the State to carry
20 out activities that achieve the purpose of this title.

21 “(2) DEMONSTRATION BY STATE.—To be eligi-
22 ble to receive a waiver under this subsection, a State
23 shall demonstrate to the satisfaction of the Secretary
24 that the use of assistance provided under the
25 waiver—

1 “(A) will result in an equal or greater
2 amount of construction or renovation of edu-
3 cational facilities than the provision of assist-
4 ance to defray the interest costs applicable to a
5 bond for such construction or renovation; and

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

9 “(i) the capitalization of a revolving
10 loan fund for such construction or renova-
11 tion;

12 “(ii) the use of funds for reinsurance
13 or guarantees with respect to the financing
14 of such construction or renovation;

15 “(iii) the creation of a mechanism to
16 leverage private sector resources for such
17 construction or renovation;

18 “(iv) the capitalization of authorities
19 similar to State Infrastructure Banks to
20 leverage additional funds for such con-
21 struction or renovation; or

22 “(v) any other activity the Secretary
23 determines achieves the purpose of this
24 title.

25 “(d) LOCAL BOND AUTHORITY WAIVER.—

1 “(1) IN GENERAL.—A local bond authority may
2 request the Secretary waive the use requirements of
3 section 12203(b) for a local head authority to permit
4 the authority to finance construction or renovation
5 of educational facilities by means other than through
6 use of bonds.

7 “(2) DEMONSTRATION.—To be eligible to re-
8 ceive a waiver under this subsection, a local bond
9 authority shall demonstrate that the amounts made
10 available through a grant under the waiver will re-
11 sult in an equal or greater amount of construction
12 or renovation of educational facilities than the provi-
13 sion of assistance to defray the interest costs appli-
14 cable to a bond for such construction or renovation.

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

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

19 “(2) with respect to a waiver described in sub-
20 section (a), (c), or (d), makes the demonstration de-
21 scribed in subsection (a)(2), (c)(2), or (d)(2), respec-
22 tively;

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

1 “(4) describes the use of assistance provided
2 under such waiver.

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

7 “(g) GENERAL REQUIREMENTS.—

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

11 “(A) provide all interested local edu-
12 cational agencies in the State with notice and a
13 reasonable opportunity to comment on the re-
14 quest;

15 “(B) submit the comments to the Sec-
16 retary; and

17 “(C) provide notice and information to the
18 public regarding the waiver request in the man-
19 ner that the applying State customarily pro-
20 vides similar notices and information to the
21 public.

22 “(2) LOCAL BOND AUTHORITIES.—In the case
23 of a waiver request submitted by a local bond au-
24 thority under this section, the local bond authority
25 shall—

1 “(A) provide the affected local educational
2 agency with notice and a reasonable oppor-
3 tunity to comment on the request;

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

6 “(C) provide notice and information to the
7 public regarding the waiver request in the man-
8 ner that the applying local bond authority cus-
9 tomarily provides similar notices and informa-
10 tion to the public.

11 **“SEC. 12207. GENERAL PROVISIONS.**

12 “(a) FAILURE TO ISSUE BONDS.—

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

19 “(2) LOCAL BOND AUTHORITIES AND LOCAL
20 AREAS.—If a local bond authority that receives as-
21 sistance under this part fails to issue a bond, or a
22 local area that receives such assistance fails to be-
23 come the beneficiary of a bond, for which the assist-
24 ance is provided, the amount of such assistance—

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

5 “(B) in the case of assistance received
6 under section 12202(a)(2), shall be repaid to
7 the State and made available as provided for
8 under section 12204.

9 “(b) LIABILITY OF THE FEDERAL GOVERNMENT.—
10 The Secretary shall not be liable for any debt incurred
11 by a State or local bond authority for which assistance
12 is provided under this part. If such assistance is used by
13 a local educational agency to subsidize a debt other than
14 the issuance of a bond, the Secretary shall have no obliga-
15 tion to repay the lending institution to whom the debt is
16 owed if the local educational agency defaults.

17 **“SEC. 12208. FAIR WAGES.**

18 “The provisions of section 12107 shall apply with re-
19 spect to all laborers and mechanics employed by contrac-
20 tors or subcontractors in the performance of any contract
21 and subcontract for the repair, renovation, alteration, or
22 construction, including painting and decorating, of any
23 building or work that is financed in whole or in part using
24 assistance provided under this part.

1 **“SEC. 12209. REPORT.**

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

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

6 “(2) conduct studies and evaluations, including
7 national studies and evaluations, in order to—

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

10 “(B) evaluate the state of United States
11 educational facilities; and

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

15 **“SEC. 12210. FUNDING.**

16 “(a) IN GENERAL.—There are authorized to be ap-
17 propriated \$5,000,000,000 for fiscal year 2000 to carry
18 out this part.

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

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

1 **SEC. 102. CONFORMING AMENDMENTS.**

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

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

7 (A) in paragraph (1)—

8 (i) by striking “12013” and inserting
9 “12111”;

10 (ii) by striking “12005” and inserting
11 “12103”; and

12 (iii) by striking “12007” and insert-
13 ing “12105”; and

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

16 (2) in section 12110(3)(C) (as redesignated by
17 section 102(2)), by striking “12006” and inserting
18 “12104”.

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

23 (1) in section 12101 (as redesignated by section
24 102(2)), by striking “This title” and inserting “This
25 part”; and

1 (2) in sections 12102(a)(2), 12102(b)(1),
 2 12103(a), 12103(b), 12103(b)(2), 12103(c),
 3 12103(d), 12104(a), 12104(b)(2), 12104(b)(3),
 4 12104(b)(4), 12104(b)(6), 12104(b)(7), 12105(a),
 5 12105(b), 12106(a), 12106(b), 12106(c),
 6 12106(c)(1), 12106(c)(7), 12106(e), 12107,
 7 12108(a)(1), 12108(a)(2), 12108(b)(1),
 8 12108(b)(2), 12108(b)(3), 12108(b)(4),
 9 12109(2)(A), and 12110 (as redesignated by section
 10 102(2)), by striking “this title” each place it ap-
 11 pears and inserting “this part”.

12 **TITLE II—SCHOLARSHIPS**

13 **SEC. 201. DEFINITIONS.**

14 Section 6003 of the Elementary and Secondary Edu-
 15 cation Act of 1965 is amended—

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

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

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

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

22 “(1) the term”;

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

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

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

7 “(3) the term ‘voluntary public and private pa-
 8 rental choice program’ means a program that meets
 9 the requirements of section 6301(b)(9), is authorized
 10 by State law, and includes 1 or more private schools
 11 to allow low-income parents to choose the appro-
 12 priate school for their children.”.

13 **SEC. 202. ALLOCATION TO LOCAL EDUCATIONAL AGEN-**
 14 **CIES.**

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

17 “(a) DISTRIBUTION RULE.—

18 “(1) IN GENERAL.—Except as provided in para-
 19 graph (2), from the sums made available each year
 20 to carry out this title, the State educational agency
 21 shall distribute not less than 90 percent to local edu-
 22 cational agencies within such State according to the
 23 relative enrollments in public and private, nonprofit
 24 schools within the school districts of such agencies,
 25 adjusted, in accordance with criteria approved by the

1 Secretary, to provide higher per pupil allocations to
2 local educational agencies which have the greatest
3 numbers or percentages of children whose education
4 imposes a higher than average cost per child, such
5 as—

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

8 “(B) children from low-income families;
9 and

10 “(C) children living in sparsely populated
11 areas.

12 “(2) EXCEPTION.—A State that has enacted or
13 will enact a law that establishes a voluntary public
14 and private parental choice program and that com-
15 plies with the provisions of section 6301(b)(9) may
16 reserve an additional 15 percent from the sums
17 made available each year to carry out this title if the
18 additional amount reserved is used exclusively for
19 voluntary public and private parental choice pro-
20 grams.”.

21 **SEC. 203. USES OF FUNDS.**

22 (a) STATE USES OF FUNDS.—Section 6201(a)(1) of
23 the Elementary and Secondary Education Act of 1965 is
24 amended—

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

3 (2) by inserting after subparagraph (C) the fol-
4 lowing:

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

8 (b) LOCAL USES OF FUNDS.—Section 6301(b) of the
9 Elementary and Secondary Education Act of 1965 is
10 amended—

11 (1) in paragraph (8), by striking “and” after
12 the semicolon;

13 (2) in paragraph (9), by striking the period and
14 inserting “; and”; and

15 (3) by inserting after paragraph (9) the follow-
16 ing:

17 “(10) voluntary public and private parental
18 choice programs that—

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

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

23 “(ii) from low-income families; or

24 “(iii) living in sparsely populated
25 areas;

1 “(B) ensure that participation in such a
2 voluntary public and private parental choice
3 program is limited to families whose family in-
4 come does not exceed 185 percent of the pov-
5 erty line;

6 “(C) ensure that—

7 “(i) the maximum amount of a vol-
8 untary public and private parental choice
9 scholarship does not exceed the per pupil
10 expenditure of the local educational agency
11 in which an applicant for a voluntary pub-
12 lic and private parental choice scholarship
13 resides; and

14 “(ii) the minimum amount of a vol-
15 untary public and private parental choice
16 scholarship is not less than 60 percent of
17 the per pupil expenditure of the local edu-
18 cational agency in which an applicant for
19 a voluntary public and private parental
20 choice scholarship resides or the cost of
21 tuition at a private school, whichever is
22 less;

23 “(D) ensure that for a private school that
24 chooses to participate in a voluntary public and
25 private parental choice program—

1 “(i) such a school is permitted to im-
2 pose the same academic requirements for
3 all students, including students selected for
4 a scholarship as provided under this para-
5 graph;

6 “(ii) receipt of funds under this title
7 is not conditioned with requirements or
8 regulations that preclude the use of such
9 funds for sectarian educational purposes or
10 require removal of religious art, icons,
11 scripture, or other symbols; and

12 “(iii) such a school is in compliance
13 with all State requirements applicable to
14 the operation of a private school that are
15 in effect in the year preceding the date of
16 the enactment of the Renewing America’s
17 Schools Act;

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

21 “(F) ensure priority for students who were
22 enrolled in a public school in the school year
23 preceding the school year in which a voluntary
24 public and private parental choice school begins
25 operation.”.

1 **SEC. 204. EVALUATION.**

2 Part D of title VI of the Elementary and Secondary
3 Education Act of 1965 is amended—

4 (1) by adding at the end of section 6402 the
5 following new subsection:

6 “(j) APPLICATION.—This section shall not apply to
7 funds that a State or local educational agency uses to es-
8 tablish a voluntary public and private parental choice pro-
9 gram in accordance with section 6301(b)(9).”; and

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

12 **“SEC. 6404. EVALUATION.**

13 “(a) ANNUAL EVALUATION.—

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

20 “(2) ANNUAL EVALUATION REQUIREMENT.—

21 The contract described in paragraph (1) shall re-
22 quire the evaluating agency entering into such con-
23 tract to evaluate annually each program established
24 under section 6301(b)(9) in accordance with the
25 evaluation criteria described in subsection (b).

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

6 “(b) EVALUATION CRITERIA.—The Comptroller Gen-
7 eral of the United States, in consultation with the Sec-
8 retary, shall establish minimum criteria for evaluating
9 each program established under section 6301(b)(9). Such
10 criteria shall provide for—

11 “(1) a description of the implementation of
12 each program established under section 6301(b)(9)
13 and the program’s effects on all participants,
14 schools, and communities in the program area, with
15 particular attention given to the effect of parent par-
16 ticipation in the life of the school and the level of
17 parental satisfaction with the program; and

18 “(2) a comparison of the educational achieve-
19 ment of all students in the program area, including
20 a comparison between—

21 “(A) students receiving a voluntary public
22 and private parental choice scholarships under
23 section 6301(b)(9); and

1 “(B) students not receiving a voluntary
2 public and private parental choice scholarships
3 under such section.

4 “(c) EVALUATION FUNDS.—Pursuant to the author-
5 ity provided under section 14701, the Secretary shall re-
6 serve not more than 0.50 percent of the amount of funds
7 made available under section 6002 to carry out this sec-
8 tion.

9 **“SEC. 6405. APPLICABILITY.**

10 “(a) NOT SCHOOL AID.—Subject to subsection (b),
11 funds used under this title to establish a voluntary public
12 and private parental choice program shall be considered
13 assistance to the student and shall not be considered as
14 assistance to any school that chooses to participate in such
15 program.

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

1 **TITLE III—A+ ACCOUNTS FOR** 2 **PUBLIC AND PRIVATE SCHOOLS**

3 **SEC. 301. SHORT TITLE.**

4 This title may be cited as the “A+ Accounts for Pub-
 5 lic and Private Schools Act”.

6 **SEC. 302. MODIFICATIONS TO EDUCATION INDIVIDUAL RE-** 7 **TIREMENT ACCOUNTS.**

8 (a) **TAX-FREE EXPENDITURES FOR ELEMENTARY**
 9 **AND SECONDARY SCHOOL EXPENSES.—**

10 (1) **IN GENERAL.**—Section 530(b)(2) of the In-
 11 ternal Revenue Code of 1986 is amended to read as
 12 follows:

13 “(2) **QUALIFIED EDUCATION EXPENSES.**—

14 “(A) **IN GENERAL.**—The term ‘qualified
 15 education expenses’ means—

16 “(i) qualified higher education ex-
 17 penses (as defined in section 529(e)(3)),
 18 and

19 “(ii) qualified elementary and second-
 20 ary education expenses (as defined in para-
 21 graph (4)).

22 Such expenses shall be reduced as provided in
 23 section 25A(g)(2) but only with respect to
 24 amounts in the account which are attributable
 25 to contributions for any taxable year ending be-

1 fore January 1, 2004, 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 such Code is amended by striking “\$500” and in-
 19 serting “the contribution limit for such taxable
 20 year”.

21 (2) CONTRIBUTION LIMIT.—Section 530(b) of
 22 such Code, amended by subsection (a)(2) of this sec-
 23 tion, is amended by adding at the end the following
 24 new paragraph:

1 “(5) CONTRIBUTION LIMIT.—The term ‘con-
2 tribution limit’ means \$2,500 (\$500 in the case of
3 any taxable year ending after December 31, 2003).”.

4 (3) CONFORMING AMENDMENT.—Section
5 4973(e)(1)(A) of such Code is amended by striking
6 “\$500” and inserting “the contribution limit (as de-
7 fined in section 530(b)(4)) for such taxable year”.

8 (c) WAIVER OF AGE LIMITATIONS FOR CHILDREN
9 WITH SPECIAL NEEDS.—Paragraph (1) of section 530(b)
10 of such Code is amended by adding at the end the follow-
11 ing flush sentence:

12 “The age limitations in the preceding sentence shall
13 not apply to any designated beneficiary with special
14 needs (as determined under regulations prescribed
15 by the Secretary).”.

16 (d) CORPORATIONS PERMITTED TO CONTRIBUTE TO
17 ACCOUNTS.—Paragraph (1) of section 530(c) of such
18 Code is amended by striking “The maximum amount
19 which a contributor” and inserting “In the case of a con-
20 tributor who is an individual, the maximum amount the
21 contributor”.

22 (e) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 1998.

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