

105TH CONGRESS
1ST SESSION

S. 12

To improve education for the 21st Century.

IN THE SENATE OF THE UNITED STATES

JANUARY 21, 1997

Mr. DASCHLE (for himself; Mr. KENNEDY, Ms. MOSELEY-BRAUN, MS. MIKULSKI; Mr. DODD, Mr. REID, Mr. DORGAN, Mrs. MURRAY, Mr. FORD, Mr. ROCKEFELLER, Mr. INOUE, Mr. KERRY, Mr. LEVIN, Mr. CLELAND, Mr. JOHNSON, Mr. BREAUX, Mr. TORRICELLI, Mr. DURBIN, Mr. GLENN, Mrs. BOXER, Mr. WELLSTONE, Mr. BRYAN and Mr. LAUTENBERG) introduced the following bill; which was read twice and referred to the Committees on Finance

A BILL

To improve education for the 21st Century.

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 “Education for the 21st
5 Century Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds as follows:

8 (1) Quality public education is necessary not
9 only for the future of our children and our families,

1 but for the future of America. A better educated
2 citizenry and workforce are essential to compete in
3 the global economy and to maintain a strong
4 democracy.

5 (2) The investment America makes today in the
6 education of its people will determine the future of
7 the Nation. In order to promote growth and prosper-
8 ity in our economy, and ensure individual oppor-
9 tunity, America must maintain education as a
10 national priority.

11 (3) Strong leadership in education is needed
12 more than ever. Schools are facing the challenge of
13 educating more highly skilled workers to meet the
14 demands of a modern economy. The Bureau of
15 Labor Statistics estimates that 60 percent of all jobs
16 created between 1992 and 2005 will require more
17 than a high school education.

18 (4) Mounting evidence suggests that far more
19 rigorous levels of academic achievement will be
20 required to equip American students for the 21st
21 century workplace. Employers will demand increas-
22 ingly sophisticated levels of literacy, communication,
23 mathematical, and technological skills. Sixty percent
24 of all jobs will require computer skills.

1 (5) Literacy is a crucial element of academic
2 success. However, in 1994, 40 percent of 4th grade
3 students failed to attain the basic level of reading on
4 the National Assessment of Educational Progress.
5 Seventy percent did not attain the proficient level.
6 Students who are not reading at grade-level are very
7 unlikely to graduate from high school. One-on-one
8 tutoring is a key component of bringing students up
9 to reading grade-level.

10 (6) Students are learning in decrepit school
11 buildings. According to 2 recent Government Ac-
12 counting Office reports, 14,000,000 children in a
13 third of the Nation's schools are learning in sub-
14 standard classrooms. Half of the schools have at
15 least 1 unsatisfactory environmental condition, such
16 as poor air quality.

17 (7) College costs are rising. College tuition has
18 risen in private colleges and universities and in State
19 institutions as State appropriations have eroded.
20 From 1985 to 1994, the average cost of attending
21 college rose by 30 percent after adjusting for infla-
22 tion. During the same period, the median income in-
23 creased by only 1 percent.

1 (8) Meeting the challenge of the next century
 2 will require the involvement of all Americans, includ-
 3 ing public officials, educators, parents, business and
 4 community leaders, and students. Encouraging ac-
 5 tive participation by all segments of communities is
 6 essential for the success of students in the 21st
 7 century.

8 **TITLE I—TAX INCENTIVES FOR**
 9 **HIGHER EDUCATION**

10 **SEC. 101. REFUNDABLE CREDIT FOR HIGHER EDUCATION**
 11 **EXPENSES.**

12 (a) IN GENERAL.—Subpart C of part IV of sub-
 13 chapter A of chapter 1 of the Internal Revenue Code of
 14 1986 (relating to refundable credits) is amended by redес-
 15 ignating section 35 as section 36 and by inserting after
 16 section 34 the following new section:

17 **“SEC. 35. HIGHER EDUCATION TUITION AND FEES.**

18 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 19 dividual, there shall be allowed as a credit against the tax
 20 imposed by this subtitle for the taxable year the amount
 21 of qualified higher education expenses paid by the tax-
 22 payer during such taxable year.

23 “(b) CREDIT LIMITED TO \$1,500 PER ACADEMIC
 24 YEAR.—

1 “(1) IN GENERAL.—The amount allowed as a
2 credit under subsection (a) for any taxable year with
3 respect to an eligible student shall not exceed the
4 sum of the credit amounts for qualified academic pe-
5 riods beginning during such taxable year or the first
6 3 months of the next taxable year. A qualified aca-
7 demic period may not be taken into account under
8 the preceding sentence more than once.

9 “(2) CREDIT ALLOWED ONLY FOR FIRST 2 ACA-
10 DEMIC YEARS OF POST-SECONDARY EDUCATION.—
11 For purposes of paragraph (1), the term ‘qualified
12 academic period’ means, with respect to any student,
13 any academic period for which such student is an el-
14 igible student if such period, when added to prior
15 periods that such student was an eligible student,
16 does not exceed 2 full-time academic years (or the
17 equivalent thereof).

18 “(3) CREDIT AMOUNT.—For purposes of para-
19 graph (1), except as otherwise provided in regula-
20 tions prescribed by the Secretary, the credit amount
21 for any academic period is the amount equal to—

22 “(A) \$1,500, divided by

23 “(B) the number of such academic periods
24 during the academic year.

1 In the case of an eligible student who is not a full-
 2 time student for an academic period, the credit
 3 amount for such period shall be one-half the amount
 4 determined under the preceding sentence.

5 “(4) INFLATION ADJUSTMENT OF CREDIT LIM-
 6 ITATION FOR ACADEMIC YEAR.—

7 “(A) IN GENERAL.—In the case of a tax-
 8 able year beginning after 1998, the \$1,500
 9 amount in paragraph (3)(A) shall be increased
 10 by an amount equal to—

11 “(i) such dollar amount, multiplied by

12 “(ii) the cost-of-living adjustment de-
 13 termined under section 1(f)(3) for the cal-
 14 endar year in which the taxable year be-
 15 gins, determined by substituting ‘calendar
 16 year 1999’ for ‘calendar year 1992’ in sub-
 17 paragraph (B) thereof.

18 “(B) ROUNDING.—If any amount as ad-
 19 justed under subparagraph (A) is not a multiple
 20 of \$5,000 such amount shall be rounded to the
 21 next lowest multiple of \$5,000.

22 “(c) LIMITATION BASED ON MODIFIED ADJUSTED
 23 GROSS INCOME.—

24 “(1) IN GENERAL.—The amount which would
 25 (but for this subsection) be taken into account under

1 subsection (a) for the taxable year shall be reduced
2 (but not below zero) by the amount determined
3 under paragraph (2).

4 “(2) AMOUNT OF REDUCTION.—The amount
5 determined under this paragraph is the amount
6 which bears the same ratio to the amount which
7 would be so taken into account as—

8 “(A) the excess of—

9 “(i) the taxpayer’s modified adjusted
10 gross income for such taxable year, over

11 “(ii) \$50,000 (\$80,000 in the case of
12 a joint return), bears to

13 “(B) \$20,000.

14 “(3) MODIFIED ADJUSTED GROSS INCOME.—
15 The term ‘modified adjusted gross income’ means
16 the adjusted gross income of the taxpayer for the
17 taxable year—

18 “(A) determined without regard to section
19 221, and

20 “(B) increased by any amount excluded
21 from gross income under section 911, 931, or
22 933.

23 “(4) INFLATION ADJUSTMENT.—

24 “(A) IN GENERAL.—In the case of a tax-
25 able year beginning after 2000, the \$50,000

1 and \$80,000 amounts in paragraph (2), section
 2 221(b)(2)(B)(i)(II), and section
 3 222(b)(2)(A)(ii) shall each be increased by an
 4 amount equal to—

5 “(i) such dollar amounts, multiplied
 6 by

7 “(ii) the cost-of-living adjustment de-
 8 termined under section 1(f)(3) for the cal-
 9 endar year in which the taxable year be-
 10 gins, determined by substituting ‘calendar
 11 year 1999’ for ‘calendar year 1992’ in sub-
 12 paragraph (B) thereof.

13 “(B) ROUNDING.—If any amount as ad-
 14 justed under subparagraph (A) is not a multiple
 15 of \$5,000, such amount shall be rounded to the
 16 next lowest multiple of \$5,000.

17 “(d) QUALIFIED HIGHER EDUCATION EXPENSES.—
 18 For purposes of this section—

19 “(1) QUALIFIED HIGHER EDUCATION EX-
 20 PENSES.—

21 “(A) IN GENERAL.—The term ‘qualified
 22 higher education expenses’ means tuition and
 23 fees required for the enrollment or attendance
 24 of—

25 “(i) the taxpayer,

1 “(ii) the taxpayer’s spouse, or
2 “(iii) any dependent of the taxpayer
3 with respect to whom the taxpayer is al-
4 lowed a deduction under section 151,
5 as an eligible student at an institution of higher
6 education.

7 “(B) EXCEPTION FOR EDUCATION INVOLV-
8 ING SPORTS, ETC.—Such term does not include
9 expenses with respect to any course or other
10 education involving sports, games, or hobbies,
11 unless such course or other education is part of
12 the student’s degree program.

13 “(C) EXCEPTION FOR NONACADEMIC
14 FEES.—Such term does not include student ac-
15 tivity fees, athletic fees, insurance expenses, or
16 other expenses unrelated to a student’s aca-
17 demic course of instruction.

18 “(D) ELIGIBLE STUDENT.—

19 “(i) IN GENERAL.—The term ‘eligible
20 student’ means, with respect to any aca-
21 demic period, a student who—

22 “(I) meets the requirements of
23 section 484(a)(1) of the Higher Edu-
24 cation Act of 1965 (20 U.S.C.

1 1091(a)(1)), as in effect on the date
 2 of the enactment of this section, and

3 “(II) is carrying at least $\frac{1}{2}$ the
 4 normal full-time work load for the
 5 course of study the student is pursu-
 6 ing, as reasonably determined by the
 7 institution of higher education.

8 “(ii) GRADE-POINT REQUIREMENT.—

9 A student shall not be treated as an eligi-
 10 ble student if the student did not have a
 11 grade-point average of at least 2.75 on a
 12 4-point scale (or met a substantially simi-
 13 lar measure of achievement) for the stu-
 14 dents’ high school education (or equiva-
 15 lent).

16 “(2) INSTITUTION OF HIGHER EDUCATION.—

17 The term ‘institution of higher education’ means an
 18 institution—

19 “(A) which is described in section 481 of
 20 the Higher Education Act of 1965 (20 U.S.C.
 21 1088), as in effect on the date of the enactment
 22 of this section, and

23 “(B) which is eligible to participate in pro-
 24 grams under title IV of such Act.

1 “(3) FULL-TIME STUDENT.—The term ‘full-
2 time student’ means any student who is carrying at
3 least the normal full-time work load for the course
4 of study the student is pursuing, as reasonably de-
5 termined by the institution of higher education.

6 “(e) SPECIAL RULES.—

7 “(1) DENIAL OF CREDIT IF STUDENT CON-
8 VICTED OF DRUG OFFENSE.—No credit shall be al-
9 lowed under subsection (a) for qualified higher edu-
10 cation expenses for the enrollment or attendance of
11 a student for any academic period if such student
12 has been convicted of a Federal or State offense con-
13 sisting of the possession or distribution of a con-
14 trolled substance before the end of the taxable year
15 with or within which such period ends.

16 “(2) NO DOUBLE BENEFIT.—

17 “(A) IN GENERAL.—No credit shall be al-
18 lowed under subsection (a) for qualified higher
19 education expenses for the enrollment or at-
20 tendance of a student for any academic period
21 if any such expense for the enrollment or at-
22 tendance of such student for such period is al-
23 lowed as a deduction to the taxpayer under any
24 other provision of this chapter.

1 “(B) DEPENDENTS.—No credit shall be al-
2 lowed under subsection (a) to any individual
3 with respect to whom a deduction under section
4 151 is allowable to another taxpayer for a tax-
5 able year beginning in the calendar year in
6 which such individual’s taxable year begins.

7 “(3) IDENTIFICATION REQUIREMENT.—No
8 credit shall be allowed under subsection (a) to a tax-
9 payer with respect to an eligible student other than
10 the taxpayer unless the taxpayer includes the name
11 and taxpayer identification number of such eligible
12 student on the return of tax for the taxable year.

13 “(4) ADJUSTMENT FOR CERTAIN SCHOLAR-
14 SHIPS.—The amount of qualified higher education
15 expenses otherwise taken into account under sub-
16 section (a) with respect to the education of an indi-
17 vidual for an academic period shall be reduced (be-
18 fore the application of subsections (b) and (c)) by
19 the sum of—

20 “(A) the amounts received with respect to
21 such individual which are allocable to such pe-
22 riod as—

23 “(i) a qualified scholarship which
24 under section 117 is not includable in
25 gross income,

1 “(ii) an educational assistance allow-
2 ance under chapter 30, 31, 32, 34, or 35
3 of title 38, United States Code, or

4 “(iii) a payment (other than a gift,
5 bequest, devise, or inheritance within the
6 meaning of section 102(a)) for educational
7 expenses, or attributable to enrollment at
8 an eligible educational institution, which is
9 exempt from income taxation by any law of
10 the United States, and

11 “(B) the amount excludable from gross in-
12 come under section 135 which is allocable to
13 such expenses with respect to such individual
14 for such period.

15 “(5) NO CREDIT FOR MARRIED INDIVIDUALS
16 FILING SEPARATE RETURNS.—If the taxpayer is a
17 married individual (within the meaning of section
18 7703), this section shall apply only if the taxpayer
19 and the taxpayer’s spouse file a joint return for the
20 taxable year.

21 “(6) NONRESIDENT ALIENS.—If the taxpayer is
22 a nonresident alien individual for any portion of the
23 taxable year, this section shall apply only if such in-
24 dividual is treated as a resident alien of the United

1 States for purposes of this chapter by reason of an
2 election under subsection (g) or (h) of section 6013.

3 “(7) REGULATIONS.—The Secretary may, in
4 consultation with the Secretary of Education, pre-
5 scribe such regulations as may be necessary or ap-
6 propriate to carry out this section, including—

7 “(A) regulations requiring recordkeeping
8 and information reporting by the taxpayer and
9 any other person the Secretary determines ap-
10 propriate, and

11 “(B) regulations providing for a recapture
12 of credit allowed under this section in cases
13 where there is a refund in a subsequent taxable
14 year of any amount which was taken into ac-
15 count in determining the amount of such cred-
16 it.”

17 (b) EXTENSION OF PROCEDURES APPLICABLE TO
18 MATHEMATICAL OR CLERICAL ERRORS.—Paragraph (2)
19 of section 6213(g) of such Code (relating to the definition
20 of mathematical or clerical errors) is amended by striking
21 “and” at the end of subparagraph (G), by striking the
22 period at the end of subparagraph (H) and inserting a
23 comma, and by inserting after subparagraph (H) the fol-
24 lowing new subparagraph:

1 “(I) an omission of a correct TIN required
2 under section 35(e)(3) or under section
3 220(d)(3)(B) (relating to higher education tui-
4 tion and fees) to be included on a return.”

5 (c) CONFORMING AMENDMENTS.—

6 (1) Paragraph (2) of section 1324(b) of title
7 31, United States Code, is amended by inserting be-
8 fore the period “or from section 35 of such Code”.

9 (2) The table of sections for subpart C of part
10 IV of subchapter B of chapter 1 of such Code is
11 amended by striking the last item and inserting the
12 following new items:

 “Sec. 35. Higher education tuition and fees.
 “Sec. 36. Overpayments of tax.”

13 (d) EFFECTIVE DATE.—

14 (1) IN GENERAL.—The amendments made by
15 this section shall apply to taxable years beginning
16 after December 31, 1997.

17 (2) PERIODS BEFORE 1998 TAKEN INTO AC-
18 COUNT.—For purposes of applying section
19 35(b)(2)(A) of the Internal Revenue Code of 1986
20 (as added by this section), periods before January 1,
21 1998, that the student was an eligible student shall
22 be taken into account.

1 **SEC. 102. DEDUCTION FOR HIGHER EDUCATION EXPENSES.**

2 (a) DEDUCTION ALLOWED.— Part VII of subchapter
3 B of chapter 1 of the Internal Revenue Code of 1986 (re-
4 lating to additional itemized deductions for individuals) is
5 amended by redesignating section 221 as section 222 and
6 by inserting after section 220 the following new section:

7 **“SEC. 221. HIGHER EDUCATION TUITION AND FEES.**

8 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
9 individual, there shall be allowed as a deduction the
10 amount of qualified higher education expenses paid by the
11 taxpayer during the taxable year.

12 “(b) LIMITATIONS.—

13 “(1) DOLLAR LIMITATION.—

14 “(A) IN GENERAL.—The amount allowed
15 as a deduction under subsection (a) for any tax-
16 able year shall not exceed \$10,000.

17 “(B) PHASE-IN.—In the case of taxable
18 years beginning in 1998 or 1999, subparagraph
19 (A) shall be applied by substituting ‘\$5,000’ for
20 ‘\$10,000’.

21 “(2) LIMITATION BASED ON MODIFIED AD-
22 JUSTED GROSS INCOME.—

23 “(A) IN GENERAL.—The amount allowed
24 as a deduction under subsection (a) (after ap-
25 plication of paragraph (1)) shall be reduced

1 (but not below zero) by the amount determined
2 under subparagraph (B).

3 “(B) AMOUNT OF REDUCTION.—The
4 amount determined under this subparagraph
5 equals the amount which bears the same ratio
6 to the deduction (determined without regard to
7 this paragraph) as—

8 “(i) the excess of—

9 “(I) the taxpayer’s modified ad-
10 justed gross income for such taxable
11 year, over

12 “(II) \$50,000 (\$80,000 in the
13 case of a joint return), bears to

14 “(ii) \$20,000.

15 “(C) MODIFIED ADJUSTED GROSS IN-
16 COME.—For purposes of subparagraph (B), the
17 term ‘modified adjusted gross income’ means
18 the adjusted gross income of the taxpayer for
19 the taxable year determined—

20 “(i) without regard to this section and
21 sections 911, 931, and 933, and

22 “(ii) after the application of sections
23 86, 135, 137, 219, and 469.

24 For purposes of sections 86, 135, 219, and
25 469, adjusted gross income shall be determined

1 without regard to the deduction allowed under
2 this section.

3 “(D) CROSS REFERENCE.—

“For inflation adjustment of \$50,000 and \$80,000
amounts, see section 35(c)(4).

4 “(c) DEFINITIONS.—For purposes of this section—

5 “(1) IN GENERAL.—Except as provided in para-
6 graph (2), terms used in this section which are also
7 used in section 35 have the respective meanings
8 given such terms in section 35.

9 “(2) DEDUCTION AVAILABLE FOR EDUCATION
10 TO ACQUIRE OR IMPROVE JOB SKILLS.—For pur-
11 poses of applying this section, the requirement of
12 section 35(d)(1)(D)(ii) shall be treated as met if the
13 student is enrolled in a course which enables the stu-
14 dent to improve the student’s job skills or to acquire
15 new job skills.

16 “(d) SPECIAL RULES.—

17 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
18 tion shall be allowed under subsection (a) for quali-
19 fied higher education expenses with respect to which
20 a deduction is allowable to the taxpayer under any
21 other provision of this chapter unless the taxpayer
22 irrevocably waives his right to the deduction of such
23 expenses under such other provision.

1 “(2) LIMITATION ON TAXABLE YEAR OF DE-
2 DUCTION.—

3 “(A) IN GENERAL.—A deduction shall be
4 allowed under subsection (a) for any taxable
5 year only to the extent the qualified higher edu-
6 cation expenses are in connection with enroll-
7 ment at an institution of higher education dur-
8 ing the taxable year.

9 “(B) CERTAIN PREPAYMENTS ALLOWED.—
10 Subparagraph (A) shall not apply to qualified
11 higher education expenses paid during a taxable
12 year if such expenses are in connection with an
13 academic term beginning during such taxable
14 year or during the 1st 3 months of the next
15 taxable year.

16 “(3) CERTAIN RULES TO APPLY.—Rules similar
17 to the following rules of section 35(e) shall apply for
18 purposes of this section:

19 “(A) Paragraph (2)(B) (relating to denial
20 of double benefit for dependents).

21 “(B) Paragraph (3) (relating to identifica-
22 tion requirement).

23 “(C) Paragraph (4) (relating to adjust-
24 ment for certain scholarships).

1 “(D) Paragraph (5) (relating to no benefit
2 for married individuals filing separate returns).

3 “(E) Paragraph (6) (relating to non-
4 resident aliens).

5 “(4) REGULATIONS.—The Secretary may pre-
6 scribe such regulations as may be necessary or ap-
7 propriate to carry out this section, including regula-
8 tions requiring recordkeeping and information re-
9 porting.”

10 (b) DEDUCTION ALLOWED IN COMPUTING AD-
11 JUSTED GROSS INCOME.—Section 62(a) of such Code is
12 amended by inserting after paragraph (16) the following
13 new paragraph:

14 “(17) HIGHER EDUCATION TUITION AND
15 FEES.—The deduction allowed by section 221.”

16 (c) CONFORMING AMENDMENT.—The table of sec-
17 tions for part VII of subchapter B of chapter 1 of such
18 Code is amended by striking the item relating to section
19 221 and inserting:

 “Sec. 221. Higher education tuition and fees.
 “Sec. 222. Cross reference.”

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 1997.

1 **SEC. 103. DEDUCTION FOR INTEREST ON EDUCATION**
2 **LOANS.**

3 (a) IN GENERAL.—Part VII of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1986 (relating to
5 additional itemized deductions for individuals), as amend-
6 ed by section 102, is amended by redesignating section
7 222 as section 223 and by inserting after section 221 the
8 following new section:

9 **“SEC. 222. INTEREST ON EDUCATION LOANS.**

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

15 “(b) LIMITATION BASED ON MODIFIED ADJUSTED
16 GROSS INCOME.—

17 “(1) IN GENERAL.—The amount allowed as a
18 deduction under subsection (a) shall be reduced (but
19 not below zero) by the amount determined under
20 paragraph (2).

21 “(2) AMOUNT OF REDUCTION.—The amount
22 determined under this paragraph equals the amount
23 which bears the same ratio to the deduction (deter-
24 mined without regard to this subsection) as—

25 “(A) the excess of—

1 “(i) the taxpayer’s modified adjusted
2 gross income for such taxable year, over

3 “(ii) \$50,000 (\$80,000 in the case of
4 a joint return), bears to

5 “(B) \$20,000.

6 “(3) MODIFIED ADJUSTED GROSS INCOME.—

7 For purposes of paragraph (2), the term ‘modified
8 adjusted gross income’ means the adjusted gross in-
9 come of the taxpayer for the taxable year deter-
10 mined—

11 “(A) without regard to this section and
12 sections 911, 931, and 933, and

13 “(B) after the application of sections 86,
14 135, 137, 219, 221, and 469.

15 For purposes of sections 86, 135, 219, 221, and
16 469, adjusted gross income shall be determined
17 without regard to the deduction allowed under this
18 section.

19 “(4) CROSS REFERENCE.—

**“For inflation adjustment of \$50,000 and \$80,000
 amounts, see section 35(c)(4).**

20 “(c) DEPENDENTS NOT ELIGIBLE FOR DEDUC-
21 TION.—No deduction shall be allowed by this section to

1 an individual for the taxable year if a deduction under sec-
2 tion 151 with respect to such individual is allowed to an-
3 other taxpayer for the taxable year beginning in the cal-
4 endar year in which such individual's taxable year begins.

5 “(d) DEFINITIONS.—For purposes of this section—

6 “(1) QUALIFIED EDUCATION LOAN.—The term
7 ‘qualified education loan’ means any indebtedness
8 incurred to pay qualified higher education ex-
9 penses—

10 “(A) which are incurred on behalf of the
11 taxpayer or the taxpayer's spouse,

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

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

18 Such term includes indebtedness used to refinance
19 indebtedness which qualifies as a qualified education
20 loan. The term ‘qualified education loan’ shall not
21 include any indebtedness owed to a person who is re-
22 lated (within the meaning of section 267(b) or
23 707(b)(1)) to the taxpayer.

1 “(2) QUALIFIED HIGHER EDUCATION EX-
2 PENSES.—The term ‘qualified higher education ex-
3 penses’ has the meaning given such term by section
4 35(d) (without regard to paragraph (1)(D)(ii)), re-
5 duced by the sum of—

6 “(A) the amount excluded from gross in-
7 come under section 135 by reason of such ex-
8 penses, and

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

11 For purposes of applying section 35(d) under the
12 preceding sentence, the term ‘eligible educational in-
13 stitution’ shall also include an institution conducting
14 an internship or residency program leading to a de-
15 gree or certificate awarded by an institution of high-
16 er education, a hospital, or a health care facility
17 which offers postgraduate training.

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

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

25 “(e) SPECIAL RULES.—

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

5 “(2) MARRIED COUPLES MUST FILE JOINT RE-
6 TURN.—If the taxpayer is married at the close of
7 the taxable year, the deduction shall be allowed
8 under subsection (a) only if the taxpayer and the
9 taxpayer’s spouse file a joint return for the taxable
10 year.

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

13 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-
14 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)
15 of section 62 of such Code, as amended by section 102,
16 is amended by inserting after paragraph (17) the following
17 new paragraph:

18 “(18) INTEREST ON EDUCATION LOANS.—The
19 deduction allowed by section 222.”

20 (c) REPORTING REQUIREMENT.—

21 (1) IN GENERAL.—Subpart B of part III of
22 subchapter A of chapter 61 of such Code (relating
23 to information concerning transactions with other
24 persons) is amended by inserting after section
25 6050R the following new section:

1 **“SEC. 6050S. RETURNS RELATING TO EDUCATION LOAN IN-**
2 **TEREST RECEIVED IN TRADE OR BUSINESS**
3 **FROM INDIVIDUALS.**

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

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

7 “(2) who, in the course of such trade or busi-
8 ness, receives from any individual interest aggregat-
9 ing \$600 or more for any calendar year on 1 or
10 more qualified education loans,

11 shall make the return described in subsection (b) with re-
12 spect to each individual from whom such interest was re-
13 ceived at such time as the Secretary may by regulations
14 prescribe.

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

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

19 “(2) contains—

20 “(A) the name, address, and TIN of the
21 individual from whom the interest described in
22 subsection (a)(2) was received,

23 “(B) the amount of such interest received
24 for the calendar year, and

25 “(C) such other information as the Sec-
26 retary may prescribe.

1 “(c) APPLICATION TO GOVERNMENTAL UNITS.—For
2 purposes of subsection (a)—

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

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

9 “(A) subsection (a) shall be applied with-
10 out regard to the trade or business requirement
11 contained therein, and

12 “(B) any return required under subsection
13 (a) shall be made by the officer or employee ap-
14 propriately designated for the purpose of mak-
15 ing such return.

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

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

24 “(2) the aggregate amount of interest described
25 in subsection (a)(2) received by the person required

1 to make such return from the individual to whom
2 the statement is required to be furnished.

3 The written statement required under the preceding sen-
4 tence shall be furnished on or before January 31 of the
5 year following the calendar year for which the return
6 under subsection (a) was required to be made.

7 “(e) QUALIFIED EDUCATION LOAN DEFINED.—For
8 purposes of this section, except as provided in regulations
9 prescribed by the Secretary, the term ‘qualified education
10 loan’ has the meaning given such term by section
11 222(d)(1).

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

19 (2) ASSESSABLE PENALTIES.—Section 6724(d)
20 (relating to definitions) is amended—

21 (A) by redesignating clauses (x) through
22 (xv) as clauses (xi) through (xvi), respectively,
23 in paragraph (1)(B) and by inserting after
24 clause (ix) of such paragraph the following new
25 clause:

1 “(x) section 6050S (relating to re-
2 turns relating to education loan interest re-
3 ceived in trade or business from individ-
4 uals),”, and

5 (B) by striking “or” at the end of the next
6 to last subparagraph, by striking the period at
7 the end of the last subparagraph and inserting
8 “, or”, and by adding at the end the following
9 new subparagraph:

10 “(Z) section 6050R (relating to returns re-
11 lating to education loan interest received in
12 trade or business from individuals).”

13 (d) CLERICAL AMENDMENT.—The table of sections
14 for part VII of subchapter B of chapter 1 is amended by
15 striking the last item and inserting the following new
16 items:

 “Sec. 222. Interest on education loans.
 “Sec. 223. Cross reference.”

17 (e) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to any qualified education loan (as
19 defined in section 222(d)(1) of the Internal Revenue Code
20 of 1986, as added by this section) incurred on, before, or
21 after the date of the enactment of this Act, but only with
22 respect to any loan interest payment due after December
23 31, 1997.

1 **TITLE II—EDUCATIONAL**
2 **FACILITIES IMPROVEMENT**

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

4 This title may be cited as the “Educational Facilities
5 Improvement Act”.

6 **SEC. 202. PROVISION OF ASSISTANCE FOR CONSTRUCTION**
7 **AND RENOVATION OF EDUCATIONAL**
8 **FACILITIES.**

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

11 (1) by repealing sections 12002 and 12003;

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

15 (3) by inserting after the title heading the
16 following:

17 **“SEC. 12001. FINDINGS.**

18 “The Congress finds the following:

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

24 “(2) The General Accounting Office concluded
25 more than 14,000,000 children attend schools in

1 need of extensive repair or replacement. Seven mil-
2 lion children attend schools with life safety code vio-
3 lations. Twelve million children attend schools with
4 leaky roofs.

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

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

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

1 “(6) The General Accounting Office found most
2 schools are not prepared to incorporate modern tech-
3 nology into the classroom. Forty-six percent of
4 schools lack adequate electrical wiring to support the
5 full-scale use of technology. More than a third of
6 schools lack the requisite electrical power. Fifty-six
7 percent of schools have insufficient phone lines for
8 modems.

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

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

22 “(9) State and local financing mechanisms have
23 proven inadequate to meet the challenges facing to-
24 day’s aging school facilities. Large numbers of local

1 educational agencies have difficulties securing fi-
 2 nancing for school facility improvement.

3 “(10) The Federal Government can support ele-
 4 mentary and secondary school facilities, and can le-
 5 verage additional funds for the improvement of ele-
 6 mentary and secondary school facilities.

7 **“SEC. 12002. PURPOSE.**

8 “The purpose of this title is to help State and local
 9 authorities improve the quality of education at their public
 10 schools through the provision of Federal funds to enable
 11 the State and local authorities to meet the cost associated
 12 with the improvement of school facilities within their
 13 jurisdictions.

14 **“PART A—GENERAL INFRASTRUCTURE**
 15 **IMPROVEMENT GRANT PROGRAM”;**

16 and

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

18 **“PART B—CONSTRUCTION AND RENOVATION**
 19 **BOND SUBSIDY PROGRAM**

20 **“SEC. 12201. DEFINITIONS.**

21 “As used in this part:

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

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

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

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

10 “(B) a political subdivision of a State with
11 authority to issue such a bond for an area in-
12 cluding a local area.

13 “(4) POVERTY LINE.—The term ‘poverty line’
14 means the official poverty line (as defined by the Of-
15 fice of Management and Budget, and revised annu-
16 ally in accordance with section 673(2) of the Omni-
17 bus Budget Reconciliation Act of 1981 (42 U.S.C.
18 9902(2))) applicable to a family of the size involved.

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

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

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

1 “(1) 20 percent of such amount to award
2 grants to local bond authorities for not more than
3 125 eligible local areas as provided for under section
4 12203; and

5 “(2) 80 percent of such amount to award
6 grants to States as provided for under section
7 12204.

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

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

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

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

1 **“SEC. 12203. DIRECT GRANTS TO LOCAL BOND**
2 **AUTHORITIES.**

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

7 “(b) USE OF FUNDS.—The local bond authority shall
8 use amounts received through a grant made under section
9 12202(a)(1) to pay a portion of the interest costs applica-
10 ble to any local bond issued to finance an activity de-
11 scribed in section 12205 with respect to the local area.

12 “(c) ELIGIBILITY AND DETERMINATION.—

13 “(1) ELIGIBILITY.—To be eligible to receive a
14 grant under section 12202(a)(1) for a local area, a
15 local bond authority shall demonstrate the capacity
16 to issue a bond for an area that includes 1 of the
17 125 local areas for which the Secretary has made a
18 determination under paragraph (2).

19 “(2) DETERMINATION.—

20 “(A) MANDATORY.—The Secretary shall
21 make a determination of the 100 local areas
22 that have the highest numbers of children who
23 are—

24 “(i) aged 5 to 17, inclusive; and

1 “(ii) members of families with in-
2 comes that do not exceed 100 percent of
3 the poverty line.

4 “(B) DISCRETIONARY.—The Secretary
5 may make a determination of 25 local areas, for
6 which the Secretary has not made a determina-
7 tion under subparagraph (A), that have extraor-
8 dinary needs for construction or renovation of
9 educational facilities that the local bond author-
10 ity serving the local area is unable to meet.

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

16 “(1) an assurance that the application was de-
17 veloped in consultation with parents and classroom
18 teachers;

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

22 “(3) a description of the architectural, civil,
23 structural, mechanical, or electrical construction or
24 renovation to be supported with the assistance pro-
25 vided under this part;

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

3 “(5) an identification of other resources, such
4 as unused bonding capacity, that are available to
5 carry out the activities for which assistance is re-
6 quested under this part;

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

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

12 “(e) AWARD OF GRANTS.—

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

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

21 “(B) the extent to which the educational
22 facility is overcrowded; and

23 “(C) the extent to which assistance pro-
24 vided through the grant will be used to fund
25 construction or renovation that, but for receipt

1 of the grant, would not otherwise be possible to
2 undertake.

3 “(2) AMOUNT OF ASSISTANCE.—

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

8 “(i) give preference to a local bond
9 authority based on the criteria specified in
10 paragraph (1); and

11 “(ii) consider—

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

16 “(II) the relative size of the local
17 area served by the local bond author-
18 ity; and

19 “(III) any other factors deter-
20 mined to be appropriate by the
21 Secretary.

22 “(B) MAXIMUM AMOUNT OF ASSIST-
23 ANCE.—A local bond authority shall be eligible
24 for assistance under section 12202(a)(1) in an
25 amount that does not exceed the appropriate

1 percentage under section 12204(f)(3) of the in-
2 terest costs applicable to any local bond issued
3 to finance an activity described in section
4 12205 with respect to the local area involved.

5 **“SEC. 12204. GRANTS TO STATES.**

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

11 “(b) USE OF FUNDS.—The State shall use amounts
12 received through a grant made under section
13 12202(a)(2)—

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

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

23 “(c) AMOUNT OF GRANT TO STATE.—

24 “(1) IN GENERAL.—From the amount available
25 for grants under section 12202(a)(2), the Secretary

1 shall award a grant to each eligible State that is
2 equal to the total of—

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

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

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

1 “(d) STATE APPLICATIONS REQUIRED.—To be eligi-
2 ble to receive a grant under section 12202(a)(2), a State
3 shall prepare and submit to the Secretary an application
4 at such time, in such manner, and containing such infor-
5 mation as the Secretary may require. Such application
6 shall contain—

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

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

15 “(e) ADMINISTERING AGENCY.—

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

22 “(2) SPECIAL RULE.—If no agency described in
23 paragraph (1) exists, or if there is more than one
24 such agency, then the chief executive officer of the

1 State and the chief State school officer shall des-
2 ignate a State entity or individual to administer the
3 amounts received through the grant.

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

5 “(1) IN GENERAL.—To be eligible to receive as-
6 sistance from a State under this section, a local
7 bond authority shall prepare and submit to the State
8 agency designated under subsection (e) an applica-
9 tion at such time, in such manner, and containing
10 such information as the State agency may require,
11 including the information described in section
12 12203(d).

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

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

21 “(B) the extent to which the educational
22 facility is overcrowded; and

23 “(C) the extent to which assistance pro-
24 vided through the grant will be used to fund
25 construction or renovation that, but for receipt

1 of the grant, would not otherwise be possible to
2 undertake.

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

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

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

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

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

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

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

4 “(g) ASSISTANCE TO STATE.—

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

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

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

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

22 “(1) the repair or upgrading of classrooms or
23 structures related to academic learning, including

1 the repair of leaking roofs, crumbling walls, inad-
2 equate plumbing, poor ventilation equipment, and in-
3 adequate heating or light equipment;

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

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

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

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

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

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

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

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

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

24 “(1) IN GENERAL.—A State that issues a bond
25 described in section 12204(b)(1) with respect to a

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

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

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

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

1 “(C) the demographic composition of the
2 local area will not support additional school
3 spending;

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

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

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

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

12 “(1) IN GENERAL.—A State may request that
13 the Secretary waive the use requirements of section
14 12204(b) for a local bond authority to permit the
15 State to provide assistance to the local bond author-
16 ity to finance construction or renovation by means
17 other than through the issuance of bonds.

18 “(2) USE OF FUNDS.—A State that receives a
19 waiver granted under this subsection may provide
20 assistance to a local bond authority in accordance
21 with the criteria described in section 12204(f)(2) to
22 enable the local bond authority to repay the costs in-
23 curred by the local bond authority in financing an
24 activity described in section 12205. The local bond
25 authority shall be eligible to receive the amount of

1 such assistance that the Secretary estimates the
2 local bond authority would be eligible to receive
3 under section 12204(f)(3) if the construction or ren-
4 ovation were financed through the issuance of a
5 bond.

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

13 “(c) WAIVER FOR OTHER USES.—

14 “(1) IN GENERAL.—A State may request that
15 the Secretary waive the use requirements of section
16 12204(b) for a State to permit the State to carry
17 out activities that achieve the purpose of this title.

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

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

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

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

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

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

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

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

25 “(d) LOCAL BOND AUTHORITY WAIVER.—

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

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

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

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

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

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

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

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

7 “(g) GENERAL REQUIREMENTS.—

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

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

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

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

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

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

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

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

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

12 “(a) FAILURE TO ISSUE BONDS.—

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

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

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

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

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

17 **“SEC. 12208. FAIR WAGES.**

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

1 **“SEC. 12209. REPORT.**

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

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

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

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

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

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

15 **“SEC. 12210. FUNDING.**

16 “(a) IN GENERAL.—There are appropriated
17 \$5,000,000,000 for fiscal year 1998 to carry out this part.

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

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

1 **SEC. 203. FUNDING.**

2 Section 12111 of the Educated Infrastructure Act of
3 1994 (as redesignated by section 202(2)) (20 U.S.C.
4 8513) is amended to read as follows:

5 **“SEC. 12111. FUNDING.**

6 “(a) **AUTHORIZATION.**—There are authorized to be
7 appropriated to carry out this part \$200,000,000 for fiscal
8 year 1995 and such sums as may be necessary for each
9 of the four succeeding fiscal years.

10 “(b) **APPROPRIATION.**—There are appropriated to
11 carry out this part \$150,000,000 for each of the fiscal
12 years 1998 through 2002.

13 “(c) **ENTITLEMENT.**—Subject to subsection (b), each
14 State or local bond authority awarded a grant under this
15 part shall be entitled to payments under the grant.”.

16 **SEC. 204. CONFORMING AMENDMENTS.**

17 (a) **CROSS REFERENCES.**—Part A of title XII of the
18 Elementary and Secondary Education Act of 1965 (as re-
19 designated by section 202(3)) is amended—

20 (1) in section 12102(a) (as redesignated by sec-
21 tion 202(2))—

22 (A) in paragraph (1)—

23 (i) by striking “12013” and inserting
24 “12111”;

25 (ii) by striking “12005” and inserting
26 “12103”; and

1 (iii) by striking “12007” and insert-
2 ing “12105”; and

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

5 (2) in section 12110(3)(C) (as redesignated by
6 section 202(2)), by striking “12006” and inserting
7 “12104”.

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

12 (1) in section 12101 (as redesignated by
13 section 202(2)), by striking “This title” and in-
14 serting “This part”; and

15 (2) in sections 12102(a)(2), 12102(b)(1),
16 12103(a), 12103(b), 12103(b)(2), 12103(c),
17 12103(d), 12104(a), 12104(b)(2), 12104(b)(3),
18 12104(b)(4), 12104(b)(6), 12104(b)(7),
19 12105(a), 12105(b), 12106(a), 12106(b),
20 12106(c), 12106(c)(1), 12106(c)(7), 12106(e),
21 12107, 12108(a)(1), 12108(a)(2), 12108(b)(1),
22 12108(b)(2), 12108(b)(3), 12108(b)(4),
23 12109(2)(A), and 12110 (as redesignated by
24 section 202(2)), by striking “this title” each
25 place it appears and inserting “this part”.

1 **TITLE III—AMERICA READS**
2 **CHALLENGE**

3 **SEC. 301. FINDINGS.**

4 Congress finds as follows:

5 (1) With the proper support and teaching, all
6 children can learn to read at grade-level by the end
7 of the 3d grade.

8 (2) Students who are not reading at grade-level
9 are very unlikely to graduate from high school.

10 (3) Reading is a fundamental skill for learning,
11 but in 1994, 40 percent of 4th grade students failed
12 to attain the basic level of reading on the National
13 Assessment of Education Progress. Seventy percent
14 of 4th graders did not attain the proficient level of
15 reading.

16 (4) Parents are the best first teachers. Parents
17 can help to increase their children's reading levels,
18 for example, by reading with their child 30 minutes
19 a day. Evidence shows that greater parental support
20 of children's literacy success makes a significant
21 difference.

22 (5) One-on-one tutoring is a key component of
23 bringing students up to reading at grade-level.

1 (6) Pre-school preparation and family involve-
 2 ment is widely recognized to improve student per-
 3 formance. Preparing children to learn, both through
 4 parent involvement and through pre-school prepara-
 5 tion, plays a crucial role in preventing students from
 6 falling behind.

7 **Subtitle A—Parents As First** 8 **Teachers Challenge Grants**

9 **SEC. 311. SHORT TITLE.**

10 This subtitle may be cited as the “Parents as First
 11 Teachers Challenge Grant Act of 1997”.

12 **SEC. 312. FINDING AND PURPOSE.**

13 (a) FINDING.—Congress finds that parents are the
 14 best first teachers.

15 (b) PURPOSE.—The purpose of this subtitle is to sup-
 16 port effective, proven efforts that provide assistance to
 17 parents who want to help their children become successful
 18 readers by the end of the 3d grade.

19 **SEC. 313. DEFINITIONS.**

20 In this subtitle:

21 (1) ELIGIBLE CHILD.—The term “eligible
 22 child” means an individual eligible to attend pre-
 23 school, kindergarten, or 1st, 2d, or 3d grade.

24 (2) SECRETARY.—The term “Secretary” means
 25 the Secretary of Education.

1 **SEC. 314. GRANTS AUTHORIZED.**

2 (a) GRANTS FOR NATIONAL OR REGIONAL NET-
3 WORKS.—The Secretary is authorized to award at least
4 2 grants to public or private agencies or institutions to
5 enable the agencies or institutions to support national or
6 regional networks that share information on helping eligi-
7 ble children read.

8 (b) GRANTS FOR SUCCESSFUL PROGRAMS OR ACTIVI-
9 TIES.—The Secretary is authorized to award at least 2
10 grants to State or local government agencies, nonprofit
11 community groups or organizations, or consortia thereof,
12 to enable such agencies, groups, organizations, or consor-
13 tia to expand or replicate successful programs or activities
14 that helps a parent—

15 (1) be a good teacher to the parent's eligible
16 child; and

17 (2) assist the parent's eligible child in attaining
18 reading skills while assisting the eligible child to
19 learn to read.

20 **SEC. 315. RECIPIENT CRITERIA.**

21 (a) GRANTS FOR NATIONAL OR REGIONAL NET-
22 WORKS.—In order to receive a grant under section 312(a),
23 a public or private agency or institution shall have a prov-
24 en record of working with parents of eligible children.

25 (b) GRANTS FOR SUCCESSFUL PROGRAMS OR ACTIVI-
26 TIES.—In order to receive a grant under section 314(b),

1 an agency, group, organization, or consortium shall have
2 a proven record of working with parents to improve their
3 eligible children's reading.

4 **SEC. 316. APPLICATIONS.**

5 (a) IN GENERAL.—Each entity desiring a grant
6 under this subtitle shall submit an application to the Sec-
7 retary at such time, in such manner, and accompanied by
8 such information as the Secretary may require.

9 (b) APPLICATIONS FOR GRANTS FOR NATIONAL OR
10 REGIONAL NETWORKS.—Each application submitted
11 under subsection (a) for a grant under section 314(a)
12 shall—

13 (1) demonstrate the likelihood that the pro-
14 posed program or activity will have a substantial re-
15 gional or national impact;

16 (2) demonstrate the cost-effectiveness of the
17 proposed program or activity; and

18 (3) describe how the proposed program or activ-
19 ity will be coordinated with private sector programs
20 and activities, and State and local programs and ac-
21 tivities that provide support for parents of eligible
22 children.

23 (c) APPLICATIONS FOR GRANTS FOR SUCCESSFUL
24 PROGRAMS OR ACTIVITIES.—Each application submitted

1 under subsection (a) for a grant under section 04(b)
2 shall—

3 (1) describe a program or activity that is capa-
4 ble of successful expansion or replication;

5 (2) contain evidence of community support for
6 the proposed program or activity from the private
7 sector, a school, and another entity;

8 (3) contain information demonstrating the cost-
9 effectiveness of the proposed program or activity;
10 and

11 (4) provide an assurance that the applicant will
12 coordinate the proposed program or activity with
13 State and local programs and activities that provide
14 support for parents of eligible children.

15 **SEC. 317. AUTHORIZATION OF APPROPRIATIONS.**

16 (a) APPROPRIATIONS.—There are appropriated to
17 carry out this subtitle \$45,000,000 for fiscal year 1998,
18 \$50,000,000 for fiscal year 1999, \$60,000,000 for fiscal
19 year 2000, \$70,000,000 for fiscal year 2001, and
20 \$75,000,000 for fiscal year 2002.

21 (b) ENTITLEMENT.—Subject to subsection (a), each
22 entity receiving a grant under this title for a fiscal year
23 shall be entitled to payments for such year under the
24 grant.

1 **Subtitle B—Challenging America’s**
2 **Young Readers**

3 **SEC. 321. SHORT TITLE.**

4 This subtitle may be cited as the “Challenging Ameri-
5 ca’s Young Readers Act of 1997”.

6 **SEC. 322. PURPOSE.**

7 The purpose of this subtitle is to raise reading levels
8 by providing tutoring assistance outside regular school
9 hours to children eligible to attend preschool, kinder-
10 garten, or 1st, 2d, or 3d grade.

11 **SEC. 323. DEFINITIONS.**

12 In this subtitle:

13 (1) ADMINISTRATORS.—The term “Administra-
14 tors” means the Secretary of Education and the
15 Chief Executive Officer of the Corporation for Na-
16 tional and Community Service acting pursuant to
17 the agreement entered into under section 324(c).

18 (2) ELIGIBLE CHILD.—The term “eligible
19 child” means an individual eligible to attend pre-
20 school, kindergarten, or 1st, 2d, or 3d grade.

21 (3) STATE.—The term “State” means each of
22 the several States of the United States, the District
23 of Columbia, and the Commonwealth of Puerto Rico.

24 (4) STATE EDUCATIONAL AGENCY.—The term
25 “State educational agency” has the meaning given

1 the term by section 14101 of the Elementary and
2 Secondary Education Act of 1965 (20 U.S.C. 8801).

3 **SEC. 324. PROGRAM AUTHORIZED.**

4 (a) ALLOTMENT AND RESERVATIONS.—

5 (1) ALLOTMENT.—From the sum made avail-
6 able under section 330(b) and not reserved under
7 paragraph (5) for a fiscal year, the Administrators
8 shall make an allotment to each State educational
9 agency for the fiscal year in an amount that bears
10 the same relation to the sum as the amount such
11 State received under part A of title I of the Elemen-
12 tary and Secondary Education Act of 1965 (20
13 U.S.C. 6311 et seq.) for the previous fiscal year
14 bears to the amount all States received under such
15 part for the previous fiscal year.

16 (2) RESERVATIONS.—

17 (A) IN GENERAL.—From the sum made
18 available under section 330(b) for a fiscal year,
19 the Administrators—

20 (i) shall reserve 10 percent of such
21 sum to carry out local reading programs
22 under section 326;

23 (ii) shall reserve not more than 1.5
24 percent of such sum to carry out national

1 leadership and evaluation activities under
2 section 327;

3 (iii) shall reserve the percentage de-
4 scribed in subparagraph (B) of such sum
5 to make a payment to the Secretary of the
6 Interior to enable the Secretary of the In-
7 terior to carry out the purpose of this sub-
8 title for Indian children; and

9 (iv) shall reserve 0.25 percent of such
10 sum to make payments to the United
11 States Virgin Islands, Guam, American
12 Samoa, the Commonwealth of the North-
13 ern Mariana Islands, the Republic of the
14 Marshall Islands, the Federated States of
15 Micronesia, and the Republic of Palau on
16 the basis of their respective need for assist-
17 ance according to such criteria as the Sec-
18 retary determines will best carry out the
19 purpose of this subtitle.

20 (B) PERCENTAGE.—The percentage re-
21 ferred to in subparagraph (A)(iii) for a fiscal
22 year is the percentage of funds reserved under
23 section 1121(a)(2) of the Elementary and Sec-
24 ondary Education Act of 1965 (20 U.S.C.

1 6331(a)(2)) for the Secretary of the Interior for
2 such previous year.

3 (b) GRANTS.—

4 (1) IN GENERAL.—Each State educational
5 agency receiving an allotment under subsection
6 (a)(1) shall use such allotment to award grants, on
7 a competitive basis, to organizations in the State to
8 enable the organizations—

9 (A) to employ reading specialists to super-
10 vise tutoring programs that teach eligible chil-
11 dren to read;

12 (B) to recruit and train tutors for tutoring
13 programs that teach eligible children to read;
14 and

15 (C) to carry out tutoring programs that
16 teach eligible children to read.

17 (2) SPECIAL RULE.—Each tutoring program
18 assisted through a grant awarded under paragraph
19 (1) shall be conducted before or after regular school
20 hours, or during the weekend or the summer.

21 (c) COMMUNITY AND NATIONAL SERVICE FUNDS.—

22 The Administrators shall use amounts reserved under sec-
23 tion 330(a) for a fiscal year to carry out the activities de-
24 scribed in subparagraphs (A) through (C) of subsection
25 (b)(1) during the periods described in subsection (b)(2)

1 in accordance with the National and Community Service
2 Act of 1990 (42 U.S.C. 12501).

3 (d) JOINT ADMINISTRATION.—

4 (1) IN GENERAL.—The Secretary of Education
5 and the Chief Executive Officer of the Corporation
6 for National and Community Service shall admin-
7 ister this subtitle jointly pursuant to an agreement
8 between the Secretary and the Chief Executive Offi-
9 cer.

10 (2) AGREEMENT.—The agreement described in
11 paragraph (1) shall establish the responsibilities of
12 the Secretary of Education and the Chief Executive
13 Officer of the Corporation for National and Commu-
14 nity Service for administering this subtitle. Such
15 agreement shall—

16 (A) not require more than one application
17 from any one State educational agency or local
18 applicant;

19 (B) encourage, but not require, the use of
20 volunteers assisted through funding made avail-
21 able under section 330(a) to serve as volunteer
22 recruiters and coordinators; and

23 (C) include only one application review
24 process.

1 **SEC. 325. APPLICATIONS.**

2 (a) STATE.—Each State educational agency desiring
3 an allotment under this subtitle shall submit an applica-
4 tion to the Administrators at such time, in such manner,
5 and containing such information as the Administrators
6 may require. Each such application shall—

7 (1) describe how the State educational agency
8 will award grants under this subtitle; and

9 (2) describe how the State educational agency
10 will encourage use of activities assisted under the
11 National and Community Service Act of 1990 (42
12 U.S.C. 12501 et seq.) and the Domestic Volunteer
13 Service Act of 1973 (42 U.S.C. 4950 et seq.).

14 (b) LOCAL.—Each organization desiring a grant
15 under section 324(b) shall submit an application to the
16 State educational agency at such time, in such manner,
17 and accompanied by such information as the State edu-
18 cational agency may reasonably require. Each such appli-
19 cation shall—

20 (1) describe how the proposed program or activ-
21 ity will be linked with the curriculum of the appro-
22 priate local educational agency, school, or classroom,
23 and other reading enhancement activities of the
24 school and the eligible children;

1 (2) contain a description of how the applicant
2 will use the grant funds to provide assistance to eco-
3 nomically disadvantaged communities, and schools,
4 in which eligible children have the greatest need for
5 reading assistance;

6 (3) contain an assurance that the proposed pro-
7 gram or activity will focus on providing individual-
8 ized tutoring in reading that involves trained and su-
9 pervised volunteers who have been approved by the
10 applicant; and

11 (4) describe the strategies that will be under-
12 taken through the program or activity to ensure that
13 eligible children will make progress in reading;

14 (5) describe how the applicant will evaluate the
15 program or activity, including measuring progress
16 toward improving the reading performance of eligible
17 children, and improve the program or activity if eli-
18 gible children do not make progress in improving
19 reading performance; and

20 (6) demonstrate how the program or activity—

21 (A) will be coordinated with activities of
22 local school personnel, and activities assisted
23 under the Head Start Act (42 U.S.C. 9831 et
24 seq.), Even Start, other provisions of title I of
25 the Elementary and Secondary Education Act

1 of 1965 (20 U.S.C. 6301 et seq.), and the Indi-
2 viduals with Disabilities Education Act (20
3 U.S.C. 1400 et seq.), particularly with respect
4 to referral of eligible children; and

5 (B) will be developed and carried out with
6 strong parent, community, and private sector
7 involvement.

8 **SEC. 326. LOCAL READING PROGRAMS.**

9 (a) GRANTS AUTHORIZED.—

10 (1) IN GENERAL.—From amounts reserved
11 under section 324(a)(2)(A)(i) for a fiscal year, the
12 Administrators shall award grants to local entities
13 for the planning, implementation, or expansion of
14 local reading programs that serve economically dis-
15 advantaged communities.

16 (2) SPECIAL RULE.—In awarding grants under
17 paragraph (1) for a fiscal year, the Administrators
18 shall ensure that at least 1 such grant is awarded
19 to serve an urban economically disadvantaged com-
20 munity and at least 1 such grant is awarded to serve
21 a rural economically disadvantaged community.

1 (b) APPLICATION.—Each local entity desiring a grant
2 under subsection (a) shall submit an application to the Ad-
3 ministrators at such time, in such manner, and accom-
4 panied by such information as the Administrators may re-
5 quire. Each such application shall include the information
6 and assurances described in section 325(b) with respect
7 to such local entity.

8 **SEC. 327. NATIONAL LEADERSHIP AND EVALUATION.**

9 (a) NATIONAL LEADERSHIP.—From a portion of
10 amounts reserved under section 324(a)(2)(A)(ii) for a fis-
11 cal year, the Administrators may carry out national lead-
12 ership activities, including dissemination of information on
13 effective practices, providing technical assistance mate-
14 rials, and other activities, to increase the performance of
15 eligible children in the States.

16 (b) EVALUATION.—

17 (1) IN GENERAL.—From a portion of the
18 amounts reserved under section 324(a)(2)(A)(ii) for
19 a fiscal year, the Administrators, through a grant,
20 contract, or cooperative agreement, shall evaluate,
21 and submit reports to Congress regarding, the effec-
22 tiveness of programs and activities assisted under
23 this subtitle.

1 (2) REPORT DATES.—The reports described in
2 paragraph (1) shall be submitted to Congress on
3 September 1, 2000, and every 2 years thereafter.

4 **SEC. 328. ADJUSTMENT OR TERMINATION OF FUNDING.**

5 Notwithstanding any other provision of this subtitle,
6 the Administrators may decrease or terminate any funding
7 provided under this subtitle if the Administrators deter-
8 mine that a recipient of such funding does not—

9 (1) improve reading performance with respect
10 to eligible children; or

11 (2) implement the recipient's strategies to im-
12 prove reading performance with respect to eligible
13 children.

14 **SEC. 329. NONDUPLICATION AND NONDISPLACEMENT.**

15 (a) NONDUPLICATION.—Assistance provided under
16 this subtitle shall be used only for a program or activity
17 that does not duplicate, and is in addition to, an activity
18 otherwise available in the locality of such program or
19 activity.

20 (b) NONDISPLACEMENT.—An employer shall not dis-
21 place an employee or position, including partial displace-
22 ment such as reduction in hours, wages, or employment
23 benefits, as a result of the use by such employer of a par-
24 ticipant in a program or activity receiving assistance
25 under this subtitle.

1 **SEC. 330. FUNDING.**

2 (a) RESERVATION.—From amounts made available to
3 carry out the National and Community Service Act of
4 1990 (42 U.S.C. 12501 et seq.) for each of the fiscal years
5 1998 through 2002, the Chief Executive Officer of the
6 Corporation for National and Community Service shall
7 make available \$200,000,000 to carry out this subtitle.

8 (b) APPROPRIATION.—There are appropriated to the
9 Secretary of Education to carry out this subtitle
10 \$200,000,000 for fiscal year 1998, \$250,000,000 for fis-
11 cal year 1999, \$300,000,000 for fiscal year 2000,
12 \$350,000,000 for fiscal year 2001, and \$350,000,000 for
13 fiscal year 2002.

14 (c) ENTITLEMENT.—Subject to subsections (a) and
15 (b), each entity receiving an allotment, awarded a grant,
16 or entering into a contract or cooperative agreement,
17 under this subtitle for a fiscal year shall be entitled to
18 payments for such year under the allotment, grant, con-
19 tract, or cooperative agreement.

20 **TITLE IV—INVESTING IN TECH-**
21 **NOLOGY FOR THE CLASS-**
22 **ROOMS**

23 **Subtitle A—Sense of the Senate**

24 **SEC. 401. FINDINGS.**

25 Congress finds as follows:

1 (1) Technology in the schools is a central com-
2 ponent of preparing students for the 21st century.

3 (2) Equipping schools with technology is no
4 longer a luxury. It is a necessity. By the year 2000,
5 60 percent of all jobs in the Nation will require
6 skills in computer and network use.

7 (3) Technology in the classroom improves stu-
8 dents' mastery of basic skills, test scores, writing,
9 and engagement in school. With these gains come
10 decreases in dropout rates and decreases in attend-
11 ance and discipline problems.

12 (4) Not enough students have access to comput-
13 ers, distance learning, and telecommunications tech-
14 nologies. A 1995 Government Accounting Report re-
15 port estimates that 10,000,000 students, and 1
16 school in every 4 schools, do not have sufficient com-
17 puters to meet their needs.

18 (5) Of the 5,800,000 computers in United
19 States schools, many are older models that do not
20 have the power to perform advanced functions such
21 as those involving video and the Internet.

22 (6) Only 9 percent of all instructional rooms in-
23 cluding classrooms, laboratories, and library media,
24 have connections to the Internet.

1 (7) The Federal Government began a new com-
2 mitment to funding education technology by invest-
3 ing an additional \$200,000,000 in subpart 2 of part
4 A of title III of the Elementary and Secondary Edu-
5 cation Act of 1965 (20 U.S.C. 6841 et seq.) in fiscal
6 year 1997. Although such investment is an impor-
7 tant investment, it is not sufficient to meet the tech-
8 nology needs of schools and school children in the
9 21st century.

10 **SEC. 402. SENSE OF THE SENATE.**

11 It is the Sense of the Senate that it is in the Nation's
12 best interest for the Federal Government to invest at least
13 \$1,800,000,000 in additional funding for education tech-
14 nology programs between fiscal years 1998 and 2002.

15 **Subtitle B—Educational**
16 **Technology Clearinghouses**

17 **SEC. 421. PURPOSE.**

18 It is the purpose of this subtitle to authorize a pro-
19 gram to support regional educational technology clearing-
20 houses that facilitate the donation of surplus equipment
21 and technology to schools and libraries from Federal or
22 State governmental agencies, businesses, and other private
23 entities.

1 **SEC. 422. AUTHORITY.**

2 (a) IN GENERAL.—The Secretary of Education shall
3 make grants to or enter into contracts with regional public
4 or private nonprofit entities for the purpose of supporting
5 a system of regional educational technology clearing-
6 houses. In awarding the grants or contracts, the Secretary
7 shall ensure that each geographic region of the United
8 States is served by such an entity.

9 (b) DURATION.—The Secretary shall award grants
10 and contracts under this subtitle for a period of 5 years.

11 **SEC. 423. REQUIREMENTS.**

12 Each entity receiving a grant or contract under this
13 subtitle shall—

14 (1) in cooperation with State educational agen-
15 cies and local educational agencies, develop a re-
16 gional program to support a clearinghouse that fa-
17 cilitates the transfer of surplus equipment and tech-
18 nology to schools and libraries from Federal or State
19 governmental agencies, businesses, and other private
20 entities;

21 (2) disseminate information to State edu-
22 cational agencies and local educational agencies
23 about the availability and procurement of the equip-
24 ment and technology through the clearinghouse;

1 (3) disseminate information to the public about
2 activities assisted under this subtitle, including in-
3 formation about the donations being accepted by the
4 clearinghouse;

5 (4) have in place a process for ensuring that
6 surplus equipment and technology is distributed in a
7 fair and equitable manner, with school districts with
8 the greatest need for such equipment and technology
9 receiving priority for donations under this subtitle;

10 (5) provide technical assistance to a school or
11 library to ensure that the equipment and technology
12 being donated is consistent with the short- and long-
13 term educational technology plans of the school or li-
14 brary, respectively;

15 (6) use funds under this subtitle to upgrade
16 equipment or technology only if the entity deter-
17 mines such upgrading meets the short- and long-
18 term educational plan of the school or library receiv-
19 ing the equipment or technology; and

20 (7) ensure that the transfer of equipment and
21 technology does not violate copyright, patent, or
22 trademark laws.

23 **SEC. 424. AUTHORIZATION OF APPROPRIATIONS.**

24 There are authorized to be appropriated to carry out
25 this subtitle \$5,000,000 for fiscal year 1998 and such

- 1 sums as may be necessary for each of the 4 succeeding
- 2 fiscal years.

○