

105TH CONGRESS
1ST SESSION

S. 1

To provide for safe and affordable schools.

IN THE SENATE OF THE UNITED STATES

JANUARY 21, 1997

Mr. COVERDELL (for himself, Mr. COATS, Mr. GREGG, Mr. LOTT, Mr. BOND, Mr. ABRAHAM, Mr. ALLARD, Mr. ASHCROFT, Mr. CRAIG, Mr. DEWINE, Mr. DOMENICI, Mr. FAIRCLOTH, Mr. GORTON, Mr. GRAMS, Mr. HAGEL, Mr. HATCH, Mrs. HUTCHISON, Mr. HUTCHINSON, Mr. KYL, Mr. MCCAIN, Mr. MCCONNELL, Mr. MURKOWSKI, Mr. NICKLES, Mr. SMITH of New Hampshire, Mr. THURMOND, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for safe and affordable schools.

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 “Safe and Affordable
5 Schools Act of 1997”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds that—

1 (1) in too many of our Nation’s elementary and
2 secondary schools the test confronting our Nation’s
3 children is survival, not learning;

4 (2) our Nation’s schools will not be restored to
5 excellence unless parents, States, and local commu-
6 nities take the lead; and

7 (3) the Federal Government’s role in education
8 is quite properly to encourage, not to mandate.

9 (b) PURPOSE.—The purpose of this Act is—

10 (1) to ensure that parents, local communities
11 and States have the primary role in educating our
12 Nation’s children;

13 (2) to restore excellence to our Nation’s schools;

14 (3) to give local communities and States maxi-
15 mum flexibility in administering Federal education
16 programs;

17 (4) to allow education reforms to be tailored to
18 the unique needs of local communities and States;

19 (5) to place the highest priority on providing
20 our Nation’s students with safe, drug-free learning
21 environments;

22 (6) to ensure that the choice of whether to at-
23 tend college is to the greatest extent possible the re-
24 sult of individual student desire and initiative, not
25 the result of economic circumstances that leave

1 young parents wondering how they can best provide
2 such an education in the face of staggering college
3 tuition costs;

4 (7) to focus resources on adult education, real-
5 izing that education often is a lifelong process; and

6 (8) to promote literacy by attacking our Na-
7 tion’s unacceptably high level of illiteracy.

8 **TITLE I—SAFE AND DRUG-FREE**
9 **SCHOOLS INITIATIVE**
10 **Subtitle A—Student Opportunity**
11 **and Safety**

12 **SEC. 111. SHORT TITLE.**

13 This subtitle may be cited as the “Student Oppor-
14 tunity and Safety Act”.

15 **SEC. 112. FINDINGS AND PURPOSE.**

16 (a) FINDINGS.—The Congress finds as follows:

17 (1) Violence, crime, and illegal drug activity
18 have increased significantly in our Nation’s public
19 schools.

20 (2) It is estimated that 3,000,000 violent acts
21 or thefts occur in or near schools, and that one in
22 five public high school students carries a weapon.

23 (3) The incidence of violence, and criminal and
24 illegal drug activity within public elementary and

1 secondary schools threatens the school environment
2 and interferes with the learning process.

3 (4) 2,000,000 more children are using drugs in
4 1997 than were doing so in 1993. For the first time
5 in the 1990s, over half of our Nation's graduating
6 high school seniors have experimented with drugs
7 and approximately 1 out of every 4 of the students
8 have used drugs in the past month.

9 (5) After 11 years of declining marijuana use
10 among children aged 12 to 17, such use doubled be-
11 tween 1992 and 1995. The number of 8th graders
12 who have used marijuana in the past month has
13 more than tripled since 1991.

14 (6) More of our Nation's school children are be-
15 coming involved with hard core drugs at earlier ages,
16 as use of heroin and cocaine by 8th graders has
17 more than doubled since 1991.

18 (7) Students have a right to be safe and secure
19 in their persons while attending school.

20 (8) Low-income families whose children attend
21 high poverty public schools generally lack the finan-
22 cial ability to enroll their children in private schools
23 or the opportunity to choose to enroll their children
24 in public schools less impacted by poverty, illegal

1 drugs, or violence, while such alternatives are typi-
2 cally available to more affluent families.

3 (9) Numerous research studies, including the
4 1993 National Assessment of the Chapter 1 Pro-
5 gram, have concluded that students attending high
6 poverty public schools have much lower levels of aca-
7 demic achievement than other students, regardless of
8 the income level of the family of such students.

9 (10) Federally supported efforts to meet the
10 educational needs of disadvantaged children attend-
11 ing high poverty schools have had little, if any, suc-
12 cess in improving student achievement, especially in
13 the highest poverty schools and school districts.

14 (11) Evidence obtained from systematic evalua-
15 tions of school choice demonstration projects that in-
16 volve public and private, including sectarian, schools
17 will make an important contribution toward resolv-
18 ing debates over the most effective means of improv-
19 ing the academic achievement of disadvantaged chil-
20 dren.

21 (12) It is increasingly important that children
22 from families of all income levels meet high stand-
23 ards of academic achievement, in order to exercise
24 the responsibilities of citizenship and to compete in
25 globally competitive markets.

1 (b) PURPOSE.—It is the purpose of this subtitle—

2 (1) to provide children from low-income families
3 who attend unsafe schools with the option of attend-
4 ing safer schools;

5 (2) to improve schools and academic programs
6 by providing certain low-income parents with in-
7 creased consumer power and dollars to choose safer
8 and drug-free schools and programs that such par-
9 ents determine best fit the needs of their children;

10 (3) to engage more fully certain low-income
11 parents in their children’s schooling;

12 (4) through families, to provide at the school
13 site new dollars that teachers and principals may use
14 to help certain children achieve high educational
15 standards; and

16 (5) to demonstrate, through a discretionary
17 demonstration grant program, the effects of projects
18 that provide certain low-income families with more
19 of the same choices regarding all schools, including
20 public, private, or sectarian schools, that wealthier
21 families have.

22 **SEC. 113. DEFINITIONS.**

23 As used in this subtitle—

1 (1) the term “choice school” means any public
2 or private school, including a private sectarian
3 school or a public charter school, that—

4 (A) is involved in a demonstration project
5 assisted under this subtitle; and

6 (B) is not an unsafe school;

7 (2) the term “eligible child” means a child in
8 any of the grades 1 through 12—

9 (A) whose family income does not exceed
10 185 percent of the poverty line; and

11 (B) who would normally be assigned to at-
12 tend an unsafe school in the absence of—

13 (i) a demonstration project under this
14 subtitle; or

15 (ii) participation, prior to the date of
16 enactment of this Act, in a school choice
17 program;

18 (3) the term “eligible entity” means a public
19 agency, institution, or organization, such as a State,
20 a State or local educational agency, a consortium of
21 public agencies, or a consortium of public and pri-
22 vate nonprofit organizations, that can demonstrate,
23 to the satisfaction of the Secretary, its ability to—

24 (A) receive, disburse, and account for Fed-
25 eral funds; and

1 (B) carry out the activities described in its
2 application under this subtitle;

3 (4) the term “evaluating agency” means any
4 academic institution, consortium of professionals, or
5 private or nonprofit organization, with demonstrated
6 experience in conducting evaluations, that is not an
7 agency or instrumentality of the Federal Govern-
8 ment;

9 (5) the term “local educational agency” has the
10 same meaning given such term in section 14101 of
11 the Elementary and Secondary Education Act of
12 1965 (20 U.S.C. 8801);

13 (6) the term “parent” includes a legal guardian
14 or other individual acting in loco parentis;

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

21 (8) the term “school” means a school that pro-
22 vides elementary education or secondary education
23 (through grade 12), as determined under State law;

24 (9) the term “Secretary” means the Secretary
25 of Education;

1 (10) the term “State” means each of the 50
2 States of the United States, the District of Colum-
3 bia, and the Commonwealth of Puerto Rico; and

4 (11) the term “unsafe school” means a school
5 that has serious crime, violence, illegal drug, and
6 discipline problems, as indicated by conditions that
7 may include high rates of—

8 (A) expulsions and suspensions of students
9 from school;

10 (B) referrals of students to alternative
11 schools for disciplinary reasons, to special pro-
12 grams or schools for delinquent youth, or to ju-
13 venile court;

14 (C) victimization of students or teachers by
15 criminal acts, including robbery, assault and
16 homicide;

17 (D) enrolled students who are under court
18 supervision for past criminal behavior;

19 (E) possession, use, sale or distribution of
20 illegal drugs;

21 (F) enrolled students who are attending
22 school while under the influence of illegal drugs;

23 (G) possession or use of guns or other
24 weapons;

25 (H) participation in youth gangs; or

1 (I) crimes against property, such as theft
2 or vandalism.

3 **SEC. 114. AUTHORIZATION OF APPROPRIATIONS.**

4 There are authorized to be appropriated \$50,000,000
5 for the fiscal year 1998, and such sums as may be nec-
6 essary for each of the fiscal years 1999 through 2002, to
7 carry out this subtitle.

8 **SEC. 115. PROGRAM AUTHORIZED.**

9 (a) RESERVATION.—From the amount appropriated
10 pursuant to the authority of section 114 in any fiscal year,
11 the Secretary shall reserve and make available to the
12 Comptroller General of the United States 2 percent for
13 evaluation of programs assisted under this subtitle in ac-
14 cordance with section 121.

15 (b) GRANTS.—

16 (1) IN GENERAL.—From the amount appro-
17 priated pursuant to the authority of section 114 and
18 not reserved under subsection (a) for any fiscal year,
19 the Secretary shall award grants to eligible entities
20 to enable such entities to carry out at least 20, but
21 not more than 30, demonstration projects under
22 which low-income parents receive education certifi-
23 cates for the costs of enrolling their eligible children
24 in a choice school.

1 (2) AMOUNT.—The Secretary shall award
2 grants under paragraph (1) for fiscal year 1998 so
3 that—

4 (A) not more than 2 grants are awarded in
5 amounts of \$5,000,000 or less; and

6 (B) grants not described in subparagraph
7 (A) are awarded in amounts of \$3,000,000 or
8 less.

9 (3) CONTINUING ELIGIBILITY.—The Secretary
10 shall continue a demonstration project under this
11 subtitle by awarding a grant under paragraph (1) to
12 an eligible entity that received such a grant for a fis-
13 cal year preceding the fiscal year for which the de-
14 termination is made, if the Secretary determines
15 that such eligible entity was in compliance with this
16 subtitle for such preceding fiscal year.

17 (4) PRIORITY.—The Secretary shall give prior-
18 ity to awarding a grant under paragraph (1) to an
19 eligible entity that—

20 (A) is conducting a school choice program,
21 involving public or private schools, on the date
22 of enactment of this Act; and

23 (B) operates a school choice program, in-
24 volving public and private schools, that is au-
25 thorized by Federal law.

1 (c) USE OF GRANTS.—Grants awarded under sub-
2 section (b) shall be used to pay the costs of—

3 (1) providing education certificates to low-in-
4 come parents to enable such parents to pay the tui-
5 tion, the fees, the allowable costs of transportation,
6 if any, and the costs of complying with section
7 119(a)(1), if any, for their eligible children to attend
8 a choice school; and

9 (2) administration of the demonstration project,
10 which shall not exceed 15 percent of the amount re-
11 ceived in the first fiscal year for which the eligible
12 entity provides education certificates under this sub-
13 title or 10 percent in any subsequent year, includ-
14 ing—

15 (A) seeking the involvement of choice
16 schools in the demonstration project;

17 (B) providing information about the dem-
18 onstration project, and the schools involved in
19 the demonstration project, to parents of eligible
20 children;

21 (C) making determinations of eligibility for
22 participation in the demonstration project for
23 eligible children;

24 (D) selecting students to participate in the
25 demonstration project;

1 (E) determining the amount of, and issu-
2 ing, education certificates;

3 (F) compiling and maintaining such finan-
4 cial and programmatic records as the Secretary
5 may prescribe; and

6 (G) collecting such information about the
7 effects of the demonstration project as the eval-
8 uating agency may need to conduct the evalua-
9 tion described in section 121.

10 (d) SPECIAL RULE.—Any school participating in the
11 demonstration program under this subtitle shall comply
12 with title VI of the Civil Rights Act of 1964 (42 U.S.C.
13 2000d et seq.) and not discriminate on the basis of race,
14 color, or national origin.

15 (e) SUPPLEMENT NOT SUPPLANT.—Each eligible en-
16 tity receiving funds under this subtitle shall use such
17 funds to supplement and not supplant the amount of
18 funds that would, in the absence of such Federal funds,
19 be made available from other sources to carry out the ac-
20 tivities assisted under this subtitle.

21 (f) SUPPLEMENTATION OF FUNDING.—Each eligible
22 entity receiving funds under this section is encouraged to
23 supplement the funding received under this subtitle with
24 funding received from State, local, or private sources.

25 (g) EDUCATION CERTIFICATES.—

1 (1) ASSISTANCE TO FAMILIES, NOT CHOICE
2 SCHOOLS.—Education certificates provided under
3 this subtitle shall be considered to be aid to families,
4 not choice schools. A parent’s use of an education
5 certificate at a choice school under this subtitle shall
6 not be construed to be Federal financial aid or as-
7 sistance to that choice school.

8 (2) TAXES AND DETERMINATIONS OF ELIGI-
9 BILITY FOR OTHER FEDERAL PROGRAMS.—Edu-
10 cation certificates provided under this subtitle shall
11 not be considered as income to an eligible child or
12 the parent of such eligible child for Federal, State,
13 or local tax purposes or for determining eligibility
14 for any other Federal program.

15 **SEC. 116. AUTHORIZED PROJECTS; PRIORITY.**

16 (a) AUTHORIZED PROJECTS.—The Secretary may
17 award a grant under this subtitle only for a demonstration
18 project that—

19 (1) involves at least one local educational agen-
20 cy that—

21 (A) receives funds under section 1124A of
22 the Elementary and Secondary Education Act
23 of 1965 (20 U.S.C. 6334); and

24 (B) is among the 20 percent of local edu-
25 cational agencies receiving funds under section

1 1124A of such Act (20 U.S.C. 6334) in the
2 State and having the highest number or great-
3 est percentage of children described in section
4 1124(c) of such Act (20 U.S.C. 6333(c)); and
5 (2) includes the involvement of a sufficient
6 number of public and private choice schools, includ-
7 ing sectarian schools, to allow for a valid demonstra-
8 tion project.

9 (b) PRIORITY.—In awarding grants under this sub-
10 title, the Secretary shall give priority to demonstration
11 projects—

12 (1) in which choice schools offer an enrollment
13 opportunity to the broadest range of eligible chil-
14 dren;

15 (2) that involve diverse types of choice schools;
16 and

17 (3) that will contribute to the geographic diver-
18 sity of demonstration projects assisted under this
19 subtitle, including awarding grants for demonstra-
20 tion projects in States that are primarily rural and
21 awarding grants for demonstration projects in States
22 that are primarily urban.

23 **SEC. 117. APPLICATIONS.**

24 (a) IN GENERAL.—Any eligible entity that wishes to
25 receive a grant under this subtitle shall submit an applica-

1 tion to the Secretary at such time and in such manner
2 as the Secretary may prescribe.

3 (b) CONTENTS.—Each application described in sub-
4 section (a) shall contain—

5 (1) information demonstrating the eligibility for
6 participation in the demonstration program of the
7 eligible entity;

8 (2) a description of how the eligible entity will
9 determine a school to be a unsafe school in accord-
10 ance with section 113(11);

11 (3) with respect to choice schools—

12 (A) a description of the types of potential
13 choice schools that will be involved in the dem-
14 onstration project;

15 (B)(i) a description of the procedures used
16 to encourage public and private schools to be
17 involved in the demonstration project; and

18 (ii) a description of how the eligible entity
19 will annually determine the number of spaces
20 available for eligible children in each choice
21 school;

22 (C) an assurance that each choice school
23 will not impose higher standards for admission
24 or participation in its programs and activities
25 for eligible children provided education certifi-

1 cates under this subtitle than the choice school
2 does for other children;

3 (D) an assurance that the eligible entity
4 will terminate the involvement of any choice
5 school that fails to comply with the conditions
6 of its involvement in the demonstration project;
7 and

8 (E) a description of the extent to which
9 choice schools will accept education certificates
10 under this subtitle as full or partial payment
11 for tuition and fees;

12 (4) with respect to the participation in the dem-
13 onstration project of eligible children—

14 (A) a description of the procedures to be
15 used to make a determination of eligibility for
16 participation in the demonstration project for
17 an eligible child;

18 (B) a description of the procedures to be
19 used to ensure that, in selecting eligible chil-
20 dren to participate in the demonstration
21 project, the eligible entity will—

22 (i) apply the same criteria to both
23 public and private school eligible children;
24 and

1 (ii) give priority to eligible children
2 from the lowest income families;

3 (C) a description of the procedures to be
4 used to ensure maximum choice of schools for
5 participating eligible children; and

6 (D) a description of the procedures to be
7 used to ensure compliance with section
8 119(a)(1), which may include—

9 (i) the direct provision of services by
10 a local educational agency; and

11 (ii) arrangements made by a local
12 educational agency with other service pro-
13 viders;

14 (5) with respect to the operation of the dem-
15 onstration project—

16 (A) a description of the procedures to be
17 used for the issuance and redemption of edu-
18 cation certificates under this subtitle;

19 (B) a description of the procedures by
20 which a choice school will make a pro rata re-
21 fund of the education certificate under this sub-
22 title for any participating eligible child who
23 withdraws from the school for any reason, be-
24 fore completing 75 percent of the school attend-

1 ance period for which the education certificate
2 was issued;

3 (C) a description of the procedures to be
4 used to provide the parental notification de-
5 scribed in section 120;

6 (D) an assurance that the eligible entity
7 will place all funds received under this subtitle
8 into a separate account, and that no other
9 funds will be placed in such account;

10 (E) an assurance that the eligible entity
11 will cooperate with the Comptroller General of
12 the United States and the evaluating agency in
13 carrying out the evaluations described in section
14 121; and

15 (F) an assurance that the eligible entity
16 will—

17 (i) maintain such records as the Sec-
18 retary may require; and

19 (ii) comply with reasonable requests
20 from the Secretary for information; and

21 (6) such other assurances and information as
22 the Secretary may require.

23 **SEC. 118. EDUCATION CERTIFICATES.**

24 (a) EDUCATION CERTIFICATES.—

1 (1) AMOUNT.—The amount of an eligible
2 child’s education certificate under this subtitle shall
3 be determined by the eligible entity, but shall be an
4 amount that provides to the recipient of the edu-
5 cation certificate the maximum degree of choice in
6 selecting the choice school the eligible child will at-
7 tend.

8 (2) CONSIDERATIONS.—

9 (A) IN GENERAL.—Subject to such regula-
10 tions as the Secretary shall prescribe, in deter-
11 mining the amount of an education certificate
12 under this subtitle an eligible entity shall con-
13 sider—

14 (i) the additional reasonable costs of
15 transportation directly attributable to the
16 eligible child’s participation in the dem-
17 onstration project; and

18 (ii) the cost of complying with section
19 119(a)(1).

20 (B) SCHOOLS CHARGING TUITION.—If an
21 eligible child participating in a demonstration
22 project under this subtitle was attending a pub-
23 lic or private school that charged tuition for the
24 year preceding the first year of such participa-
25 tion, then in determining the amount of an edu-

1 cation certificate for such eligible child under
2 this subtitle the eligible entity shall consider—

3 (i) the tuition charged by such school
4 for such eligible child in such preceding
5 year; and

6 (ii) the amount of the education cer-
7 tificates under this subtitle that are pro-
8 vided to other eligible children.

9 (3) SPECIAL RULE.—An eligible entity may pro-
10 vide an education certificate under this subtitle to
11 the parent of an eligible child who chooses to attend
12 a school that does not charge tuition or fees, to pay
13 the additional reasonable costs of transportation di-
14 rectly attributable to the eligible child’s participation
15 in the demonstration project or the cost of comply-
16 ing with section 119(a)(1).

17 (b) ADJUSTMENT.—The amount of the education cer-
18 tificate for a fiscal year may be adjusted in the second
19 and third years of an eligible child’s participation in a
20 demonstration project under this subtitle to reflect any in-
21 crease or decrease in the tuition, fees, or transportation
22 costs directly attributable to that eligible child’s continued
23 attendance at a choice school, but shall not be increased
24 for this purpose by more than 10 percent of the amount
25 of the education certificate for the fiscal year preceding

1 the fiscal year for which the determination is made. The
2 amount of the education certificate may also be adjusted
3 in any fiscal year to comply with section 119(a)(1).

4 (c) MAXIMUM AMOUNT.—Notwithstanding any other
5 provision of this section, the amount of an eligible child’s
6 education certificate shall not exceed the per pupil expend-
7 iture for elementary or secondary education, as appro-
8 priate, by the local educational agency in which the public
9 school to which the eligible child would normally be as-
10 signed is located for the fiscal year preceding the fiscal
11 year for which the determination is made.

12 **SEC. 119. EFFECT ON OTHER PROGRAMS.**

13 (a) EFFECT ON OTHER PROGRAMS.—

14 (1) IN GENERAL.—An eligible child participat-
15 ing in a demonstration project under this subtitle,
16 who, in the absence of such a demonstration project,
17 would have received services under part A of title I
18 of the Elementary and Secondary Education Act of
19 1965 (20 U.S.C. 6311 et seq.) shall be provided
20 such services.

21 (2) PART B OF THE INDIVIDUALS WITH DIS-
22 ABILITIES EDUCATION ACT.—Nothing in this sub-
23 title shall be construed to affect the requirements of
24 part B of the Individuals with Disabilities Education
25 Act (20 U.S.C. 1411 et seq.).

1 (b) COUNTING OF ELIGIBLE CHILDREN.—Notwith-
 2 standing any other provision of law, any local educational
 3 agency participating in a demonstration project under this
 4 subtitle may count eligible children who, in the absence
 5 of such a demonstration project, would attend the schools
 6 of such agency, for purposes of receiving funds under any
 7 program administered by the Secretary.

8 (c) SECTARIAN INSTITUTIONS.—Nothing in this sub-
 9 title shall be construed to supersede or modify any provi-
 10 sion of a State constitution that prohibits the expenditure
 11 of public funds in or by sectarian institutions.

12 **SEC. 120. PARENTAL NOTIFICATION.**

13 Each eligible entity receiving a grant under this sub-
 14 title shall provide timely notice of the demonstration
 15 project to parents of eligible children residing in the area
 16 to be served by the demonstration project. At a minimum,
 17 such notice shall—

18 (1) describe the demonstration project;

19 (2) describe the eligibility requirements for par-
 20 ticipation in the demonstration project;

21 (3) describe the information needed to make a
 22 determination of eligibility for participation in the
 23 demonstration project for an eligible child;

24 (4) describe the selection procedures to be used
 25 if the number of eligible children seeking to partici-

1 pate in the demonstration project exceeds the num-
2 ber that can be accommodated in the demonstration
3 project;

4 (5) provide information about each choice
5 school, including information about any admission
6 requirements or criteria for each choice school par-
7 ticipating in the demonstration project; and

8 (6) include the schedule for parents to apply for
9 their eligible children to participate in the dem-
10 onstration project.

11 **SEC. 121. EVALUATION.**

12 (a) ANNUAL EVALUATION.—

13 (1) CONTRACT.—The Comptroller General of
14 the United States shall enter into a contract, with
15 an evaluating agency that has demonstrated experi-
16 ence in conducting evaluations, for the conduct of an
17 ongoing rigorous evaluation of the demonstration
18 program under this subtitle.

19 (2) ANNUAL EVALUATION REQUIREMENT.—The
20 contract described in paragraph (1) shall require the
21 evaluating agency entering into such contract to an-
22 nually evaluate each demonstration project under
23 this subtitle in accordance with the evaluation cri-
24 teria described in subsection (b).

1 (3) TRANSMISSION.—The contract described in
2 paragraph (1) shall require the evaluating agency
3 entering into such contract to transmit to the Comptroller General of the United States—
4

5 (A) the findings of each annual evaluation
6 under paragraph (1); and

7 (B) a copy of each report received pursuant to section 122(a) for the applicable year.
8

9 (b) EVALUATION CRITERIA.—The Comptroller General of the United States, in consultation with the Secretary, shall establish minimum criteria for evaluating the
10 demonstration program under this subtitle. Such criteria
11 shall provide for—
12

13 (1) a description of the implementation of each
14 demonstration project under this subtitle and the
15 demonstration project's effects on all participants,
16 schools, and communities in the demonstration
17 project area, with particular attention given to the
18 effect of parent participation in the life of the school
19 and the level of parental satisfaction with the demonstration program; and
20

21 (2) a comparison of the educational achievement of, and the incidences of violence and drug activity related to, all students in the demonstration
22 project area, including a comparison of similar—
23
24
25

1 (A) students receiving education certifi-
2 cates under this subtitle; and

3 (B) students not receiving education cer-
4 tificates under this subtitle.

5 **SEC. 122. REPORTS.**

6 (a) REPORT BY GRANT RECIPIENT.—Each eligible
7 entity receiving a grant under this subtitle shall submit
8 to the evaluating agency entering into the contract under
9 section 121(a)(1) an annual report regarding the dem-
10 onstration project under this subtitle. Each such report
11 shall be submitted at such time, in such manner, and ac-
12 companied by such information, as such evaluating agency
13 may require.

14 (b) REPORTS BY COMPTROLLER GENERAL.—

15 (1) ANNUAL REPORTS.—The Comptroller Gen-
16 eral of the United States shall report annually to the
17 Congress on the findings of the annual evaluation
18 under section 121(a)(2) of each demonstration
19 project under this subtitle. Each such report shall
20 contain a copy of—

21 (A) the annual evaluation under section
22 121(a)(2) of each demonstration project under
23 this subtitle; and

24 (B) each report received under subsection
25 (a) for the applicable year.

1 (2) FINAL REPORT.—The Comptroller General
 2 shall submit a final report to the Congress within 6
 3 months after the conclusion of the demonstration
 4 program under this subtitle that summarizes the
 5 findings of the annual evaluations conducted pursu-
 6 ant to section 121(a)(2).

7 **Subtitle B—Common Sense School**
 8 **Safety**

9 **SEC. 141. SHORT TITLE.**

10 This subtitle may be cited as the “Common Sense
 11 School Safety Act”.

12 **CHAPTER I—PUPIL SAFETY AND FAMILY**
 13 **CHOICE**

14 **SEC. 151. PUPIL SAFETY AND FAMILY SCHOOL CHOICE.**

15 Subpart 1 of part A of title I of the Elementary and
 16 Secondary Education Act of 1965 (20 U.S.C. 6311 et
 17 seq.) is amended by inserting after section 1115A of such
 18 Act (20 U.S.C. 6316) the following:

19 **“SEC. 1115B. PUPIL SAFETY AND FAMILY SCHOOL CHOICE.**

20 “(a) IN GENERAL.—If a student is eligible to be
 21 served under section 1115(b), or attends a school eligible
 22 for a schoolwide program under section 1114, and be-
 23 comes a victim of a violent criminal offense while in or
 24 on the grounds of a public elementary school or secondary
 25 school that the student attends and that receives assist-

1 ance under this part, then the local educational agency
2 may use funds provided under this part to pay the supple-
3 mentary costs for such student to attend another school.
4 The agency may use the funds to pay for the supple-
5 mentary costs of such student to attend any other public
6 or private elementary school or secondary school, including
7 a sectarian school, in the same State as the school where
8 the criminal offense occurred, that is selected by the stu-
9 dent's parent. The State educational agency shall deter-
10 mine what actions constitute a violent criminal offense for
11 purposes of this section.

12 “(b) SUPPLEMENTARY COSTS.—The supplementary
13 costs referred to in subsection (a) shall not exceed—

14 “(1) in the case of a student for whom funds
15 under this section are used to enable the student to
16 attend a public elementary school or secondary
17 school served by a local educational agency that also
18 serves the school where the violent criminal offense
19 occurred, the costs of supplementary educational
20 services and activities described in section 1114(b)
21 or 1115(c) that are provided to the student;

22 “(2) in the case of a student for whom funds
23 under this section are used to enable the student to
24 attend a public elementary school or secondary
25 school served by a local educational agency that does

1 not serve the school where the violent criminal of-
2 fense occurred but is located in the same State—

3 “(A) the costs of supplementary edu-
4 cational services and activities described in sec-
5 tion 1114(b) or 1115(c) that are provided to
6 the student; and

7 “(B) the reasonable costs of transportation
8 for the student to attend the school selected by
9 the student’s parent; and

10 “(3) in the case of a student for whom funds
11 under this section are used to enable the student to
12 attend a private elementary school or secondary
13 school, including a sectarian school, the costs of tui-
14 tion, required fees, and the reasonable costs of such
15 transportation.

16 “(c) CONSTRUCTION.—Nothing in this Act or any
17 other Federal law shall be construed to prevent a parent
18 assisted under this section from selecting the public or pri-
19 vate elementary school or secondary school that a child
20 of the parent will attend within the State.

21 “(d) CONSIDERATION OF ASSISTANCE.—Assistance
22 used under this section to pay the costs for a student to
23 attend a private school shall not be considered to be Fed-
24 eral aid to the school, and the Federal Government shall
25 have no authority to influence or regulate the operations

1 of a private school as a result of assistance received under
2 this section.

3 “(e) CONTINUING ELIGIBILITY.—A student assisted
4 under this section shall remain eligible to continue receiv-
5 ing assistance under this section for at least 3 academic
6 years without regard to whether the student is eligible for
7 assistance under section 1114 or 1115(b).

8 “(f) STATE LAW.—All actions undertaken under this
9 section shall be undertaken in accordance with State law
10 and may be undertaken only to the extent such actions
11 are permitted under State law.

12 “(g) TUITION CHARGES.—Assistance under this sec-
13 tion may not be used to pay tuition or required fees at
14 a private elementary school or secondary school in an
15 amount that is greater than the tuition and required fees
16 paid by students not assisted under this section at such
17 school.

18 “(h) SPECIAL RULE.—Any school receiving assist-
19 ance provided under this section shall comply with title
20 VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et
21 seq.) and not discriminate on the basis of race, color, or
22 national origin.

23 “(i) ASSISTANCE; TAXES AND OTHER FEDERAL PRO-
24 GRAMS.—

1 “(1) ASSISTANCE TO FAMILIES, NOT
2 SCHOOLS.—Assistance provided under this section
3 shall be considered to be aid to families, not schools.
4 Use of such assistance at a school shall not be con-
5 strued to be Federal financial aid or assistance to
6 that school.

7 “(2) TAXES AND DETERMINATIONS OF ELIGI-
8 BILITY FOR OTHER FEDERAL PROGRAMS.—Assist-
9 ance provided under this section to a student shall
10 not be considered to be income of the student or the
11 parent of such student for Federal, State, or local
12 tax purposes or for determining eligibility for any
13 other Federal program.

14 “(j) PART B OF THE INDIVIDUALS WITH DISABIL-
15 ITIES EDUCATION ACT.—Nothing in this section shall be
16 construed to affect the requirements of part B of the Indi-
17 viduals with Disabilities Education Act (20 U.S.C. 1411
18 et seq.).

19 “(k) SECTARIAN INSTITUTIONS.—Nothing in this
20 section shall be construed to supersede or modify any pro-
21 vision of a State constitution that prohibits the expendi-
22 ture of public funds in or by sectarian institutions.

23 “(l) MAXIMUM AMOUNT.—Notwithstanding any
24 other provision of this section, the amount of assistance
25 provided under this part for a student shall not exceed

1 the per pupil expenditure for elementary or secondary edu-
2 cation, as appropriate, by the local educational agency
3 that serves the school where the criminal offense occurred
4 for the fiscal year preceding the fiscal year for which the
5 determination is made.”.

6 **SEC. 152. TRANSFER OF REVENUES.**

7 (a) IN GENERAL.—Notwithstanding any other provi-
8 sion of Federal law, a State, a State educational agency,
9 or a local educational agency may transfer any non-Fed-
10 eral public funds associated with the education of a stu-
11 dent who is a victim of a violent criminal offense while
12 in or on the grounds of a public elementary school or sec-
13 ondary school served by a local educational agency to an-
14 other local educational agency or to a private elementary
15 school or secondary school, including a sectarian school.

16 (b) DEFINITIONS.—For the purpose of subsection
17 (a), the terms “elementary school”, “secondary school”,
18 “local educational agency”, and “State educational agen-
19 cy” have the meanings given such terms in section 14101
20 of the Elementary and Secondary Education Act of 1965
21 (20 U.S.C. 8801).

1 **CHAPTER II—VICTIM ASSISTANCE**
2 **PROGRAMS**

3 **SEC. 161. AMENDMENTS TO VICTIMS OF CRIME ACT OF**
4 **1984.**

5 (a) VICTIM COMPENSATION.—Section 1403 of the
6 Victims of Crime Act of 1984 (42 U.S.C. 10602) is
7 amended by adding at the end the following:

8 “(f) VICTIMS OF SCHOOL VIOLENCE.—Notwithstand-
9 ing any other provision of law, an eligible crime victim
10 compensation program may expend funds granted under
11 this section to offer compensation to elementary and sec-
12 ondary school students who are victims of elementary and
13 secondary school violence (as school violence is defined
14 under applicable State law).”.

15 (b) VICTIM AND WITNESS ASSISTANCE.—Section
16 1404(c) of the Victims of Crime Act of 1984 (42 U.S.C.
17 10603(c)) is amended by adding at the end the following:

18 “(4) ASSISTANCE FOR VICTIMS OF AND WIT-
19 NESSES TO SCHOOL VIOLENCE.—Notwithstanding
20 any other provision of law, the Director may make
21 a grant under this section for a demonstration
22 project or for training and technical assistance serv-
23 ices to a program that assists local educational agen-
24 cies (as local educational agency is defined in section
25 14101 of the Elementary and Secondary Education

1 Act of 1965 (20 U.S.C. 8801)) in developing, estab-
2 lishing, and operating programs that are designed to
3 protect victims of and witnesses to incidents of ele-
4 mentary and secondary school violence (as school vi-
5 olence is defined under applicable State law), includ-
6 ing programs designed to protect witnesses testifying
7 in school disciplinary proceedings.”.

8 **CHAPTER III—INNOVATIVE PROGRAMS TO**
9 **IMPROVE UNSAFE SCHOOLS**

10 **SEC. 171. FINDINGS AND PURPOSE.**

11 (a) FINDINGS.—Congress finds that—

12 (1) the continued presence in schools of violent
13 students who are a threat to both teachers and
14 other students is incompatible with a safe learning
15 environment;

16 (2) unsafe school environments place students
17 who are already at risk of school failure for other
18 reasons in further jeopardy;

19 (3) recently, over one-fourth of high school stu-
20 dents surveyed reported being threatened at school;

21 (4) 2,000,000 more children are using drugs in
22 1997 than were doing so a few short years prior to
23 1997;

24 (5) nearly 1 out of every 20 students in 6th
25 through 12th grade uses drugs on school grounds;

1 (6) more of our children are becoming involved
2 with hard drugs at earlier ages, as use of heroin and
3 cocaine by 8th graders has more than doubled since
4 1991; and

5 (7) greater cooperation between schools, par-
6 ents, law enforcement, the courts, and the commu-
7 nity is essential to making our schools safe from
8 drugs and violence.

9 **SEC. 172. PURPOSE.**

10 It is the purpose of this chapter—

11 (1) to urge States, State educational agencies,
12 and local educational agencies to provide comprehen-
13 sive services to victims and witnesses of school vio-
14 lence;

15 (2) to urge States, State educational agencies,
16 and local educational agencies to remove violent and
17 drug selling student offenders from school premises;

18 (3) to urge States, State educational agencies,
19 and local educational agencies to report violent
20 crimes and drug dealing on school grounds to appro-
21 priate law enforcement authorities;

22 (4) to provide incentive grants for States, State
23 educational agencies, and local educational agencies
24 to involve parents, former armed forces personnel,

1 and community volunteers in efforts to improve
2 school safety; and

3 (5) to provide incentive grants to States, State
4 educational agencies, and local educational agencies
5 to develop innovative programs to improve the safety
6 of our Nation's schools and to better serve at-risk
7 students.

8 **SEC. 173. DEFINITIONS.**

9 In this chapter:

10 (1) ELEMENTARY SCHOOL, LOCAL EDU-
11 CATIONAL AGENCY, SECONDARY SCHOOL, AND STATE
12 EDUCATIONAL AGENCY.—The terms “elementary
13 school”, “local educational agency”, “secondary
14 school”, and “State educational agency” have the
15 meanings given the terms in section 14101 of the
16 Elementary and Secondary Education Act of 1965
17 (20 U.S.C. 8801).

18 (2) SECRETARY.—The term “Secretary” means
19 the Secretary of Education.

20 **SEC. 174. AUTHORIZATION OF APPROPRIATIONS.**

21 There are authorized to be appropriated such sums
22 as may be necessary to carry out this chapter.

23 **SEC. 175. PROGRAM AUTHORIZED.**

24 (a) IN GENERAL.—The Secretary is authorized to
25 award grants to States, State educational agencies, and

1 local educational agencies to develop, establish, or conduct
2 innovative programs to improve unsafe elementary schools
3 or secondary schools.

4 (b) PRIORITY.—The Secretary shall give priority to
5 awarding grants under subsection (a) to—

6 (1) programs that provide parent and teacher
7 notification of crimes or drug activity occurring at
8 school;

9 (2) programs that provide for the suspension,
10 delay, or restriction of driving privileges of persons
11 under the age of 18 who have a conviction, an adju-
12 dication in a juvenile proceeding, or a finding in a
13 school disciplinary proceeding, involving illegal
14 drugs;

15 (3) programs that link local educational agen-
16 cies with community-based mentoring programs in
17 order to link individual at-risk youth with respon-
18 sible, individual adults who serve as mentors for the
19 purpose of—

20 (A) discouraging at-risk youth from—

21 (i) using illegal drugs;

22 (ii) violence;

23 (iii) using dangerous weapons;

24 (iv) criminal activity; and

25 (v) involvement in gangs;

1 (B) increasing youth participation in, and
2 enhancing the ability of such youth to benefit
3 from, elementary and secondary education;

4 (C) promoting personal and social respon-
5 sibility;

6 (D) encouraging at-risk youth participation
7 in community service and community activities;
8 and

9 (E) providing general guidance to at-risk
10 youth;

11 (4) programs that include cooperative efforts
12 between the Secretary and the Secretary of Defense
13 to share the training and salary costs of former
14 members of the Armed Forces who are hired as
15 teachers and assigned to teach in public elementary
16 schools and secondary schools, especially those pro-
17 grams located in communities that are adversely af-
18 fected by the recent closing or substantial
19 downsizing of a military base or facility; and

20 (5) programs to enhance school security meas-
21 ures that may include—

22 (A) equipping schools with metal detectors,
23 fences, closed circuit cameras, and other phys-
24 ical security measures;

1 (B) providing increased police patrols in
2 and around elementary schools and secondary
3 schools, including canine patrols;

4 (C) mailings to parents at the beginning of
5 the school year stating that the possession of a
6 gun or other weapon, or the sale of drugs in
7 school, will not be tolerated by school authori-
8 ties; and

9 (D) gun hotlines.

10 **SEC. 176. APPLICATION.**

11 (a) IN GENERAL.—Each State, State educational
12 agency, or local educational agency desiring a grant under
13 this chapter shall submit an application to the Secretary
14 at such time, in such manner, and accompanied by such
15 information as the Secretary may require.

16 (b) CONTENTS.—Each application submitted under
17 subsection (a) shall contain an assurance that the State
18 or agency has implemented or will implement policies
19 that—

20 (1) provide protections for victims and wit-
21 nesses to school crime, including protections for at-
22 tendance at school disciplinary proceedings;

23 (2) expel students who, on school grounds, sell
24 drugs, or who commit a violent offense that causes

1 serious bodily injury of another student or teacher;
 2 and

3 (3) require referral to law enforcement authori-
 4 ties or juvenile authorities of any student who on
 5 school grounds—

6 (A) commits a violent offense resulting in
 7 serious bodily injury; or

8 (B) sells drugs.

9 (c) SPECIAL RULE.—For purposes of paragraphs (2)
 10 and (3) of subsection (b), State law shall determine what
 11 constitutes a violent offense or serious bodily injury.

12 **CHAPTER IV—NOTIFICATION FOR JUVE-**
 13 **NILE JUSTICE AND LAW ENFORCE-**
 14 **MENT PURPOSES**

15 **SEC. 181. NOTIFICATION FOR JUVENILE JUSTICE AND LAW**
 16 **ENFORCEMENT PURPOSES.**

17 The Secretary of Education, not later than 90 days
 18 after the date of enactment of this Act, shall prepare and
 19 distribute to State educational agencies and local edu-
 20 cational agencies a notice regarding the extent of permis-
 21 sible disclosure of educational records under subpara-
 22 graphs (E) and (J) of section 444(b) of the General Edu-
 23 cation Provisions Act (20 U.S.C. 1232g), including under
 24 the regulations issued pursuant to such subparagraphs.

1 **TITLE II—AMENDMENTS TO THE**
2 **ELEMENTARY AND SECOND-**
3 **ARY EDUCATION ACT OF 1965**

4 **SEC. 201. SHORT TITLE.**

5 This title may be cited as the “State Education Flexi-
6 bility Act”.

7 **SEC. 202. AMENDMENTS TO ESEA.**

8 Subsection (b) of section 6301 of the Elementary and
9 Secondary Education Act of 1965 (20 U.S.C. 7351) is
10 amended—

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

13 (2) in paragraph (8), by striking the period and
14 inserting a semicolon; and

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

16 “(9) programs using scholarships or vouchers
17 provided to a parent by a local educational agency
18 that permit the parent to select the public or pri-
19 vate, including sectarian, school that the parent’s
20 child will attend, which programs may be similar to
21 the program assisted under title I of the Safe and
22 Affordable Schools Act of 1997, except that the pro-
23 visions of sections 6402 and 14507, and any gen-
24 erally applicable provision relating to a prohibition
25 against the use of Federal funds for religious wor-

1 ship or instruction, shall not apply to any program
 2 operated pursuant to this paragraph;

3 “(10) education reform projects that provide
 4 same gender schools, as long as comparable edu-
 5 cational opportunities are offered for students of
 6 both sexes; and

7 “(11) education reform projects that reward
 8 teachers, administrators, and schools with cash bo-
 9 nuses and other incentives for significantly improv-
 10 ing the academic performance of their students.”.

11 **TITLE III—TAX INCENTIVES FOR** 12 **HIGHER EDUCATION**

13 **SEC. 300. SHORT TITLE; AMENDMENT OF 1986 CODE.**

14 (a) **SHORT TITLE.**—This title may be cited as the
 15 “Affordable College Act”.

16 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
 17 wise expressly provided, whenever in this title an amend-
 18 ment or repeal is expressed in terms of an amendment
 19 to, or repeal of, a section or other provision, the reference
 20 shall be considered to be made to a section or other provi-
 21 sion of the Internal Revenue Code of 1986.

22 **SEC. 301. BOB DOLE EDUCATION INVESTMENT ACCOUNTS.**

23 (a) **IN GENERAL.**—Part VIII of subchapter F of
 24 chapter 1 (relating to qualified State tuition programs)
 25 is amended by adding at the end the following new section:

1 **“SEC. 530. BOB DOLE EDUCATION INVESTMENT ACCOUNTS.**

2 “(a) GENERAL RULE.—A Bob Dole education invest-
3 ment account (hereafter in this section referred to as an
4 ‘education investment account’) shall be exempt from tax-
5 ation under this subtitle. Notwithstanding the preceding
6 sentence, the education investment account shall be sub-
7 ject to the taxes imposed by section 511 (relating to impo-
8 sition of tax on unrelated business income of charitable
9 organizations).

10 “(b) LIMITATIONS ON ACCOUNTS.—

11 “(1) ACCOUNT MAY NOT BE ESTABLISHED FOR
12 BENEFIT OF MORE THAN 1 INDIVIDUAL.—An edu-
13 cation investment account may not be established for
14 the benefit of more than 1 individual.

15 “(2) SPECIAL RULE WHERE MORE THAN 1 AC-
16 COUNT.—If, at any time during a calendar year, 2
17 or more education investment accounts are main-
18 tained for the benefit of an individual, only the ac-
19 count first established shall be treated as a Bob
20 Dole education investment account for purposes of
21 this section. This paragraph shall not apply to the
22 extent more than 1 account exists solely by reason
23 of a rollover contribution.

24 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
25 poses of this section—

1 “(1) BOB DOLE EDUCATION INVESTMENT AC-
2 COUNT.—The term ‘Bob Dole education investment
3 account’ means a trust created or organized in the
4 United States exclusively for the purpose of paying
5 the qualified higher education expenses of the ac-
6 count holder, but only if the written governing in-
7 strument creating the trust meets the following re-
8 quirements:

9 “(A) No contribution will be accepted—

10 “(i) unless it is in cash,

11 “(ii) except in the case of rollover con-
12 tributions from another education invest-
13 ment account, in excess of \$1,000 for any
14 calendar year, and

15 “(iii) after the date on which the ac-
16 count holder attains age 18.

17 “(B) The trustee is a bank (as defined in
18 section 408(n)) or another person who dem-
19 onstrates to the satisfaction of the Secretary
20 that the manner in which that person will ad-
21 minister the trust will be consistent with the re-
22 quirements of this section.

23 “(C) No part of the trust assets will be in-
24 vested in life insurance contracts (other than
25 contracts the beneficiary of which is the trust

1 and the face amount of which does not exceed
2 the amount by which the maximum amount
3 which can be contributed to the education in-
4 vestment account exceeds the sum of the
5 amounts contributed to the account for all tax-
6 able years).

7 “(D) The assets of the trust shall not be
8 commingled with other property except in a
9 common trust fund or common investment
10 fund.

11 “(E) Any balance in the education invest-
12 ment account on the day after the date on
13 which the individual for whose benefit the trust
14 is established attains age 30 (or, if earlier, the
15 date on which such individual dies) shall be dis-
16 tributed within 30 days of such date to the ac-
17 count holder (or in the case of death, the bene-
18 ficiary).

19 “(2) TIME WHEN CONTRIBUTIONS DEEMED
20 MADE.—A taxpayer shall be deemed to have made a
21 contribution on the last day of the preceding taxable
22 year if the contribution is made on account of such
23 taxable year and is made not later than the time
24 prescribed by law for filing the return for such tax-
25 able year (including extensions thereof).

1 “(3) QUALIFIED HIGHER EDUCATION EX-
2 PENSES.—

3 “(A) IN GENERAL.—The term ‘qualified
4 higher education expenses’ has the same mean-
5 ing given such term by section 529(e)(3), ex-
6 cept that such expenses shall be reduced by any
7 amount described in section 135(d)(1) (relating
8 to certain scholarships and veterans benefits).

9 “(B) STATE TUITION PLANS.—Such term
10 shall include amounts paid or incurred to pur-
11 chase tuition credits or certificates, or to make
12 contributions to an account, under a qualified
13 State tuition program (as defined in section
14 529(b)).

15 “(4) ELIGIBLE EDUCATIONAL INSTITUTION.—
16 The term ‘eligible educational institution’ has the
17 meaning given such term by section 135(e)(3).

18 “(5) ACCOUNT HOLDER.—The term ‘account
19 holder’ means the individual for whose benefit the
20 education investment account is established.

21 “(d) TAX TREATMENT OF DISTRIBUTIONS.—

22 “(1) IN GENERAL.—Except as otherwise pro-
23 vided in this subsection, any amount paid or distrib-
24 uted out of an education investment account shall be
25 included in gross income of the payee or distributee

1 for the taxable year in the manner prescribed by sec-
2 tion 72. For purposes of the preceding sentence,
3 rules similar to the rules of section 408(d)(2) shall
4 apply.

5 “(2) DISTRIBUTION USED TO PAY EDU-
6 CATIONAL EXPENSES.—Paragraph (1) shall not
7 apply to any payment or distribution out of an edu-
8 cation investment account to the extent such pay-
9 ment or distribution is used exclusively to pay the
10 qualified higher education expenses of the account
11 holder.

12 “(3) SPECIAL RULE FOR APPLYING SECTION
13 2503.—If any payment or distribution from an edu-
14 cation investment account is used exclusively for the
15 payment to an eligible educational institution of the
16 qualified higher education expenses of the account
17 holder, such payment shall be treated as a qualified
18 transfer for purposes of section 2503(e).

19 “(4) ADDITIONAL TAX FOR DISTRIBUTIONS NOT
20 USED FOR EDUCATIONAL EXPENSES.—

21 “(A) IN GENERAL.—The tax imposed by
22 this chapter for any taxable year on any tax-
23 payer who receives a payment or distribution
24 from an education investment account which is
25 includible in gross income under paragraph (1)

1 shall be increased by 10 percent of the amount
2 which is so includible.

3 “(B) EXCEPTION FOR DISABILITY, DEATH,
4 OR SCHOLARSHIP.—Subparagraph (A) shall not
5 apply if the payment or distribution is—

6 “(i) made on account of the death or
7 disability of the account holder, or

8 “(ii) made on account of a scholarship
9 (or allowance or payment described in sec-
10 tion 135(d)(1) (B) or (C)) received by the
11 account holder to the extent the amount of
12 the payment or distribution does exceed
13 the amount of the scholarship, allowance,
14 or payment.

15 “(C) EXCESS CONTRIBUTIONS RETURNED
16 BEFORE DUE DATE OF RETURN.—Subpara-
17 graph (A) shall not apply to the distribution to
18 a contributor of any contribution paid during a
19 taxable year to an education investment account
20 to the extent that such contribution, when
21 added to previous contributions to the account
22 during the taxable year, exceeds \$1,000 if—

23 “(i) such distribution is received on or
24 before the day prescribed by law (including

1 extensions of time) for filing such contribu-
2 tor's return for such taxable year, and

3 “(ii) such distribution is accompanied
4 by the amount of net income attributable
5 to such excess contribution.

6 Any net income described in clause (ii) shall be
7 included in the gross income of the contributor
8 for the taxable year in which such excess con-
9 tribution was made.

10 “(5) ROLLOVER CONTRIBUTIONS.—Paragraph
11 (1) shall not apply to any amount paid or distrib-
12 uted from an education investment account to the
13 extent that the amount received is paid into another
14 education investment account for the benefit of the
15 account holder not later than the 60th day after the
16 day on which the holder receives the payment or dis-
17 tribution. The preceding sentence shall not apply to
18 any payment or distribution if it applied to any prior
19 payment or distribution during the 12-month period
20 ending on the date of the payment or distribution.

21 “(6) SPECIAL RULES FOR DEATH AND DI-
22 VORCE.—Rules similar to the rules of section 220(f)
23 (7) and (8) shall apply.

24 “(e) TAX TREATMENT OF ACCOUNTS.—Rules similar
25 to the rules of paragraphs (2) and (4) of section 408(e)

1 shall apply to any education investment account, and any
2 amount treated as distributed under such rules shall be
3 treated as not used to pay qualified higher education ex-
4 penses.

5 “(f) COMMUNITY PROPERTY LAWS.—This section
6 shall be applied without regard to any community property
7 laws.

8 “(g) CUSTODIAL ACCOUNTS.—For purposes of this
9 section, a custodial account shall be treated as a trust if
10 the assets of such account are held by a bank (as defined
11 in section 408(n)) or another person who demonstrates,
12 to the satisfaction of the Secretary, that the manner in
13 which he will administer the account will be consistent
14 with the requirements of this section, and if the custodial
15 account would, except for the fact that it is not a trust,
16 constitute an account described in subsection (b)(1). For
17 purposes of this title, in the case of a custodial account
18 treated as a trust by reason of the preceding sentence,
19 the custodian of such account shall be treated as the trust-
20 ee thereof.

21 “(h) REPORTS.—The trustee of an education invest-
22 ment account shall make such reports regarding such ac-
23 count to the Secretary and to the account holder with re-
24 spect to contributions, distributions, and such other mat-
25 ters as the Secretary may require under regulations. The

1 reports required by this subsection shall be filed at such
2 time and in such manner and furnished to such individuals
3 at such time and in such manner as may be required by
4 those regulations.”

5 (b) TAX ON PROHIBITED TRANSACTIONS.—Section
6 4975 (relating to prohibited transactions) is amended—

7 (1) by adding at the end of subsection (c) the
8 following new paragraph:

9 “(5) SPECIAL RULE FOR EDUCATION INVEST-
10 MENT ACCOUNTS.—An individual for whose benefit
11 an education investment account is established and
12 any contributor to such account shall be exempt
13 from the tax imposed by this section with respect to
14 any transaction concerning such account (which
15 would otherwise be taxable under this section) if,
16 with respect to such transaction, the account ceases
17 to be an education investment account by reason of
18 the application of section 530 to such account.”; and

19 (2) in subsection (e)(1), by striking “or” at the
20 end of subparagraph (D), by redesignating subpara-
21 graph (E) as subparagraph (F), and by inserting
22 after subparagraph (D) the following new subpara-
23 graph:

24 “(E) an education investment account de-
25 scribed in section 530, or”.

1 (c) FAILURE TO PROVIDE REPORTS ON EDUCATION
2 INVESTMENT ACCOUNTS.—Section 6693 (relating to fail-
3 ure to provide reports on individual retirement accounts
4 or annuities) is amended—

5 (1) by inserting “**OR ON EDUCATION IN-**
6 **VESTMENT ACCOUNTS**” after “**ANNUITIES**” in
7 the heading of such section, and

8 (2) in subsection (a)(2), by striking “and” at
9 the end of subparagraph (A), by striking the period
10 at the end of subparagraph (B) and inserting “,
11 and”, and by adding at the end the following new
12 subparagraph:

13 “(C) section 530(h) (relating to education
14 investment accounts).”

15 (d) COORDINATION WITH SAVINGS BOND EXCLU-
16 SION.—Section 135(d)(1) is amended by striking “or” at
17 the end of subparagraph (C), by striking the period at the
18 end of subparagraph (D) and inserting “, or”, and by in-
19 serting at the end the following new subparagraph:

20 “(E) a payment or distribution from an
21 education investment account (as defined in
22 section 530).”

23 (e) CLERICAL AMENDMENTS.—

1 (1) The table of sections for part VIII of sub-
2 chapter F of chapter 1 is amended by adding at the
3 end the following new item:

 “Sec. 530. Bob Dole education investment accounts.”

4 (2)(A) The heading for part VIII of subchapter
5 F of chapter 1 is amended to read as follows:

6 **“PART VIII—HIGHER EDUCATION SAVINGS**
7 **ENTITIES”.**

8 (B) The table of parts for subchapter F of
9 chapter 1 is amended by striking the item relating
10 to part VIII and inserting:

 “Part VIII. Higher education savings entities.”

11 (3) The table of sections for subchapter B of
12 chapter 68 is amended by striking the item relating
13 to section 6693 and inserting the following new
14 item:

 “Sec. 6693. Failure to provide reports on individual retirement
 accounts or annuities or on education investment
 accounts.”

15 (f) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 1996.

18 **SEC. 302. EMPLOYER-PROVIDED EDUCATIONAL ASSIST-**
19 **ANCE PROGRAMS.**

20 (a) PERMANENT EXTENSION.—Section 127 of the
21 Internal Revenue Code of 1986 (relating to exclusion for
22 educational assistance programs) is amended by striking

1 subsection (d) and by redesignating subsection (e) as sub-
2 section (d).

3 (b) REPEAL OF LIMITATION ON GRADUATE EDU-
4 CATION.—The last sentence of section 127(c)(1) of such
5 Code is amended by striking “, and such term also does
6 not include any payment for, or the provision of any bene-
7 fits with respect to, any graduate level course of a kind
8 normally taken by an individual pursuing a program lead-
9 ing to a law, business, medical, or other advanced aca-
10 demic or professional degree”.

11 (c) EFFECTIVE DATES.—

12 (1) EXTENSION.—The amendments made by
13 subsection (a) shall apply to taxable years beginning
14 after December 31, 1996.

15 (2) GRADUATE EDUCATION.—The amendment
16 made by subsection (b) shall apply with respect to
17 expenses relating to courses beginning after June
18 30, 1996.

19 **SEC. 303. MODIFICATIONS OF TAX TREATMENT OF QUALI-**
20 **FIED STATE TUITION PROGRAMS.**

21 (a) EXCLUSION OF DISTRIBUTIONS USED FOR EDU-
22 CATIONAL PURPOSES.—Subparagraph (B) of section
23 529(c)(3) is amended to read as follows:

24 “(B) DISTRIBUTIONS FOR QUALIFIED
25 HIGHER EDUCATION EXPENSES.—Subpara-

1 graph (A) shall not apply to any distribution to
2 the extent—

3 “(i) the distribution is used exclusively
4 to pay qualified higher education expenses
5 of the distributee, or

6 “(ii) the distribution consists of pro-
7 viding a benefit to the distributee which, if
8 paid for by the distributee, would con-
9 stitute payment of a qualified higher edu-
10 cation expense.”

11 (b) QUALIFIED HIGHER EDUCATION EXPENSES TO
12 INCLUDE ROOM AND BOARD.—Section 529(e)(3) is
13 amended to read as follows:

14 “(3) QUALIFIED HIGHER EDUCATION EX-
15 PENSES.—The term ‘qualified higher education ex-
16 penses’ means the cost of attendance (within the
17 meaning of section 472 of the Higher Education Act
18 of 1965 (20 U.S.C. 1087ll), as in effect on the date
19 of the enactment of the Affordable College Act) of
20 a designated beneficiary at an eligible educational
21 institution (as defined in section 135(c)(3)).”

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 1996.

1 **SEC. 304. DEDUCTION FOR INTEREST ON EDUCATION**
2 **LOANS.**

3 (a) IN GENERAL.—Part VII of subchapter B of chap-
4 ter 1 (relating to additional itemized deductions for indi-
5 viduals) is amended by redesignating section 221 as sec-
6 tion 222 and by inserting after section 220 the following
7 new section:

8 **“SEC. 221. INTEREST ON EDUCATION LOANS.**

9 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
10 individual, there shall be allowed as a deduction for the
11 taxable year an amount equal to the interest paid by the
12 taxpayer during the taxable year on any qualified edu-
13 cation loan.

14 “(b) MAXIMUM DEDUCTION.—

15 “(1) IN GENERAL.—Except as provided in para-
16 graph (2), the deduction allowed by subsection (a)
17 for the taxable year shall not exceed \$2,500.

18 “(2) LIMITATION BASED ON MODIFIED AD-
19 JUSTED GROSS INCOME.—

20 “(A) IN GENERAL.—If the modified ad-
21 justed gross income of the taxpayer for the tax-
22 able year exceeds \$45,000 (\$65,000 in the case
23 of a joint return), the amount which would (but
24 for this paragraph) be allowable as a deduction
25 under this section shall be reduced (but not
26 below zero) by the amount which bears the

1 same ratio to the amount which would be so al-
2 lowable as such excess bears to \$20,000.

3 “(B) MODIFIED ADJUSTED GROSS IN-
4 COME.—The term ‘modified adjusted gross in-
5 come’ means adjusted gross income deter-
6 mined—

7 “(i) without regard to this section and
8 sections 135, 911, 931, and 933, and

9 “(ii) after application of sections 86,
10 219, and 469.

11 For purposes of sections 86, 135, 219, and
12 469, adjusted gross income shall be determined
13 without regard to the deduction allowed under
14 this section.

15 “(C) INFLATION ADJUSTMENT.—In the
16 case of any taxable year beginning after 1997,
17 the \$45,000 and \$65,000 amounts referred to
18 in subparagraph (A) shall be increased by an
19 amount equal to—

20 “(i) such dollar amount, multiplied by

21 “(ii) the cost-of-living adjustment de-
22 termined under section (1)(f)(3) for the
23 calendar year in which the taxable year be-
24 gins, by substituting ‘1996’ for ‘1992’.

1 “(D) ROUNDING.—If any amount as ad-
2 justed under subparagraph (C) is not a multiple
3 of \$50, such amount shall be rounded to the
4 nearest multiple of \$50.

5 “(c) DEPENDENTS NOT ELIGIBLE FOR DEDUC-
6 TION.—No deduction shall be allowed by this section to
7 an individual for the taxable year if a deduction under sec-
8 tion 151 with respect to such individual is allowed to an-
9 other taxpayer for the taxable year beginning in the cal-
10 endar year in which such individual’s taxable year begins.

11 “(d) LIMIT ON PERIOD DEDUCTION ALLOWED.—A
12 deduction shall be allowed under this section only with re-
13 spect to interest paid on any qualified education loan dur-
14 ing the first 60 months (whether or not consecutive) in
15 which interest payments are required. For purposes of this
16 paragraph, any loan and all refinancings of such loan shall
17 be treated as 1 loan.

18 “(e) DEFINITIONS.—For purposes of this section—

19 “(1) QUALIFIED EDUCATION LOAN.—The term
20 ‘qualified education loan’ means any indebtedness
21 incurred to pay qualified higher education ex-
22 penses—

23 “(A) which are incurred on behalf of the
24 taxpayer, the taxpayer’s spouse, or any depend-

1 ent of the taxpayer as of the time the indebted-
2 ness was incurred,

3 “(B) which are paid or incurred within a
4 reasonable period of time before or after the in-
5 debtedness is incurred, and

6 “(C) which are attributable to education
7 furnished during a period during which the re-
8 cipient was at least a half-time student.

9 Such term includes indebtedness used to refinance
10 indebtedness which qualifies as a qualified education
11 loan. The term ‘qualified education loan’ shall not
12 include any indebtedness owed to a person who is re-
13 lated (within the meaning of section 267(b) or
14 707(b)(1)) to the taxpayer.

15 “(2) QUALIFIED HIGHER EDUCATION EX-
16 PENSES.—The term ‘qualified higher education ex-
17 penses’ means the cost of attendance (as defined in
18 section 472 of the Higher Education Act of 1965,
19 20 U.S.C. 1087ll, as in effect on the day before the
20 date of the enactment of this Act) of the taxpayer
21 or the taxpayer’s spouse at an eligible educational
22 institution, reduced by the sum of—

23 “(A) the amount excluded from gross in-
24 come under section 135 by reason of such ex-
25 penses, and

1 “(B) the amount of the reduction de-
2 scribed in section 135(d)(1).

3 For purposes of the preceding sentence, the term ‘el-
4 igible educational institution’ has the same meaning
5 given such term by section 135(c)(3), except that
6 such term shall also include an institution conduct-
7 ing an internship or residency program leading to a
8 degree or certificate awarded by an institution of
9 higher education, a hospital, or a health care facility
10 which offers postgraduate training.

11 “(3) HALF-TIME STUDENT.—The term ‘half-
12 time student’ means any individual who would be a
13 student as defined in section 151(c)(4) if ‘half-time’
14 were substituted for ‘full-time’ each place it appears
15 in such section.

16 “(4) DEPENDENT.—The term ‘dependent’ has
17 the meaning given such term by section 152.

18 “(f) SPECIAL RULES.—

19 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
20 tion shall be allowed under this section for any
21 amount for which a deduction is allowable under any
22 other provision of this chapter.

23 “(2) MARRIED COUPLES MUST FILE JOINT RE-
24 TURN.—If the taxpayer is married at the close of
25 the taxable year, the deduction shall be allowed

1 under subsection (a) only if the taxpayer and the
 2 taxpayer's spouse file a joint return for the taxable
 3 year.

4 “(3) MARITAL STATUS.—Marital status shall be
 5 determined in accordance with section 7703.”.

6 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-
 7 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)
 8 of section 62 is amended by inserting after paragraph (16)
 9 the following new paragraph:

10 “(17) INTEREST ON EDUCATION LOANS.—The
 11 deduction allowed by section 221.”

12 (c) REPORTING REQUIREMENT.—

13 (1) IN GENERAL.—Subpart B of part III of
 14 subchapter A of chapter 61 (relating to information
 15 concerning transactions with other persons) is
 16 amended by inserting after section 6050R the fol-
 17 lowing new section:

18 **“SEC. 6050S. RETURNS RELATING TO EDUCATION LOAN IN-**
 19 **TEREST RECEIVED IN TRADE OR BUSINESS**
 20 **FROM INDIVIDUALS.**

21 “(a) EDUCATION LOAN INTEREST OF \$600 OR
 22 MORE.—Any person—

23 “(1) who is engaged in a trade or business, and

24 “(2) who, in the course of such trade or busi-
 25 ness, receives from any individual interest aggregat-

1 ing \$600 or more for any calendar year on 1 or
2 more qualified education loans,
3 shall make the return described in subsection (b) with re-
4 spect to each individual from whom such interest was re-
5 ceived at such time as the Secretary may by regulations
6 prescribe.

7 “(b) FORM AND MANNER OF RETURNS.—A return
8 is described in this subsection if such return—

9 “(1) is in such form as the Secretary may pre-
10 scribe,

11 “(2) contains—

12 “(A) the name, address, and TIN of the
13 individual from whom the interest described in
14 subsection (a)(2) was received,

15 “(B) the amount of such interest received
16 for the calendar year, and

17 “(C) such other information as the Sec-
18 retary may prescribe.

19 “(c) APPLICATION TO GOVERNMENTAL UNITS.—For
20 purposes of subsection (a)—

21 “(1) TREATED AS PERSONS.—The term ‘per-
22 son’ includes any governmental unit (and any agency
23 or instrumentality thereof).

1 “(2) SPECIAL RULES.—In the case of a govern-
2 mental unit or any agency or instrumentality there-
3 of—

4 “(A) subsection (a) shall be applied with-
5 out regard to the trade or business requirement
6 contained therein, and

7 “(B) any return required under subsection
8 (a) shall be made by the officer or employee ap-
9 propriately designated for the purpose of mak-
10 ing such return.

11 “(d) STATEMENTS TO BE FURNISHED TO INDIVID-
12 UALS WITH RESPECT TO WHOM INFORMATION IS RE-
13 QUIRED.—Every person required to make a return under
14 subsection (a) shall furnish to each individual whose name
15 is required to be set forth in such return a written state-
16 ment showing—

17 “(1) the name and address of the person re-
18 quired to make such return, and

19 “(2) the aggregate amount of interest described
20 in subsection (a)(2) received by the person required
21 to make such return from the individual to whom
22 the statement is required to be furnished.

23 The written statement required under the preceding sen-
24 tence shall be furnished on or before January 31 of the

1 year following the calendar year for which the return
2 under subsection (a) was required to be made.

3 “(e) QUALIFIED EDUCATION LOAN DEFINED.—For
4 purposes of this section, except as provided in regulations
5 prescribed by the Secretary, the term ‘qualified education
6 loan’ has the meaning given such term by section
7 221(e)(1).

8 “(f) RETURNS WHICH WOULD BE REQUIRED TO BE
9 MADE BY 2 OR MORE PERSONS.—Except to the extent
10 provided in regulations prescribed by the Secretary, in the
11 case of interest received by any person on behalf of an-
12 other person, only the person first receiving such interest
13 shall be required to make the return under subsection
14 (a).”.

15 (2) ASSESSABLE PENALTIES.—Section 6724(d)
16 (relating to definitions) is amended—

17 (A) in paragraph (1)(B), by redesignating
18 clauses (x) through (xv) as clauses (xi) through
19 (xvi), respectively, and by inserting after clause
20 (ix) the following new clause:

21 “(x) section 6050S (relating to re-
22 turns relating to education loan interest re-
23 ceived in trade or business from individ-
24 uals),”, and

1 (B) in paragraph (2), by striking “or” at
2 the end of the next to last subparagraph, by
3 striking the period at the end of the last sub-
4 paragraph and inserting “, or”, and by adding
5 at the end the following new subparagraph:

6 “(Z) section 6050S(d) (relating to returns
7 relating to education loan interest received in
8 trade or business from individuals).”

9 (d) CLERICAL AMENDMENT.—The table of sections
10 for part VII of subchapter B of chapter 1 is amended by
11 striking the last item and inserting the following new
12 items:

“Sec. 221. Interest on education loans.
“Sec. 222. Cross reference.”.

13 (e) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to any qualified education loan (as
15 defined in section 221(e)(1) of the Internal Revenue Code
16 of 1986, as added by this section) incurred on, before, or
17 after the date of the enactment of this Act, but only with
18 respect to any loan interest payment due after December
19 31, 1996.

20 **SEC. 305. EXCLUSION OF FEDERAL WORK STUDY PAY-**
21 **MENTS.**

22 (a) IN GENERAL.—Section 117 (relating to exclusion
23 of qualified scholarships) is amended by adding at the end
24 the following new subsection:

1 “(e) EXCLUSION FOR WORK STUDY PAYMENTS.—
 2 Notwithstanding any other provision of this section, gross
 3 income does not include any amount received for services
 4 performed under a Federal work study program operated
 5 under section 441 of the Higher Education Act of 1965
 6 (42 U.S.C. 2751), as in effect on the date of the enact-
 7 ment of this subsection.”

8 (b) EFFECTIVE DATE.—The amendment made by
 9 this section shall apply to taxable years beginning after
 10 December 31, 1996.

11 **TITLE IV—FUNDING FOR PART B**
 12 **OF THE INDIVIDUALS WITH**
 13 **DISABILITIES EDUCATION**
 14 **ACT**

15 **SEC. 401. FUNDING FOR PART B OF THE INDIVIDUALS WITH**
 16 **DISABILITIES EDUCATION ACT.**

17 Section 611(h) of the Individuals with Disabilities
 18 Education Act (20 U.S.C. 1411(h)) is amended by strik-
 19 ing “such sums as may be necessary” and inserting “not
 20 less than \$4,107,522 for fiscal year 1998, not less than
 21 \$5,607,522 for fiscal year 1999, not less than \$7,107,522
 22 for fiscal year 2000, not less than \$8,607,522 for fiscal
 23 year 2001, not less than \$10,107,522 for fiscal year 2002,
 24 not less than \$11,607,522 for fiscal year 2003, not less

1 than \$13,107,522 for fiscal year 2004, and such sums as
 2 may be necessary for each succeeding fiscal year.”.

3 **TITLE V—ADULT EDUCATION**
 4 **AND FAMILY LITERACY**
 5 **Subtitle A—Adult Education Act**

6 **SEC. 511. AUTHORIZATION OF ADULT EDUCATION ACT.**

7 The Adult Education Act (20 U.S.C. 1201 et seq.)
 8 is amended to read as follows:

9 **“TITLE III—ADULT EDUCATION**
 10 **PROGRAMS**

11 **“SEC. 301. SHORT TITLE.**

12 “‘This title may be cited as the ‘Adult Education Act’.

13 **“SEC. 302. STATEMENT OF PURPOSE.**

14 “‘It is the purpose of this title to assist the States
 15 and the outlying areas to provide—

16 “(1) to adults, the basic educational skills nec-
 17 essary for employment and self-sufficiency; and

18 “(2) to adults who are parents, the educational
 19 skills necessary to be full partners in the educational
 20 development of their children.

21 **“SEC. 303. DEFINITIONS.**

22 “‘As used in this title:

23 “(1) ADULT EDUCATION.—The term ‘adult edu-
 24 cation’ means services or instruction below the post-
 25 secondary level for individuals—

1 “(A) who have attained 16 years of age;

2 “(B) who are not enrolled or required to be
3 enrolled in secondary school;

4 “(C)(i) who lack sufficient mastery of basic
5 educational skills to enable the individuals to
6 function effectively in society; or

7 “(ii) who do not have a certificate of grad-
8 uation from a school providing secondary edu-
9 cation and who have not achieved an equivalent
10 level of education; and

11 “(D) who lack a mastery of basic skills
12 and are therefore unable to speak, read, or
13 write the English language.

14 “(2) ADULT EDUCATION AND LITERACY ACTIVI-
15 TIES.—The term ‘adult education and literacy activi-
16 ties’ means the activities authorized in section 315.

17 “(3) COMMUNITY-BASED ORGANIZATION.—The
18 term ‘community-based organization’ means a pri-
19 vate nonprofit organization of demonstrated effec-
20 tiveness that is representative of a community or a
21 significant segment of a community.

22 “(4) ELIGIBLE AGENCY.—The term ‘eligible
23 agency’ means—

24 “(A) the individual, entity, or agency in a
25 State or an outlying area responsible for admin-

1 istering or setting policies for adult education
2 and literacy services in such State or outlying
3 area pursuant to the law of the State or outly-
4 ing area; or

5 “(B) if no individual, entity, or agency is
6 responsible for administering or setting such
7 policies pursuant to the law of the State or out-
8 lying area, the individual, entity, or agency in
9 a State or outlying area responsible for admin-
10 istering or setting policies for adult education
11 and literacy services in such State or outlying
12 area on the date of enactment of this Act.

13 “(5) ELIGIBLE PROVIDER.—The term ‘eligible
14 provider’, used with respect to adult education and
15 literacy activities described in section 315(b), means
16 a provider determined to be eligible for assistance in
17 accordance with section 314.

18 “(6) ENGLISH LITERACY PROGRAM.—The term
19 ‘English literacy program’ means a program of in-
20 struction designed to help individuals of limited
21 English proficiency achieve full competence in the
22 English language.

23 “(7) FAMILY LITERACY SERVICES.—The term
24 ‘family literacy services’ means services that are of
25 sufficient intensity in terms of hours, and of suffi-

1 cient duration, to make sustainable changes in a
 2 family and that integrate all of the following activi-
 3 ties:

4 “(A) Interactive literacy activities between
 5 parents and their children.

6 “(B) Training for parents on how to be the
 7 primary teacher for their children and full part-
 8 ners in the education of their children.

9 “(C) Parent literacy training.

10 “(D) An age-appropriate education pro-
 11 gram for children.

12 “(8) INDIVIDUAL OF LIMITED ENGLISH PRO-
 13 FICIENCY.—The term ‘individual of limited English
 14 proficiency’ means an individual—

15 “(A) who has limited ability in speaking,
 16 reading, or writing the English language; and

17 “(B)(i) whose native language is a lan-
 18 guage other than English; or

19 “(ii) who lives in a family or community
 20 environment where a language other than Eng-
 21 lish is the dominant language.

22 “(9) INDIVIDUAL WITH A DISABILITY.—

23 “(A) IN GENERAL.—The term ‘individual
 24 with a disability’ means an individual with any
 25 disability (as defined in section 3 of the Ameri-

1 cans with Disabilities Act of 1990 (42 U.S.C.
2 12102)).

3 “(B) INDIVIDUALS WITH DISABILITIES.—
4 The term ‘individuals with disabilities’ means
5 more than 1 individual with a disability.

6 “(10) LITERACY.—The term ‘literacy’, used
7 with respect to an individual, means the ability of
8 the individual to speak, read, and write English, and
9 compute and solve problems, at levels of proficiency
10 necessary—

11 “(A) to function on the job, in the family
12 of the individual, and in society;

13 “(B) to achieve the goals of the individual;
14 and

15 “(C) to develop the knowledge potential of
16 the individual.

17 “(11) LOCAL EDUCATIONAL AGENCY.—The
18 term ‘local educational agency’ has the meaning
19 given such term in section 14101 of the Elementary
20 and Secondary Education Act of 1965 (20 U.S.C.
21 8801).

22 “(12) OUTLYING AREA.—The term ‘outlying
23 area’ means the United States Virgin Islands,
24 Guam, American Samoa, the Commonwealth of the
25 Northern Mariana Islands, the Republic of the Mar-

1 shall Islands, the Federated States of Micronesia,
2 and the Republic of Palau.

3 “(13) POSTSECONDARY EDUCATIONAL INSTITU-
4 TION.—The term ‘postsecondary educational institu-
5 tion’ means an institution of higher education (as
6 such term is defined in section 481 of the Higher
7 Education Act of 1965 (20 U.S.C. 1088)) that con-
8 tinues to meet the eligibility and certification re-
9 quirements under title IV of such Act (20 U.S.C.
10 1070 et seq.).

11 “(14) SECRETARY.—The term ‘Secretary’
12 means the Secretary of Education.

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

16 **“SEC. 304. AUTHORIZATION OF APPROPRIATIONS.**

17 “(a) IN GENERAL.—There are authorized to be ap-
18 propriated to carry out this title (except section 321)
19 \$400,000,000 for fiscal year 1998, and such sums as may
20 be necessary for each of the fiscal years 1999 through
21 2003.

22 “(b) RESERVATION OF FUNDS FOR NATIONAL LEAD-
23 ERSHIP ACTIVITIES.—For any fiscal year, the Secretary
24 may reserve not more than \$4,500,000 of the amount ap-
25 propriated under subsection (a) to establish and carry out

1 the program of national leadership and evaluation activi-
 2 ties described in section 322.

3 “(c) PROGRAM YEAR.—Appropriations for any fiscal
 4 year for programs and activities carried out under part
 5 A shall be available for obligation only on the basis of a
 6 program year. The program year shall begin on July 1
 7 in the fiscal year for which the appropriation is made.

8 **“PART A—GRANTS TO ELIGIBLE**
 9 **AGENCIES**

10 **“SEC. 311. AUTHORITY TO MAKE GRANTS.**

11 “(a) IN GENERAL.—In the case of each eligible agen-
 12 cy that in accordance with section 313 submits to the Sec-
 13 retary a plan for a fiscal year, the Secretary shall make
 14 a grant for the year to the eligible agency for the purpose
 15 specified in subsection (b). The grant shall consist of the
 16 initial and additional allotments determined for the eligible
 17 agency under section 312.

18 “(b) PURPOSE OF GRANTS.—The Secretary may
 19 make a grant under subsection (a) only if the applicant
 20 involved agrees to expend the grant for adult education
 21 and literacy activities in accordance with the provisions
 22 of this part.

23 **“SEC. 312. ALLOTMENTS.**

24 “(a) INITIAL ALLOTMENTS.—From the sums avail-
 25 able for the purpose of making grants under this part for

1 any fiscal year, the Secretary shall allot to each eligible
2 agency that in accordance with section 313 submits to the
3 Secretary a plan for the year an initial amount as follows:

4 “(1) \$100,000, in the case of an eligible agency
5 of the United States Virgin Islands, Guam, Amer-
6 ican Samoa, the Commonwealth of the Northern
7 Mariana Islands, the Republic of the Marshall Is-
8 lands, the Federated States of Micronesia, and the
9 Republic of Palau.

10 “(2) \$250,000, in the case of any other eligible
11 agency.

12 “(b) ADDITIONAL ALLOTMENTS.—

13 “(1) IN GENERAL.—From the remainder avail-
14 able for the purpose of making grants under this
15 part for any fiscal year after the application of sub-
16 section (a), the Secretary shall allot to each eligible
17 agency that receives an initial allotment under such
18 subsection an additional amount that bears the same
19 relationship to such remainder as the number of
20 qualifying adults in the State or outlying area of the
21 agency bears to the number of such adults in all
22 States and outlying areas.

23 “(2) QUALIFYING ADULT.—For purposes of
24 this subsection, the term ‘qualifying adult’ means an
25 adult who—

1 “(A) is at least 16 years of age, but less
2 than 61 years of age;

3 “(B) is beyond the age of compulsory
4 school attendance under the law of the State or
5 outlying area;

6 “(C) does not have a certificate of gradua-
7 tion from a school providing secondary edu-
8 cation and has not achieved an equivalent level
9 of education; and

10 “(D) is not currently enrolled in secondary
11 school.

12 “(c) SPECIAL RULE.—

13 “(1) IN GENERAL.—Notwithstanding any other
14 provision of this section and using funds allotted for
15 the Republic of the Marshall Islands, the Federated
16 States of Micronesia, and the Republic of Palau
17 under this section, the Secretary shall award grants
18 to Guam, American Samoa, the Commonwealth of
19 the Northern Mariana Islands, the Republic of the
20 Marshall Islands, the Federated States of Microne-
21 sia, or the Republic of Palau to carry out activities
22 described in this part in accordance with the provi-
23 sions of this part that the Secretary determines are
24 not inconsistent with this subsection.

1 “(2) AWARD BASIS.—The Secretary shall award
2 grants pursuant to paragraph (1) on a competitive
3 basis and pursuant to recommendations from the
4 Pacific Region Educational Laboratory in Honolulu,
5 Hawaii.

6 “(3) TERMINATION OF ELIGIBILITY.—Notwith-
7 standing any other provision of law, the Republic of
8 the Marshall Islands, the Federated States of Micro-
9 nesia, and the Republic of Palau shall not receive
10 any funds under this part for any fiscal year that
11 begins after September 30, 2001.

12 “(4) ADMINISTRATIVE COSTS.—The Secretary
13 may provide not more than 5 percent of the funds
14 made available for grants under this subsection to
15 pay the administrative costs of the Pacific Region
16 Educational Laboratory regarding activities assisted
17 under this subsection.

18 **“SEC. 313. AGENCY PLAN.**

19 “For an eligible agency to be eligible to receive a
20 grant under this part for any fiscal year, the agency shall
21 submit to the Secretary a plan for the year that includes
22 the following:

23 “(1) A description of the adult education and
24 literacy activities that will be carried out with funds
25 received under the grant.

1 “(2) A description of how such activities will be
2 integrated with other adult education and career de-
3 velopment activities in the State or outlying area of
4 the agency.

5 “(3) A description of how the eligible agency
6 annually will evaluate the effectiveness of the adult
7 education and literacy activities that are carried out
8 with funds received under the grant.

9 “(4) A description of the benchmarks required
10 under section 317 and how such benchmarks will en-
11 sure continuous improvement of adult education and
12 literacy services in the State or outlying area of the
13 agency.

14 “(5) An assurance that the funds received
15 under the grant will not be expended for any pur-
16 pose other than the activities described in sections
17 314 and 315.

18 “(6) An assurance that the eligible agency will
19 expend the funds received under the grant only in a
20 manner consistent with the fiscal requirements in
21 section 316.

22 **“SEC. 314. USE OF FUNDS.**

23 “(a) IN GENERAL.—Of the sum that is made avail-
24 able under this part to an eligible agency for any program
25 year—

1 “(1) not less than 85 percent shall be made
2 available to award grants in accordance with this
3 section to carry out adult education and literacy ac-
4 tivities;

5 “(2) not more than 10 percent shall be made
6 available to carry out activities described in section
7 315(a); and

8 “(3) subject to paragraph (1), not more than 5
9 percent, or \$50,000, whichever is greater, shall be
10 made available for administrative expenses at the
11 State level (or the level of the outlying area).

12 “(b) GRANTS.—

13 “(1) IN GENERAL.—Except as provided in para-
14 graph (2), from the amount made available to an eli-
15 gible agency for adult education and literacy under
16 subsection (a)(1) for a program year, such agency
17 shall award grants, on a competitive basis, to local
18 educational agencies, correctional education agen-
19 cies, community-based organizations of dem-
20 onstrated effectiveness, volunteer literacy organiza-
21 tions, libraries, public or private nonprofit agencies,
22 postsecondary educational institutions, public hous-
23 ing authorities, and other nonprofit institutions, that
24 have the ability to provide literacy services to adults
25 and families, or consortia of agencies, organizations,

1 or institutions described in this subsection, to enable
2 such agencies, organizations, institutions, and con-
3 sortia to carry out adult education and literacy ac-
4 tivities.

5 “(2) CONSORTIA.—An eligible agency may
6 award a grant under this section to a consortium
7 that includes a provider described in paragraph (1)
8 and a for-profit agency, organization, or institution,
9 if such agency, organization, or institution—

10 “(A) can make a significant contribution
11 to carrying out the objectives of this title; and

12 “(B) enters into a contract with such pro-
13 vider to carry out adult education and literacy
14 activities.

15 “(c) GRANT REQUIREMENTS.—

16 “(1) REQUIRED LOCAL ACTIVITIES.—An eligible
17 agency shall require that each provider receiving a
18 grant under this section use the grant in accordance
19 with section 315(b).

20 “(2) EQUITABLE ACCESS.—Each eligible agency
21 awarding a grant under this section for adult edu-
22 cation and literacy activities shall ensure that the
23 providers described in subsection (b) will be provided
24 direct and equitable access to all Federal funds pro-
25 vided under this section.

1 “(3) SPECIAL RULE.—Each eligible agency
2 awarding a grant under this section shall not use
3 any funds made available under this title for adult
4 education and literacy activities for the purpose of
5 supporting or providing programs, services, or activi-
6 ties for individuals who are not individuals described
7 in subparagraphs (A) and (B) of section 303(1), ex-
8 cept that such agency may use such funds for such
9 purpose if such programs, services, or activities are
10 related to family literacy services.

11 “(4) CONSIDERATIONS.—In awarding grants
12 under this section, the eligible agency shall con-
13 sider—

14 “(A) the past effectiveness of a provider
15 described in subsection (b) in providing services
16 (especially with respect to recruitment and re-
17 tention of educationally disadvantaged adults
18 and the learning gains demonstrated by such
19 adults);

20 “(B) the degree to which the provider will
21 coordinate services with other literacy and so-
22 cial services available in the community; and

23 “(C) the commitment of the provider to
24 serve individuals in the community who are
25 most in need of literacy services.

1 “(d) LOCAL ADMINISTRATIVE COST LIMITS.—

2 “(1) IN GENERAL.—Except as provided in para-
3 graph (2), of the funds provided under this section
4 by an eligible agency to a provider described in sub-
5 section (b), not less than 95 percent shall be ex-
6 pended for provision of adult education and literacy
7 activities. The remainder shall be used for planning,
8 administration, personnel development, and inter-
9 agency coordination.

10 “(2) SPECIAL RULE.—In cases where the cost
11 limits described in paragraph (1) will be too restric-
12 tive to allow for adequate planning, administration,
13 personnel development, and interagency coordination
14 supported under this section, the eligible agency
15 shall negotiate with the provider described in sub-
16 section (b) in order to determine an adequate level
17 of funds to be used for noninstructional purposes.

18 **“SEC. 315. ADULT EDUCATION AND LITERACY ACTIVITIES.**

19 “(a) PERMISSIBLE AGENCY ACTIVITIES.—An eligible
20 agency may use not more than 10 percent of the funds
21 made available to the eligible agency under this part for
22 activities that may include—

23 “(1) the establishment or operation of profes-
24 sional development programs to improve the quality
25 of instruction provided pursuant to local activities

1 required under subsection (b), including instruction
2 provided by volunteers or by personnel of a State or
3 outlying area;

4 “(2) the provision of technical assistance to eli-
5 gible providers of activities authorized in this sec-
6 tion;

7 “(3) the provision of technology assistance to
8 eligible providers of activities authorized in this sec-
9 tion to enable the providers to improve the quality
10 of such activities;

11 “(4) the support of State or regional networks
12 of literacy resource centers; and

13 “(5) the monitoring and evaluation of the qual-
14 ity of and the improvement in activities authorized
15 in this section.

16 “(b) REQUIRED LOCAL ACTIVITIES.—The eligible
17 agency shall require that each eligible provider receiving
18 a grant under section 314 use the grant to establish or
19 operate 1 or more programs that provide instruction or
20 services in 1 or more of the following categories:

21 “(1) Adult education and literacy services.

22 “(2) Family literacy services.

23 “(3) English literacy programs.

1 **“SEC. 316. FISCAL REQUIREMENTS AND RESTRICTIONS RE-**
2 **LATED TO USE OF FUNDS.**

3 “(a) SUPPLEMENT NOT SUPPLANT.—Funds made
4 available under this part for adult education and literacy
5 activities shall supplement, and may not supplant, other
6 public funds expended to carry out activities described in
7 section 315.

8 “(b) MAINTENANCE OF EFFORT.—

9 “(1) DETERMINATION.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraphs (B) and (C), and paragraph (2),
12 no payments shall be made under this part for
13 any program year to an eligible agency for
14 adult education and literacy activities unless the
15 Secretary of Education determines that the fis-
16 cal effort per student or the aggregate expendi-
17 tures of such eligible agency for activities de-
18 scribed in section 315 for the program year pre-
19 ceeding the program year for which the deter-
20 mination is made, equaled or exceeded such ef-
21 fort or expenditures for activities described in
22 such section for the second program year pre-
23 ceeding the fiscal year for which the determina-
24 tion is made.

25 “(B) COMPUTATION.—In computing the
26 fiscal effort or aggregate expenditures pursuant

1 to subparagraph (A), the Secretary of Edu-
2 cation shall exclude capital expenditures, special
3 one-time project costs, and similar windfalls.

4 “(C) DECREASE IN FEDERAL SUPPORT.—

5 If the amount made available for adult edu-
6 cation and literacy activities under this part for
7 a fiscal year is less than the amount made
8 available for adult education and literacy activi-
9 ties under this part for the preceding fiscal
10 year, then the fiscal effort per student or the
11 aggregate expenditures of an eligible agency re-
12 quired by subparagraph (A) for such preceding
13 fiscal year shall be decreased by the same per-
14 centage as the percentage decrease in the
15 amount so made available.

16 “(2) WAIVER.—The Secretary of Education
17 may waive the requirements of paragraph (1) (with
18 respect to not more than 5 percent of expenditures
19 required for the preceding fiscal year by any eligible
20 agency) for 1 program year only, after making a de-
21 termination that such waiver would be equitable due
22 to exceptional or uncontrollable circumstances affect-
23 ing the ability of the eligible agency to meet such re-
24 quirements, such as a natural disaster or an unfore-
25 seen and precipitous decline in financial resources.

1 No level of funding permitted under such a waiver
2 may be used as the basis for computing the fiscal ef-
3 fort or aggregate expenditures required under this
4 subsection for years subsequent to the year covered
5 by such waiver. The fiscal effort or aggregate ex-
6 penditures for the subsequent years shall be com-
7 puted on the basis of the level of funding that would,
8 but for such waiver, have been required.

9 “(c) EXPENDITURES OF NON-FEDERAL FUNDS FOR
10 ADULT EDUCATION AND LITERACY ACTIVITIES.—For
11 any program year for which a grant is made to an eligible
12 agency under this part, the eligible agency shall expend,
13 on programs and activities relating to adult education and
14 literacy activities, an amount, derived from sources other
15 than the Federal Government, equal to 25 percent of the
16 amount made available to the eligible agency under this
17 part for adult education and literacy activities.

18 **“SEC. 317. ACCOUNTABILITY AND CONTINUOUS IMPROVE-**
19 **MENT.**

20 “(a) GOAL.—Each eligible agency that receives a
21 grant under this part shall use such grant to meet the
22 goal of enhancing and developing more fully the literacy
23 skills of the adult population in the State or outlying area
24 of the agency.

1 “(b) BENCHMARKS.—To be eligible to receive a grant
2 under this part, an eligible agency shall develop and iden-
3 tify in the agency plan, submitted under section 313, pro-
4 posed quantifiable benchmarks to measure the progress of
5 the eligible agency toward meeting the goal described in
6 subsection (a) throughout the State or outlying area of
7 the agency, which shall include, at a minimum, measures
8 for participants of—

9 “(1) demonstrated improvements in literacy
10 skill levels;

11 “(2) attainment of secondary school diplomas
12 or general equivalency diplomas;

13 “(3) placement in, retention in, or completion
14 of, postsecondary education, training, or employ-
15 ment; and

16 “(4) attainment of the literacy skills and knowl-
17 edge individuals need to be productive and respon-
18 sible citizens and to become more actively involved in
19 the education of their children.

20 “(c) POPULATIONS.—

21 “(1) PERFORMANCE MEASURES.—In developing
22 and identifying measures of progress of the eligible
23 agency toward meeting the goal described in sub-
24 section (a), an eligible agency shall develop and iden-
25 tify in the agency plan, in addition to the bench-

1 marks described in subsection (b), proposed quantifi-
2 able benchmarks for populations that include, at a
3 minimum—

4 “(A) low-income individuals;

5 “(B) at-risk youth and young adults;

6 “(C) individuals with disabilities; and

7 “(D) individuals of limited literacy, as de-
8 termined by the eligible agency.

9 “(2) ADDITIONAL MEASURES.—In addition to
10 the benchmarks described in paragraph (1), an eligi-
11 ble agency may develop and identify in the agency
12 plan proposed quantifiable benchmarks to measure
13 the progress of the eligible agency toward meeting
14 the goal described in subsection (a) for populations
15 with multiple barriers to educational enhancement.

16 **“PART B—NATIONAL PROGRAMS**

17 **“SEC. 321. NATIONAL INSTITUTE FOR LITERACY.**

18 “(a) ESTABLISHMENT.—

19 “(1) IN GENERAL.—There is established the
20 National Institute for Literacy (in this section re-
21 ferred to as the ‘Institute’). The Institute shall be
22 administered under the terms of an interagency
23 agreement entered into by the Secretary of Edu-
24 cation with the Secretary of Labor and the Secretary
25 of Health and Human Services (in this section re-

1 ferred to as the ‘Interagency Group’). The Inter-
2 agency Group may include in the Institute any re-
3 search and development center, institute, or clear-
4 inghouse established within the Department of Edu-
5 cation, the Department of Labor, or the Department
6 of Health and Human Services whose purpose is de-
7 termined by the Interagency Group to be related to
8 the purpose of the Institute.

9 “(2) OFFICES.—The Institute shall have offices
10 separate from the offices of the Department of Edu-
11 cation, the Department of Labor, and the Depart-
12 ment of Health and Human Services.

13 “(3) BOARD RECOMMENDATIONS.—The Inter-
14 agency Group shall consider the recommendations of
15 the National Institute for Literacy Advisory Board
16 (in this section referred to as the ‘Board’) estab-
17 lished under subsection (d) in planning the goals of
18 the Institute and in the implementation of any pro-
19 grams to achieve such goals.

20 “(4) DAILY OPERATIONS.—The daily operations
21 of the Institute shall be carried out by the Director
22 of the Institute appointed under subsection (g).

23 “(b) DUTIES.—

1 “(1) IN GENERAL.—The Institute shall improve
2 the quality and accountability of the adult basic
3 skills and literacy delivery system by—

4 “(A) providing national leadership for the
5 improvement and expansion of the system for
6 delivery of literacy services;

7 “(B) coordinating the delivery of such
8 services across Federal agencies;

9 “(C) identifying effective models of basic
10 skills and literacy education for adults and fam-
11 ilies that are essential to success in job train-
12 ing, work, the family, and the community;

13 “(D) supporting the creation of new meth-
14 ods of offering improved literacy services;

15 “(E) funding a network of State or re-
16 gional adult literacy resource centers to assist
17 State and local public and private nonprofit ef-
18 forts to improve literacy by—

19 “(i) encouraging the coordination of
20 literacy services;

21 “(ii) carrying out evaluations of the
22 effectiveness of adult education and lit-
23 eracy activities;

1 “(iii) enhancing the capacity of State
2 and local organizations to provide literacy
3 services; and

4 “(iv) serving as a reciprocal link be-
5 tween the Institute and providers of adult
6 education and literacy activities for the
7 purpose of sharing information, data, re-
8 search, expertise, and literacy resources;

9 “(F) supporting the development of models
10 at the State and local level of accountability
11 systems that consist of goals, performance
12 measures, benchmarks, and assessments that
13 can be used to improve the quality of adult edu-
14 cation and literacy activities;

15 “(G) providing technical assistance, infor-
16 mation, and other program improvement activi-
17 ties to national, State, and local organizations,
18 such as—

19 “(i) improving the capacity of na-
20 tional, State, and local public and private
21 organizations that provide literacy and
22 basic skills services, professional develop-
23 ment, and technical assistance, such as the
24 State or regional adult literacy resource

1 centers referred to in subparagraph (E);
2 and

3 “(ii) establishing a national literacy
4 electronic database and communications
5 network;

6 “(H) working with the Interagency Group,
7 Federal agencies, and the Congress to ensure
8 that such Group, agencies, and the Congress
9 have the best information available on literacy
10 and basic skills programs in formulating Fed-
11 eral policy with respect to the issues of literacy,
12 basic skills, and workforce and career develop-
13 ment; and

14 “(I) assisting with the development of pol-
15 icy with respect to literacy and basic skills.

16 “(2) GRANTS, CONTRACTS, AND AGREE-
17 MENTS.—The Institute may make grants to, or
18 enter into contracts or cooperative agreements with,
19 individuals, public or private institutions, agencies,
20 organizations, or consortia of such institutions,
21 agencies, or organizations to carry out the activities
22 of the Institute. Such grants, contracts, or agree-
23 ments shall be subject to the laws and regulations
24 that generally apply to grants, contracts, or agree-
25 ments entered into by Federal agencies.

1 “(c) LITERACY LEADERSHIP.—

2 “(1) FELLOWSHIPS.—The Institute, in con-
3 sultation with the Board, may award fellowships,
4 with such stipends and allowances as the Director
5 considers necessary, to outstanding individuals pur-
6 suing careers in adult education or literacy in the
7 areas of instruction, management, research, or inno-
8 vation.

9 “(2) USE OF FELLOWSHIPS.—Fellowships
10 awarded under this subsection shall be used, under
11 the auspices of the Institute, to engage in research,
12 education, training, technical assistance, or other ac-
13 tivities to advance the field of adult education or lit-
14 eracy, including the training of volunteer literacy
15 providers at the national, State, or local level.

16 “(3) INTERNS AND VOLUNTEERS.—The Insti-
17 tute, in consultation with the Board, may award
18 paid and unpaid internships to individuals seeking to
19 assist the Institute in carrying out its mission. Not-
20 withstanding section 1342 of title 31, United States
21 Code, the Institute may accept and use voluntary
22 and uncompensated services as the Institute deter-
23 mines necessary.

24 “(d) NATIONAL INSTITUTE FOR LITERACY ADVISORY
25 BOARD.—

1 “(1) ESTABLISHMENT.—

2 “(A) IN GENERAL.—There is established a
3 National Institute for Literacy Advisory Board.
4 The Board shall consist of 10 individuals ap-
5 pointed by the President, with the advice and
6 consent of the Senate, from individuals who—

7 “(i) are not otherwise officers or em-
8 ployees of the Federal Government; and

9 “(ii) are representative of entities or
10 groups described in subparagraph (B).

11 “(B) ENTITIES OR GROUPS DESCRIBED.—
12 The entities or groups referred to in subpara-
13 graph (A) are—

14 “(i) literacy organizations and provid-
15 ers of literacy services, including—

16 “(I) nonprofit providers of lit-
17 eracy services;

18 “(II) providers of programs and
19 services involving English language in-
20 struction; and

21 “(III) providers of services re-
22 ceiving assistance under this title;

23 “(ii) businesses that have dem-
24 onstrated interest in literacy programs;

25 “(iii) literacy students;

1 “(iv) experts in the area of literacy re-
2 search;

3 “(v) State and local governments; and

4 “(vi) representatives of employees.

5 “(2) DUTIES.—The Board—

6 “(A) shall make recommendations concern-
7 ing the appointment of the Director and staff
8 of the Institute;

9 “(B) shall provide independent advice on
10 the operation of the Institute; and

11 “(C) shall receive reports from the Inter-
12 agency Group and the Director.

13 “(3) FEDERAL ADVISORY COMMITTEE ACT.—

14 Except as otherwise provided, the Board established
15 by this subsection shall be subject to the provisions
16 of the Federal Advisory Committee Act (5 U.S.C.
17 App.).

18 “(4) TERMS.—

19 “(A) IN GENERAL.—Each member of the
20 Board shall be appointed for a term of 3 years,
21 except that the initial terms for members may
22 be 1, 2, or 3 years in order to establish a rota-
23 tion in which $\frac{1}{3}$ of the members are selected
24 each year. Any such member may be appointed
25 for not more than 2 consecutive terms.

1 “(B) VACANCY APPOINTMENTS.—Any
2 member appointed to fill a vacancy occurring
3 before the expiration of the term for which the
4 member’s predecessor was appointed shall be
5 appointed only for the remainder of that term.
6 A member may serve after the expiration of
7 that member’s term until a successor has taken
8 office. A vacancy in the Board shall be filled in
9 the manner in which the original appointment
10 was made. A vacancy in the Board shall not af-
11 fect the powers of the Board.

12 “(5) QUORUM.—A majority of the members of
13 the Board shall constitute a quorum but a lesser
14 number may hold hearings. Any recommendation of
15 the Board may be passed only by a majority of the
16 Board’s members present.

17 “(6) ELECTION OF OFFICERS.—The Chair-
18 person and Vice Chairperson of the Board shall be
19 elected by the members of the Board. The term of
20 office of the Chairperson and Vice Chairperson shall
21 be 2 years.

22 “(7) MEETINGS.—The Board shall meet at the
23 call of the Chairperson or a majority of the members
24 of the Board.

1 “(e) GIFTS, BEQUESTS, AND DEVISES.—The Insti-
2 tute may accept, administer, and use gifts or donations
3 of services, money, or property, both real and personal.

4 “(f) MAILS.—The Board and the Institute may use
5 the United States mails in the same manner and under
6 the same conditions as other departments and agencies of
7 the Federal Government.

8 “(g) DIRECTOR.—The Interagency Group, after con-
9 sidering recommendations made by the Board, shall ap-
10 point and fix the pay of a Director.

11 “(h) APPLICABILITY OF CERTAIN CIVIL SERVICE
12 LAWS.—The Director and staff of the Institute may be
13 appointed without regard to the provisions of title 5, Unit-
14 ed States Code, governing appointments in the competitive
15 service, and may be paid without regard to the provisions
16 of chapter 51 and subchapter III of chapter 53 of that
17 title relating to classification and General Schedule pay
18 rates, except that an individual so appointed may not re-
19 ceive pay in excess of the maximum rate payable under
20 section 5376 of title 5, United States Code.

21 “(i) EXPERTS AND CONSULTANTS.—The Board and
22 the Institute may procure temporary and intermittent
23 services under section 3109(b) of title 5, United States
24 Code.

1 “(j) REPORT.—The Institute shall submit a report bi-
2 ennially to the Committee on Education and the
3 Workforce of the House of Representatives and the Com-
4 mittee on Labor and Human Resources of the Senate.
5 Each report submitted under this subsection shall in-
6 clude—

7 “(1) a comprehensive and detailed description
8 of the Institute’s operations, activities, financial con-
9 dition, and accomplishments in the field of literacy
10 for the period covered by the report;

11 “(2) a description of how plans for the oper-
12 ation of the Institute for the succeeding two fiscal
13 years will facilitate achievement of the goals of the
14 Institute and the goals of the literacy programs
15 within the Department of Education, the Depart-
16 ment of Labor, and the Department of Health and
17 Human Services; and

18 “(3) any additional minority, or dissenting
19 views submitted by members of the Board.

20 “(k) FUNDING.—Any amounts appropriated to the
21 Secretary of Education, the Secretary of Labor, or the
22 Secretary of Health and Human Services for purposes
23 that the Institute is authorized to perform under this sec-
24 tion may be provided to the Institute for such purposes.

1 “(1) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated \$10,000,000 for fiscal
3 year 1998 and such sums as may be necessary for each
4 of the fiscal years 1999 through 2003 to carry out this
5 section.

6 **“SEC. 322. NATIONAL LEADERSHIP ACTIVITIES.**

7 “The Secretary shall establish and carry out a pro-
8 gram of national leadership activities to enhance the qual-
9 ity of adult education and family literacy programs nation-
10 wide. Such activities shall include the following:

11 “(1) Providing technical assistance to recipients
12 of assistance under part A in developing and using
13 benchmarks and performance measures for improve-
14 ment of adult education and literacy activities, in-
15 cluding family literacy services.

16 “(2) Awarding grants, on a competitive basis,
17 to an institution of higher education, a public or pri-
18 vate organization or agency, or a consortium of such
19 institutions, organizations, or agencies to carry out
20 research and technical assistance—

21 “(A) for the purpose of developing, improv-
22 ing, and identifying the most successful meth-
23 ods and techniques for addressing the education
24 needs of adults; and

1 “(B) to increase the effectiveness of, and
2 improve the quality of, adult education and lit-
3 eracy activities, including family literacy serv-
4 ices.

5 “(3) Providing for the conduct of an independ-
6 ent evaluation and assessment of adult education
7 and literacy activities, through studies and analyses
8 conducted independently through grants and con-
9 tracts awarded on a competitive basis. Such evalua-
10 tion and assessment shall include descriptions of—

11 “(A) the effect of benchmarks, perform-
12 ance measures, and other measures of account-
13 ability on the delivery of adult education and
14 literacy activities, including family literacy serv-
15 ices;

16 “(B) the extent to which the adult edu-
17 cation and literacy activities, including family
18 literacy services, increase the literacy skills of
19 adults (and of children, in the case of family lit-
20 eracy services), lead the participants in such ac-
21 tivities to involvement in further education and
22 training, enhance the employment and earnings
23 of such participants, and, if applicable, lead to
24 other positive outcomes, such as reductions in

1 recidivism in the case of prison-based adult edu-
2 cation and literacy services; and

3 “(C) the extent to which eligible agencies
4 have distributed funds part A to meet the needs
5 of adults through community-based organiza-
6 tions.

7 “(4) Carrying out demonstration programs,
8 replicating model programs, disseminating best prac-
9 tices information, and providing technical assistance,
10 for the purposes of developing, improving, and iden-
11 tifying the most successful methods and techniques
12 for providing the activities assisted under part A.”.

13 **SEC. 512. EXTENSION OF FUNCTIONAL LITERACY AND LIFE**
14 **SKILLS PROGRAM FOR STATE AND LOCAL**
15 **PRISONERS.**

16 Paragraph (3) of section 601(i) of the National Lit-
17 eracy Act of 1991 (20 U.S.C. 1211–2(i)) is amended—

18 (1) by striking “1994, and” and inserting
19 “1994,”; and

20 (2) by inserting “, and such sums as may be
21 necessary for each of the fiscal years 1998, 1999,
22 2000, 2001, 2002, and 2003” before the period.

1 **SEC. 513. CONFORMING ADULT EDUCATION ACT AMEND-**
2 **MENTS.**

3 (a) REFUGEE EDUCATION ASSISTANCE ACT.—Sub-
4 section (b) of section 402 of the Refugee Education Assist-
5 ance Act of 1980 (8 U.S.C. 1522 note) is repealed.

6 (b) ELEMENTARY AND SECONDARY EDUCATION ACT
7 OF 1965.—

8 (1) SECTION 1206 OF ESEA.—Section
9 1206(a)(1)(A) of the Elementary and Secondary
10 Education Act of 1965 (20 U.S.C. 6366(a)(1)(A)) is
11 amended by striking “an adult basic education pro-
12 gram” and inserting “adult education and literacy
13 activities”.

14 (2) SECTION 3113 OF ESEA.—Section 3113(1)
15 of such Act (20 U.S.C. 6813(1)) is amended by
16 striking “section 312” and inserting “section 303”.

17 (3) SECTION 9161 OF ESEA.—Section 9161(2)
18 of such Act (20 U.S.C. 7881(2)) is amended by
19 striking “section 312(2)” and inserting “section
20 303”.

1 **Subtitle B—Demonstration Pro-**
 2 **grams and Projects To Promote**
 3 **Literacy**

4 **SEC. 521. SHORT TITLE.**

5 Title X of the Elementary and Secondary Education
 6 Act of 1965 (20 U.S.C. 8001 et seq.) is amended by add-
 7 ing at the end the following:

8 **“PART N—DEMONSTRATION PROGRAMS AND**
 9 **PROJECTS TO PROMOTE LITERACY**

10 **“SEC. 10996. DEMONSTRATION PARTNERSHIPS TO PRO-**
 11 **MOTE LITERACY.**

12 “(a) TRAINING DEMONSTRATION PROGRAMS AND
 13 PROJECTS.—The Secretary is authorized to make grants
 14 to, and enter into contracts and cooperative agreements
 15 with, State educational agencies, local educational agen-
 16 cies, institutions of higher education, and other public and
 17 private agencies, organizations, and institutions to—

18 “(1) provide in-service training for teachers,
 19 and, where appropriate, other staff such as teacher’s
 20 aides, in language acquisition skills and systematic
 21 phonics;

22 “(2) provide pre-service training for teachers,
 23 and, where appropriate, other staff, in language ac-
 24 quisition skills and systematic phonics; and

1 “(3) provide training opportunities for parents,
2 community volunteers, and other persons interested
3 in obtaining language acquisition and systematic
4 phonics skills for the purpose of improving their lit-
5 eracy or the literacy skills of children or other
6 adults.

7 “(b) OTHER DEMONSTRATION PROGRAMS AND
8 PROJECTS.—The Secretary is authorized to make grants
9 to, and enter into contracts with, State educational agen-
10 cies, local educational agencies, and private nonprofit
11 agencies or organizations that use practices determined by
12 replicated experimental research to be effective in prevent-
13 ing and responding to illiteracy in children and adults.
14 Such grants shall be awarded for time-limited, demonstra-
15 tion programs and projects as follows:

16 “(1) FAMILY LITERACY PROGRAMS.—The Sec-
17 retary shall award grants for programs that encour-
18 age parental involvement with their children in fam-
19 ily literacy services (as defined in section 303 of the
20 Adult Education Act). Such programs may combine
21 literacy activities with parent training, in order to
22 emphasize the parent’s role as their child’s primary
23 teacher.

24 “(2) SCHOOL AND COMMUNITY PARTNER-
25 SHIPS.—The Secretary shall award grants to local

1 educational agencies and private nonprofit organiza-
2 tions for the development of partnerships among
3 schools, parents, private, nonprofit community vol-
4 unteer organizations, and other community associa-
5 tions. Such partnerships shall demonstrate in the
6 application submitted under subsection (c) the part-
7 nership’s commitment to, and participation in, pro-
8 grams involving voluntary tutoring sessions for—

9 “(A) children in kindergarten through 4th
10 grade; and

11 “(B) the parents of such children, where
12 requested by the parent.

13 “(c) APPLICATION.—Each entity desiring assistance
14 under this section shall submit an application to the Sec-
15 retary, at such time, in such manner, and accompanied
16 by such information as the Secretary may require.

17 “(d) ANNUAL EVALUATION.—

18 “(1) IN GENERAL.—In making grants and en-
19 tering into contracts and cooperative agreements for
20 demonstration programs and projects under this sec-
21 tion, the Secretary, in cooperation with the Comp-
22 troller General, shall require all such programs and
23 projects to be evaluated for their effectiveness using
24 nationally recognized standardized assessments
25 which measure reading achievement.

1 “(2) FUNDING.—The Secretary may provide
2 funding for the evaluations described in paragraph
3 (1) through—

4 “(A) a stated percentage of funds awarded
5 under a grant or contracted under this sub-
6 section; or

7 “(B) a separate grant made by the Sec-
8 retary for evaluating an individual demonstra-
9 tion program or project, or group of demonstra-
10 tion programs or projects.

11 “(3) RESERVATION.—The Secretary is author-
12 ized to reserve not more than 2 percent of the
13 amount appropriated under subsection (e) for each
14 fiscal year to fund the evaluations under this sub-
15 section.

16 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated \$100,000,000 for fiscal
18 year 1998 and such sums as may be necessary for each
19 of the 4 succeeding fiscal years.”.

20 **Subtitle C—National Commission**
21 **on Literacy**

22 **SEC. 531. SHORT TITLE.**

23 This subtitle may be cited as the “National Commis-
24 sion on Literacy”.

1 **SEC. 532. FINDINGS.**

2 Congress finds as follows:

3 (1) Since 1965, the United States has spent
4 over \$500,000,000,000 on Federal education pro-
5 grams, yet 66 percent of 17-year olds do not read
6 at a proficient level and reading scores have been de-
7 clining for 3 decades. More over 75 percent of 4th
8 graders, nationally, scored below the proficient level
9 of reading.

10 (2) 85 percent of juvenile delinquents cannot
11 read.

12 (3) American businesses are spending more
13 than \$30,000,000,000 in retraining employees, pri-
14 marily because the employees cannot read at an
15 adult level.

16 (4) In most junior colleges, at least one-third of
17 the students must take remedial English because the
18 students are not able to read at college level.

19 **SEC. 533. NATIONAL COMMISSION ON LITERACY.**

20 (a) ESTABLISHMENT.—There is hereby established a
21 commission to be known as the “National Commission on
22 Literacy” (in this subtitle referred to as the “Commis-
23 sion”).

24 (b) MEMBERSHIP.—

25 (1) IN GENERAL.—The Commission shall con-
26 sist of—

1 (A) 5 members to be appointed by the
2 President of the United States;

3 (B) 5 members to be appointed by the
4 Speaker of the House of Representatives; and

5 (C) 5 members to be appointed by the Ma-
6 jority Leader of the Senate.

7 (2) APPOINTMENTS.—

8 (A) IN GENERAL.—The President, the
9 Speaker of the House of Representatives, and
10 the Majority Leader of the Senate shall each
11 appoint as members of the Commission any
12 United States citizen, including educators and
13 other professionals involved in the research,
14 study, and analysis of illiteracy.

15 (B) PROHIBITION.—An individual with a
16 direct financial interest in the outcome of the
17 Commission shall not be appointed to the Com-
18 mission.

19 (3) CONSULTATION.—The appointments made
20 pursuant to subparagraphs (B) and (C) of para-
21 graph (1) shall be made in consultation with the
22 chairpersons of the Committee on Education and the
23 Workplace of the House of Representatives and the
24 Committee on Labor and Human Resources of the
25 Senate.

1 (c) DUTIES.—

2 (1) IN GENERAL.—The Commission shall—

3 (A) conduct a comprehensive review of the
4 social and economic impact of illiteracy in the
5 United States and any correlation between such
6 impact and welfare costs, juvenile delinquency,
7 special education, adult literacy programs, drug
8 addiction, and underemployment;

9 (B) examine matters including—

10 (i) a review of—

11 (I) requirements set for prospec-
12 tive reading teachers studying at col-
13 leges of education; and14 (II) whether such requirements
15 include obtaining knowledge about di-
16 rect, intensive, and systematic phonics
17 with decodable text as an important
18 step in reading instruction;19 (ii) a review of the available testing
20 instruments that determine whether, and
21 to what extent, children can decode the
22 English language;23 (iii) an assessment of the extent to
24 which the use of experimentally unverified

1 methods and teaching materials contrib-
2 utes to illiteracy;

3 (iv) a review of medical and neuro-
4 logical evidence regarding how individuals
5 acquire the skill of reading;

6 (v) a review of the cost of illiteracy to
7 business and industry;

8 (vi) an assessment of the negative im-
9 pact of illiteracy on the economy in gen-
10 eral, and in particular the impact of illit-
11 eracy on economically depressed areas; and

12 (vii) other issues that a majority of
13 the members of the Commission deem ap-
14 propriate to investigate in accordance with
15 this subtitle.

16 (2) PUBLIC HEARINGS.—The Commission (and
17 any committees the Commission may form) shall
18 conduct public hearings in different geographic areas
19 of the United States, both urban and rural, in order
20 to receive the views of a broad spectrum of the pub-
21 lic on the issue of literacy and on ways to enhance
22 the reading proficiency of children, adults, and fami-
23 lies in the United States.

1 (3) TESTIMONY.—The Commission is author-
2 ized to receive testimony from individuals, includ-
3 ing—

4 (A) representatives of public and private
5 organizations and institutions with an interest
6 in the literacy of children, adults, and families
7 in the United States;

8 (B) educators;

9 (C) religious leaders;

10 (D) providers of social services;

11 (E) representatives of organizations with
12 children as members;

13 (F) elected and appointed public officials;
14 and

15 (G) other individuals speaking on their
16 own behalf.

17 (d) INTERIM AND FINAL REPORTS TO PRESIDENT
18 AND CONGRESS; RECOMMENDATIONS.—

19 (1) INTERIM REPORTS.—The Commission may
20 submit to the President, the Committee on Labor
21 and Human Resources of the Senate, the Committee
22 on Education and the Workplace of the House of
23 Representatives, and to the public, interim reports
24 regarding the duties of the Commission undertaken
25 pursuant to subsection (c).

1 (2) FINAL REPORT.—The Commission shall
2 submit to the President, the Committee on Labor
3 and Human Resources of the Senate, and the Com-
4 mittee on Education and the Workplace of the
5 House of Representatives a final report no later
6 than September 30, 2000. The final report shall set
7 forth recommendations regarding the findings of the
8 Commission.

9 (3) AVAILABILITY.—Copies of interim reports
10 and the final report of the Commission shall be
11 made available in sufficient quantity for public re-
12 view.

13 (e) TIME OF APPOINTMENT OF MEMBERS; VACAN-
14 CIES; SELECTION OF CHAIRMAN; QUORUM; CALLING OF
15 MEETINGS; NUMBER OF MEETINGS; VOTING; COMPENSA-
16 TION AND EXPENSES.—

17 (1) IN GENERAL.—The President, the Speaker
18 of the House of Representatives, and the Majority
19 Leader of the Senate shall make their respective ap-
20 pointments to the Commission not later than 60
21 days after the date of enactment of this Act, for
22 terms ending 60 days after the Commission issues
23 its final report.

24 (2) VACANCY.—Any vacancy that occurs during
25 the life of the Commission shall not affect the pow-

1 ers of the Commission, and shall be filled in the
2 same manner as the original appointment not later
3 than 30 days after the vacancy occurs.

4 (3) CHAIRMAN.—The Majority Leader of the
5 Senate, in consultation with the Speaker of the
6 House of Representatives and with the President
7 shall designate one member of the Commission as
8 Chairman of the Commission no later than 60 days
9 after the establishment of the Commission.

10 (4) QUORUM.—A majority of the members of
11 the Commission shall constitute a quorum for the
12 transaction of business, but the Commission may es-
13 tablish a lesser quorum for conducting hearings
14 scheduled by the Commission.

15 (5) MEETINGS.—The Commission shall meet at
16 the call of the Chairman of the Commission, or at
17 the call of a majority of the members of the Com-
18 mission. The initial meeting of the Commission shall
19 be conducted no later than 30 days after the ap-
20 pointment of the last member of the Commission, or
21 no later than 30 days after the date on which funds
22 are made available for the Commission.

23 (6) VOTING.—Decisions of the Commission
24 shall be according to the vote of a simple majority

1 of the members of the Commission present and vot-
2 ing at a properly called meeting.

3 (7) RULES.—The Commission may establish by
4 majority vote any other rules for the conduct of the
5 Commission’s business, if such rules are not incon-
6 sistent with this subtitle or other applicable law.

7 (8) COMPENSATION.—Each member of the
8 Commission who is not an officer or employee of the
9 Federal Government, or whose compensation as a
10 member of the Commission is not precluded by a
11 Federal, State, or local law, shall be compensated at
12 a rate equal to the daily equivalent of the annual
13 rate of basic pay prescribed for Level IV of the Ex-
14 ecutive Schedule under section 5315 of title 5, Unit-
15 ed States Code, for each day (including travel time)
16 during which such member is engaged in the per-
17 formance of the duties of the Commission. All mem-
18 bers of the Commission who are officers or employ-
19 ees of the United States shall serve without com-
20 pensation in addition to the compensation received
21 for their services as officers or employees of the
22 United States.

23 (9) TRAVEL EXPENSES.—The members of the
24 Commission shall be allowed travel expenses, includ-
25 ing per diem in lieu of subsistence, at rates author-

1 ized for employees of agencies under subchapter I of
2 chapter 57 of title 5, United States Code, while
3 away from their homes or regular places of business
4 in the performance of service for the Commission.

5 (f) EXECUTIVE DIRECTOR AND ADDITIONAL PER-
6 SONNEL; APPOINTMENT AND COMPENSATION; CONSULT-
7 ANTS.—

8 (1) EXECUTIVE DIRECTOR AND ADDITIONAL
9 PERSONNEL.—The Commission may appoint an Ex-
10 ecutive Director of the Commission, and the Com-
11 mission may appoint and fix the compensation of
12 such personnel as the Commission deems advisable.
13 The Executive Director shall be compensated at a
14 rate not to exceed the rate payable for Level V of
15 the Executive Schedule under section 5316 of title
16 5, United States Code. Compensation of other per-
17 sonnel may be set without regard to the provisions
18 of such title 5 that govern appointments in the com-
19 petitive services, and the provisions of chapter 51
20 and subchapter III of chapter 53 of such title 5 that
21 relate to classifications and the General Schedule
22 pay rates, except that the rate of pay for such per-
23 sonnel may not exceed the rate payable for Level
24 V of the Executive Schedule under section 5316 of
25 such title.

1 (2) DETAILEES.—Any Federal Government em-
2 ployee, with the approval of the head of the appro-
3 priate Federal agency, may be detailed to the Com-
4 mission without reimbursement, and such detail
5 shall be without interruption or loss of civil service
6 status, benefits, or privilege.

7 (3) TEMPORARY OR INTERMITTENT SERV-
8 ICES.—The Commission may procure temporary and
9 intermittent services under section 3109(b) of title
10 5, United States Code, at rates for individuals not
11 to exceed the daily equivalent of the annual rate of
12 basic pay prescribed for Level V of the Executive
13 Schedule under section 5316 of such title.

14 (4) CONSTRUCTION.—Nothing in this section
15 shall be construed to limit the ability of the Commis-
16 sion to enter into contracts with public or private or-
17 ganizations, for research necessary to carry out the
18 Commission's duties under subsection (c).

19 (g) TIME AND PLACE OF HEARINGS AND NATURE
20 OF TESTIMONY AUTHORIZED.—

21 (1) IN GENERAL.—The Commission may hold
22 such hearings, sit and act at such times and places,
23 administer such oaths, take such testimony, and re-
24 ceive such evidence as the Commission considers ad-
25 visable.

1 (2) WITNESSES.—Witnesses requested to ap-
2 appear before the Commission shall be paid the same
3 fees as are paid to witnesses under section 1821 of
4 title 28, United States Code. The per diem and mile-
5 age allowances for witnesses shall be paid from
6 funds appropriated to the Commission.

7 (3) SUBPOENAS.—If a person fails to supply in-
8 formation requested by the Commission, the Com-
9 mission may by majority vote require by subpoena
10 the production of any written or recorded informa-
11 tion, document, report, answer, record, account,
12 paper, computer file, or other data or documentary
13 evidence necessary to carry out its duties under sub-
14 section (c).

15 (4) INFORMATION.—The Commission may se-
16 cure directly from any Federal department or agency
17 such information as the Commission considers nec-
18 essary to carry out its duties under subsection (c).
19 Upon the request of the Commission, the head of
20 such department or agency may furnish such infor-
21 mation to the Commission.

22 (5) DISCLOSURE OF CONFIDENTIAL INFORMA-
23 TION.—The Commission shall be considered an
24 agency of the Federal Government for purposes of
25 section 1905 of title 18, United States Code, and

1 any individual employed by an entity or organization
2 under contract to the Commission shall be subject to
3 such section. Information obtained by the Commis-
4 sion, other than information available to the public,
5 shall not be disclosed to any person in any manner,
6 except—

7 (A) to Commission employees or employees
8 of any individual, entity, or organization under
9 contract to the Commission under subsection (f)
10 for the purpose of receiving, reviewing, or proc-
11 essing such information;

12 (B) upon court order; or

13 (C) when publicly released by the Commis-
14 sion in an aggregate or summary form that
15 does not directly or indirectly disclose—

16 (i) the identity of any person or busi-
17 ness entity; or

18 (ii) any information which could not
19 be released under section 1905 of title 18,
20 United States Code.

21 (h) SUPPORT SERVICES.—The Comptroller General
22 shall provide to the Commission, on a reimbursable basis,
23 such administrative support services as the Commission
24 may request.

25 (i) DEFINITIONS.—In this subtitle:

1 (1) ILLITERACY.—The term “illiteracy” means
2 the lack of ability to read and write competently.

3 (2) STATE.—The term “State” means each of
4 the several States of the United States, the District
5 of Columbia, the Commonwealth of Puerto Rico, the
6 United States Virgin Islands, Guam, American
7 Samoa, and the Commonwealth of the Northern
8 Mariana Islands.

9 (3) SYSTEMATIC PHONICS.—The term “system-
10 atic phonics” means the direct teaching of a pre-
11 planned sequence of relationships between speech
12 sounds and all their letter equivalents.

13 (j) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated for each of the fiscal
15 years 1998, 1999, and 2000, such sums as may be nec-
16 essary to carry out this section.

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