

107TH CONGRESS  
1ST SESSION

# S. 669

To amend the Elementary and Secondary Education Act of 1965 to promote parental involvement and parental empowerment in public education through greater competition and choice, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

MARCH 30, 2001

Mr. CARPER (for himself, Mr. GREGG, Mr. FRIST, Mr. LIEBERMAN, Mr. BAYH, Mr. BREAUX, Mr. BINGAMAN, Mr. SANTORUM, Mr. BIDEN, Ms. LANDRIEU, Mr. SMITH of Oregon, Mr. ENSIGN, Mr. DEWINE, Mr. KERRY, and Mr. SPECTER) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

---

## A BILL

To amend the Elementary and Secondary Education Act of 1965 to promote parental involvement and parental empowerment in public education through greater competition and choice, 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 “Empowering Parents  
5 Act of 2001”.

1           **TITLE I—PUBLIC SCHOOL**  
2                           **CHOICE**

3   **SEC. 101. SHORT TITLE OF TITLE.**

4           This title may be referred to as the “Enhancing Pub-  
5   lic Education Through Choice Act”.

6   **SEC. 102. PURPOSES.**

7           The purposes of this title are—

8                   (1) to prevent children from being consigned to,  
9                   or left trapped in, failing schools;

10                  (2) to ensure that parents of children in failing  
11                  public schools have the choice to send their children  
12                  to higher performing public schools, including public  
13                  charter schools;

14                  (3) to support and stimulate improved public  
15                  school performance through increased public school  
16                  competition and increased Federal financial assist-  
17                  ance;

18                  (4) to provide parents with more choices among  
19                  public school options; and

20                  (5) to assist local educational agencies with low-  
21                  performing schools to implement districtwide public  
22                  school choice programs or enter into partnerships  
23                  with other local educational agencies to offer stu-  
24                  dents interdistrict or statewide public school choice  
25                  programs.

1 **SEC. 103. PUBLIC SCHOOL CHOICE PROGRAMS.**

2 Title X of the Elementary and Secondary Education  
3 Act of 1965 (20 U.S.C. 10101 et seq.) is amended—

4 (1) by redesignating part L as part N; and

5 (2) by inserting after part K the following:

6 **“PART L—PUBLIC SCHOOL CHOICE PROGRAMS**

7 **“SEC. 10995A. DEFINITIONS.**

8 “In this part:

9 “(1) **LOWEST PERFORMING SCHOOL.**—The term  
10 ‘lowest performing school’ means a public school  
11 that has failed to make adequate yearly progress, as  
12 described in section 1111, for 2 or more years.

13 “(2) **POVERTY LINE.**—The term ‘poverty line’  
14 means the income official poverty line (as defined by  
15 the Office of Management and Budget, and revised  
16 annually in accordance with section 673(2) of the  
17 Community Services Block Grant Act (42 U.S.C.  
18 9902(2))) applicable to a family of the size involved,  
19 for the most recent fiscal year for which satisfactory  
20 data are available.

21 “(3) **PUBLIC CHARTER SCHOOL.**—The term  
22 ‘public charter school’ means an institution defined  
23 as a public charter school by the State in which the  
24 institution is located.

1           “(4) PUBLIC SCHOOL.—The term ‘public  
2       school’ means a public charter school, a public ele-  
3       mentary school, and a public secondary school.

4           “(5) STUDENT IN POVERTY.—The term ‘stu-  
5       dent in poverty’ means a student from a family with  
6       an income below the poverty line.

7       **“SEC. 10995B. GRANTS.**

8           “The Secretary shall make grants, on a competitive  
9       basis, to State educational agencies and local educational  
10      agencies, to enable the agencies, including the agencies  
11      serving the lowest performing schools, to implement pro-  
12      grams of universal public school choice.

13      **“SEC. 10995C. USE OF FUNDS.**

14           “(a) IN GENERAL.—An agency that receives a grant  
15      under this part shall use the funds made available through  
16      the grant to pay for the expenses of implementing a public  
17      school choice program, including—

18           “(1) the expenses of providing transportation  
19      services or the cost of transportation to eligible chil-  
20      dren;

21           “(2) the cost of making tuition transfer pay-  
22      ments to public schools to which students transfer  
23      under the program;

1           “(3) the cost of capacity-enhancing activities  
2           that enable high-demand public schools to accommo-  
3           date transfer requests under the program;

4           “(4) the cost of carrying out public education  
5           campaigns to inform students and parents about the  
6           program;

7           “(5) administrative costs; and

8           “(6) other costs reasonably necessary to imple-  
9           ment the program.

10          “(b) SUPPLEMENT, NOT SUPPLANT.—Funds made  
11          available under this part shall supplement, and not sup-  
12          plant, State and local public funds expended to provide  
13          public school choice programs for eligible individuals.

14          **“SEC. 10995D. REQUIREMENTS.**

15          “(a) INCLUSION IN PROGRAM.—In carrying out a  
16          public school choice program under this part, a State edu-  
17          cational agency or local educational agency shall—

18               “(1) allow all students attending public schools  
19               within the State or school district involved to attend  
20               the public school of their choice within the State or  
21               school district, respectively;

22               “(2) provide all eligible students in all grade  
23               levels equal access to the program;

1           “(3) include in the program public charter  
2       schools and any other public school in the State or  
3       school district, respectively; and

4           “(4) develop the program with the involvement  
5       of parents and others in the community to be served,  
6       and individuals who will carry out the program, in-  
7       cluding administrators, teachers, principals, and  
8       other staff.

9       “(b) NOTICE.—In carrying out a public school choice  
10     program under this part, a State educational agency or  
11     local educational agency shall give parents of eligible stu-  
12     dents prompt notice of the existence of the program and  
13     the program’s availability to such parents, and a clear ex-  
14     planation of how the program will operate.

15       “(c) TRANSPORTATION.—In carrying out a public  
16     school choice program under this part, a State educational  
17     agency or local educational agency shall provide eligible  
18     students with transportation services or the cost of trans-  
19     portation to and from the public schools, including public  
20     charter schools, that the students choose to attend under  
21     this program.

22       “(d) NONDISCRIMINATION.—Notwithstanding sub-  
23     section (a)(3), no public school may discriminate on the  
24     basis of race, color, religion, sex, national origin, sexual

1 orientation, or disability in providing programs and activi-  
 2 ties under this part.

3 “(e) PARALLEL ACCOUNTABILITY.—Each State edu-  
 4 cational agency or local educational agency receiving a  
 5 grant under this part for a program through which a pub-  
 6 lic charter school receives assistance shall hold the school  
 7 accountable for adequate yearly progress in improving stu-  
 8 dent performance as described in title I and as established  
 9 in the school’s charter, including the use of the standards  
 10 and assessments established under title I.

11 **“SEC. 10995E. APPLICATIONS.**

12 “(a) IN GENERAL.—To be eligible to receive a grant  
 13 under this part, a State educational agency or local edu-  
 14 cational agency shall submit an application to the Sec-  
 15 retary at such time, in such manner, and containing such  
 16 information as the Secretary may require.

17 “(b) CONTENTS.—Each application for a grant under  
 18 this part shall include—

19 “(1) a description of the program for which the  
 20 agency seeks funds and the goals for such program;

21 “(2) a description of how the program will be  
 22 coordinated with, and will complement and enhance,  
 23 other related Federal and non-Federal projects;

1           “(3) if the program is carried out by a partner-  
 2           ship, the name of each partner and a description of  
 3           the partner’s responsibilities;

4           “(4) a description of the policies and procedures  
 5           the agency will use to ensure—

6                   “(A) accountability for results, including  
 7                   goals and performance indicators; and

8                   “(B) that the program is open and acces-  
 9                   sible to, and will promote high academic stand-  
 10                  ards for, all students; and

11           “(5) such other information as the Secretary  
 12           may require.

13 **“SEC. 10995F. PRIORITIES.**

14           “In making grants under this part, the Secretary  
 15           shall give priority to—

16                   “(1) first, those State educational agencies and  
 17                   local educational agencies serving the lowest per-  
 18                   forming schools;

19                   “(2) second, those State educational agencies  
 20                   and local educational agencies serving the highest  
 21                   percentage of students in poverty; and

22                   “(3) third, those State educational agencies or  
 23                   local educational agencies forming a partnership  
 24                   that seeks to implement an interdistrict approach to  
 25                   carrying out a public school choice program.



1 **“SEC. 10995G. EVALUATIONS, TECHNICAL ASSISTANCE, AND**  
 2 **DISSEMINATION.**

3 “(a) IN GENERAL.—From the amount made avail-  
 4 able to carry out this part for any fiscal year, the Sec-  
 5 retary may reserve not more than 5 percent to carry out  
 6 evaluations, to provide technical assistance, and to dis-  
 7 seminate information.

8 “(b) EVALUATIONS.—In carrying out evaluations  
 9 under subsection (a), the Secretary may use the amount  
 10 reserved under subsection (a) to carry out 1 or more eval-  
 11 uations of State and local programs assisted under this  
 12 part, which shall, at a minimum, address—

13 “(1) how, and the extent to which, the pro-  
 14 grams promote educational equity and excellence;  
 15 and

16 “(2) the extent to which public schools carrying  
 17 out the programs are—

18 “(A) held accountable to the public;

19 “(B) effective in improving public edu-  
 20 cation; and

21 “(C) open and accessible to all students.

22 **“SEC. 10995H. AUTHORIZATION OF APPROPRIATIONS.**

23 “There is authorized to be appropriated to carry out  
 24 this part \$200,000,000 for fiscal year 2002 and each sub-  
 25 sequent fiscal year.”.

1       **TITLE II—PUBLIC CHARTER**  
 2       **SCHOOL FACILITIES FINANCING**

3       **SEC. 201. SHORT TITLE OF TITLE.**

4           This title may be cited as the “Public Charter Schools  
 5   Equity Act”.

6       **SEC. 202. PURPOSES.**

7           The purposes of this title are—

8               (1) to help eliminate the barriers that prevent  
 9           public charter school developers from accessing the  
 10          credit markets, by encouraging lending institutions  
 11          to lend funds to public charter schools on terms  
 12          more similar to the terms typically extended to tra-  
 13          ditional public schools; and

14               (2) to encourage the States to provide support  
 15          to public charter schools for facilities financing in an  
 16          amount commensurate to the amount the States  
 17          have typically provided for traditional public schools.

18       **SEC. 203. CREDIT ENHANCEMENT INITIATIVES.**

19           Subpart 2 of part C of title X of the Elementary and  
 20   Secondary Education Act of 1965, as added by section  
 21   322 of the Department of Education Appropriations Act,  
 22   2001 (as enacted into law by section 1(a)(1) of Public Law  
 23   106–554), is amended to read as follows:

1 **“Subpart 2—Credit Enhancement Initiatives To Pro-**  
2 **mote Charter School Facility Acquisition, Con-**  
3 **struction, and Renovation**

4 **“SEC. 10321. PURPOSE.**

5       “The purpose of this subpart is to provide grants to  
6 eligible entities to permit the entities to establish or im-  
7 prove innovative credit enhancement initiatives that assist  
8 charter schools to address the cost of acquiring, con-  
9 structing, and renovating facilities.

10 **“SEC. 10322. GRANTS TO ELIGIBLE ENTITIES.**

11       “(a) GRANTS FOR INITIATIVES.—

12           “(1) IN GENERAL.—The Secretary shall use  
13 100 percent of the amount available to carry out  
14 this subpart to eligible entities having applications  
15 approved under this subpart to carry out innovative  
16 initiatives for assisting charter schools to address  
17 the cost of acquiring, constructing, and renovating  
18 facilities by enhancing the availability of loans or  
19 bond financing.

20           “(2) NUMBER OF GRANTS.—The Secretary  
21 shall award not fewer than 3 of the grants.

22       “(b) GRANTEE SELECTION.—

23           “(1) DETERMINATION.—The Secretary shall  
24 evaluate each application submitted, and shall deter-  
25 mine which applications are of sufficient quality to  
26 merit approval and which are not.

1           “(2) MINIMUM GRANTS.—The Secretary shall  
2       award at least—

3                   “(A) 1 grant to an eligible entity described  
4           in section 10330(2)(A);

5                   “(B) 1 grant to an eligible entity described  
6           in section 10330(2)(B); and

7                   “(C) 1 grant to an eligible entity described  
8           in section 10330(2)(C),

9       if applications are submitted that permit the Sec-  
10      retary to award the grants without approving an ap-  
11      plication that is not of sufficient quality to merit ap-  
12      proval.

13       “(c) GRANT CHARACTERISTICS.—Grants under this  
14      subpart shall be in sufficient amounts, and for initiatives  
15      of sufficient scope and quality, so as to effectively enhance  
16      credit for the financing of charter school acquisition, con-  
17      struction, or renovation.

18       “(d) SPECIAL RULE.—In the event the Secretary de-  
19      termines that the funds available to carry out this subpart  
20      are insufficient to permit the Secretary to award not fewer  
21      than 3 grants in accordance with subsections (a) through  
22      (c)—

23                   “(1) subsections (a)(2) and (b)(2) shall not  
24      apply; and

1           “(2) the Secretary may determine the appro-  
 2           priate number of grants to be awarded in accordance  
 3           with subsections (a)(1), (b)(1), and (c).

4   **“SEC. 10323. APPLICATIONS.**

5           “(a) IN GENERAL.—To receive a grant under this  
 6           subpart, an eligible entity shall submit to the Secretary  
 7           an application in such form as the Secretary may reason-  
 8           ably require.

9           “(b) CONTENTS.—An application submitted under  
 10          subsection (a) shall contain—

11           “(1) a statement identifying the activities pro-  
 12           posed to be undertaken with funds received under  
 13           this subpart, including how the applicant will deter-  
 14           mine which charter schools will receive assistance,  
 15           and how much and what types of assistance the  
 16           charter schools will receive;

17           “(2) a description of the involvement of charter  
 18           schools in the application’s development and the de-  
 19           sign of the proposed activities;

20           “(3) a description of the applicant’s expertise in  
 21           capital market financing;

22           “(4) a description of how the proposed activities  
 23           will—

24           “(A) leverage private sector financing cap-  
 25           ital, to obtain the maximum amount of private

1 sector financing capital, relative to the amount  
 2 of government funding used, to assist charter  
 3 schools; and

4 “(B) otherwise enhance credit available to  
 5 charter schools;

6 “(5) a description of how the applicant pos-  
 7 sesses sufficient expertise in education to evaluate  
 8 the likelihood of success of a charter school program  
 9 for which facilities financing is sought;

10 “(6) in the case of an application submitted by  
 11 a State governmental entity, a description of the ac-  
 12 tions that the entity has taken, or will take, to en-  
 13 sure that charter schools within the State receive the  
 14 funding the schools need to have adequate facilities;  
 15 and

16 “(7) such other information as the Secretary  
 17 may reasonably require.

18 **“SEC. 10324. CHARTER SCHOOL OBJECTIVES.**

19 “An eligible entity receiving a grant under this sub-  
 20 part shall use the funds received through the grant, and  
 21 deposited in the reserve account established under section  
 22 10325(a), to assist 1 or more charter schools to access  
 23 private sector capital to accomplish 1 or more of the fol-  
 24 lowing objectives:

1           “(1) The acquisition (by purchase, lease, dona-  
2           tion, or otherwise) of an interest (including an inter-  
3           est held by a third party for the benefit of a charter  
4           school) in improved or unimproved real property  
5           that is necessary to commence or continue the oper-  
6           ation of a charter school.

7           “(2) The construction of new facilities, or the  
8           renovation, repair, or alteration of existing facilities,  
9           necessary to commence or continue the operation of  
10          a charter school.

11          “(3) The payment of start-up costs, including  
12          the costs of training teachers and purchasing mate-  
13          rials and equipment, including instructional mate-  
14          rials and computers, for a charter school.

15   **“SEC. 10325. RESERVE ACCOUNT.**

16          “(a) IN GENERAL.—For the purpose of assisting  
17          charter schools to accomplish the objectives described in  
18          section 10324, an eligible entity receiving a grant under  
19          this subpart shall deposit the funds received through the  
20          grant (other than funds used for administrative costs in  
21          accordance with section 10326) in a reserve account estab-  
22          lished and maintained by the entity for that purpose. The  
23          entity shall make the deposit in accordance with State and  
24          local law and may make the deposit directly or indirectly,  
25          and alone or in collaboration with others.

1       “(b) USE OF FUNDS.—Amounts deposited in such  
2 account shall be used by the entity for 1 or more of the  
3 following purposes:

4           “(1) Guaranteeing, insuring, and reinsuring  
5 bonds, notes, evidences of debt, loans, and interests  
6 therein, the proceeds of which are used for an objec-  
7 tive described in section 10324.

8           “(2) Guaranteeing and insuring leases of per-  
9 sonal and real property for such an objective.

10          “(3) Facilitating financing for such an objective  
11 by identifying potential lending sources, encouraging  
12 private lending, and carrying out other similar ac-  
13 tivities that directly promote lending to, or for the  
14 benefit of, charter schools.

15          “(4) Facilitating the issuance of bonds by char-  
16 ter schools, or by other public entities for the benefit  
17 of charter schools, for such an objective, by pro-  
18 viding technical, administrative, and other appro-  
19 priate assistance (including the recruitment of bond  
20 counsel, underwriters, and potential investors and  
21 the consolidation of multiple charter school projects  
22 within a single bond issue).

23       “(c) INVESTMENT.—Funds received under this sub-  
24 part and deposited in the reserve account shall be invested



1 in obligations issued or guaranteed by the United States  
 2 or a State, or in other similarly low-risk securities.

3 “(d) REINVESTMENT OF EARNINGS.—Any earnings  
 4 on funds received under this subpart shall be deposited  
 5 in the reserve account established under subsection (a)  
 6 and used in accordance with subsection (b).

7 **“SEC. 10326. LIMITATION ON ADMINISTRATIVE COSTS.**

8 “An eligible entity that receives a grant under this  
 9 subpart may use not more than 0.25 percent of the funds  
 10 received through the grant for the administrative costs of  
 11 carrying out the entity’s responsibilities under this sub-  
 12 part.

13 **“SEC. 10327. AUDITS AND REPORTS.**

14 “(a) FINANCIAL RECORD MAINTENANCE AND  
 15 AUDIT.—The financial records of each eligible entity re-  
 16 ceiving a grant under this subpart shall be maintained in  
 17 accordance with generally accepted accounting principles  
 18 and shall be subject to an annual audit by an independent  
 19 public accountant.

20 “(b) REPORTS.—

21 “(1) GRANTEE ANNUAL REPORTS.—Each eligi-  
 22 ble entity receiving a grant under this subpart annu-  
 23 ally shall submit to the Secretary a report of the en-  
 24 tity’s operations and activities under this subpart.

1           “(2) CONTENTS.—Each such annual report  
2 shall include—

3           “(A) a copy of the most recent financial  
4 statements, and any accompanying opinion on  
5 such statements, prepared by the independent  
6 public accountant auditing the financial records  
7 of the eligible entity;

8           “(B) a copy of any report made on an  
9 audit of the financial records of the eligible en-  
10 tity that was conducted under subsection (a)  
11 during the reporting period;

12           “(C) an evaluation by the eligible entity of  
13 the effectiveness of the entity’s use of the Fed-  
14 eral funds provided under this subpart in  
15 leveraging private funds;

16           “(D) a listing and description of the char-  
17 ter schools served by the entity with such Fed-  
18 eral funds during the reporting period;

19           “(E) a description of the activities carried  
20 out by the eligible entity to assist charter  
21 schools in meeting the objectives set forth in  
22 section 10324; and

23           “(F) a description of the characteristics of  
24 lenders and other financial institutions partici-  
25 pating in the activities undertaken by the eligi-

1           ble entity under this subpart during the report-  
2           ing period.

3           “(3) SECRETARIAL REPORT.—The Secretary  
4           shall review the reports submitted under paragraph  
5           (1) and shall provide a comprehensive annual report  
6           to Congress on the activities conducted under this  
7           subpart.

8   **“SEC. 10328. NO FULL FAITH AND CREDIT FOR GRANTEE**  
9                           **OBLIGATIONS.**

10          “No financial obligation of an eligible entity entered  
11       into pursuant to this subpart (such as an obligation under  
12       a guarantee, bond, note, evidence of debt, or loan) shall  
13       be an obligation of, or guaranteed in any respect by, the  
14       United States. The full faith and credit of the United  
15       States is not pledged to the payment of funds that may  
16       be required to be paid under any obligation made by an  
17       eligible entity pursuant to any provision of this subpart.

18   **“SEC. 10329. RECOVERY OF FUNDS.**

19          “(a) IN GENERAL.—The Secretary, in accordance  
20       with chapter 37 of title 31, United States Code, shall  
21       collect—

22               “(1) all of the funds in a reserve account estab-  
23       lished by an eligible entity under section 10325(a) if  
24       the Secretary determines, not earlier than 2 years  
25       after the date on which the entity first received

1 funds under this subpart, that the entity has failed  
 2 to make substantial progress in carrying out the  
 3 purposes described in section 10325(b); or

4 “(2) all or a portion of the funds in a reserve  
 5 account established by an eligible entity under sec-  
 6 tion 10325(a) if the Secretary determines that the  
 7 eligible entity has permanently ceased to use all or  
 8 a portion of the funds in such account to accomplish  
 9 any purpose described in section 10325(b).

10 “(b) EXERCISE OF AUTHORITY.—The Secretary shall  
 11 not exercise the authority provided in subsection (a) to  
 12 collect from any eligible entity any funds that are being  
 13 properly used to achieve 1 or more of the purposes de-  
 14 scribed in section 10325(b).

15 “(c) PROCEDURES.—The provisions of sections 451,  
 16 452, and 458 of the General Education Provisions Act (20  
 17 U.S.C. 1234 et seq.) shall apply to the recovery of funds  
 18 under subsection (a).

19 “(d) CONSTRUCTION.—This section shall not be con-  
 20 strued to impair or affect the authority of the Secretary  
 21 to recover funds under part D of the General Education  
 22 Provisions Act (20 U.S.C. 1234 et seq.).

23 **“SEC. 10330. DEFINITIONS.**

24 “In this subpart:

1           “(1) CHARTER SCHOOL.—The term ‘charter  
2       school’ has the meaning given such term in section  
3       10310.

4           “(2) ELIGIBLE ENTITY.—The term ‘eligible en-  
5       tity’ means—

6                   “(A) a public entity, such as a State or  
7       local governmental entity;

8                   “(B) a private nonprofit entity; or

9                   “(C) a consortium of entities described in  
10       subparagraphs (A) and (B).

11   **“SEC. 10331. AUTHORIZATION OF APPROPRIATIONS.**

12       “‘There are authorized to be appropriated to carry out  
13   this subpart \$400,000,000 for fiscal year 2002 and each  
14   subsequent fiscal year.’”.

15   **SEC. 204. INCOME EXCLUSION FOR INTEREST PAID ON**  
16                   **LOANS BY PUBLIC CHARTER SCHOOLS.**

17       (a) IN GENERAL.—Part III of subchapter B of chap-  
18   ter 1 of the Internal Revenue Code of 1986 (relating to  
19   items specifically excluded from gross income) is amended  
20   by redesignating section 139 and section 140 and by in-  
21   serting after section 138 the following new section:

22   **“SEC. 139. INTEREST ON PUBLIC CHARTER SCHOOL LOANS.**

23       “(a) EXCLUSION.—Gross income does not include in-  
24   terest on any public charter school loan.

1       “(b) PUBLIC CHARTER SCHOOL LOAN.—For pur-  
2 poses of this section:

3               “(1) IN GENERAL.—The term ‘public charter  
4 school loan’ means any indebtedness incurred by a  
5 public charter school.

6               “(2) PUBLIC CHARTER SCHOOL.—The term  
7 ‘public charter school’ means an institution defined  
8 as a public charter school by the State in which the  
9 institution is located.”.

10       (b) CONFORMING AMENDMENT.—The table of sec-  
11 tions for such part III is amended by striking the item  
12 relating to section 139 and inserting the following:

“Sec. 139. Interest on public charter school loans.  
“Sec. 140. Cross references to other Acts.”.

13       (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2000, with respect to indebtedness incurred  
16 after the date of the enactment of this Act.

17 **SEC. 205. GRANTS FOR PUBLIC CHARTER SCHOOL FACILI-**  
18 **TIES.**

19       Title X of the Elementary and Secondary Education  
20 Act of 1965 (20 U.S.C. 10101 et seq.), as amended by  
21 section 103, is further amended by inserting after part  
22 L the following:

1       **“PART M—GRANTS FOR PUBLIC CHARTER**  
 2                   **SCHOOL FACILITIES**

3   **“SEC. 10996A. DEFINITION.**

4       “‘In this part, the term ‘public charter school’ has the  
 5 meaning given the term in section 10995A.

6   **“SEC. 10996B. GRANTS.**

7       “(a) IN GENERAL.—The Secretary shall make  
 8 grants, on a competitive basis, to States to pay for the  
 9 Federal share of the cost of establishing or enhancing, and  
 10 administering, programs in which the States make pay-  
 11 ments, on a per-pupil basis, to public charter schools to  
 12 assist the schools in financing school facilities.

13       “(b) PERIOD.—The Secretary shall award grants  
 14 under this section for periods of 5 years.

15       “(c) FEDERAL SHARE.—The Federal share of the  
 16 cost described in subsection (a) for a program shall be  
 17 not more than—

18               “(1) 90 percent of the cost, for the first fiscal  
 19 year for which the program receives assistance under  
 20 this part or its predecessor authority;

21               “(2) 80 percent in the second such year;

22               “(3) 60 percent in the third such year;

23               “(4) 40 percent in the fourth such year; and

24               “(5) 20 percent in the fifth such year.

1 **“SEC. 10996C. USE OF FUNDS.**

2 (a) IN GENERAL.—A State that receives a grant  
3 under this part shall use the funds made available through  
4 the grant to establish or enhance, and administer, a facili-  
5 ties financing program for public charter schools in the  
6 State.

7 “(b) EVALUATIONS; TECHNICAL ASSISTANCE; DIS-  
8 SEMINATION.—From the amount made available to a  
9 State through a grant under this part for a fiscal year,  
10 the State may reserve not more than 5 percent of the  
11 amount to carry out evaluations, to provide technical as-  
12 sistance, and to disseminate information.

13 “(c) SUPPLEMENT, NOT SUPPLANT.—Funds made  
14 available under this part shall supplement, and not sup-  
15 plant, State and local public funds expended to provide  
16 facilities financing programs, or operations financing pro-  
17 grams, for public charter schools.

18 **“SEC. 10996D. REQUIREMENTS.**

19 “(a) VOLUNTARY PARTICIPATION.—No State may be  
20 required to participate in a program carried out under this  
21 part.

22 “(b) STATE LAW.—To be eligible to receive a grant  
23 under this part, a State shall establish or enhance, and  
24 administer, a facilities financing program for public char-  
25 ter schools in the State, that—

26 “(1) is specified in State law;



1           “(2) provides equitable annual financing, on a  
 2           per-pupil basis, for public charter school facilities;  
 3           and

4           “(3) provides financing that is dedicated solely  
 5           for funding the facilities.

6   **“SEC. 10996E. APPLICATIONS.**

7           “To be eligible to receive a grant under this part, a  
 8   State shall submit an application to the Secretary at such  
 9   time, in such manner, and containing such information as  
 10   the Secretary may require.

11   **“SEC. 10996F. PRIORITIES.**

12          “In making grants under this part, the Secretary  
 13   shall give priority to States that meet the criteria de-  
 14   scribed in paragraph (2), and subparagraphs (A), (B), and  
 15   (C) of paragraph (3), of section 10302(e).

16   **“SEC. 10996G. EVALUATIONS, TECHNICAL ASSISTANCE, AND**  
 17                   **DISSEMINATION.**

18          “(a) IN GENERAL.—From the amount made avail-  
 19   able to carry out this part for any fiscal year, the Sec-  
 20   retary may reserve not more than 5 percent to carry out  
 21   evaluations, to provide technical assistance, and to dis-  
 22   seminate information.

23          “(b) EVALUATIONS.—In carrying out evaluations  
 24   under subsection (a), the Secretary may use the amount  
 25   reserved under subsection (a) to carry out 1 or more eval-

1 uations of State programs assisted under this part, which  
2 shall, at a minimum, address—

3 “(1) how, and the extent to which, the pro-  
4 grams promote educational equity and excellence;  
5 and

6 “(2) the extent to which public charter schools  
7 supported through the programs are—

8 “(A) held accountable to the public;

9 “(B) effective in improving public edu-  
10 cation; and

11 “(C) open and accessible to all students.

12 **“SEC. 10996H. AUTHORIZATION OF APPROPRIATIONS.**

13 “There is authorized to be appropriated to carry out  
14 this part \$400,000,000 for fiscal year 2002 and each sub-  
15 sequent fiscal year.”.

○