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107TH CONGRESS
1ST SESSION

H. R. 345

To amend the Elementary and Secondary Education Act of 1965, to reauthorize and make improvements to that Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 2001

Mr. ROEMER (for himself, Mr. DOOLEY of California, Mr. SMITH of Washington, Mr. BENTSEN, Mr. CARSON of Oklahoma, Mr. CLEMENT, Mr. CRAMER, Mr. DAVIS of Florida, Mrs. DAVIS of California, Ms. HARMAN, Mr. ISRAEL, Mr. KIND, Mr. LARSEN of Washington, Mrs. MCCARTHY of New York, Mr. MORAN of Virginia, Mr. SCHIFF, and Mrs. TAUSCHER) introduced the following bill; which was referred to the Committee on Education and the Workforce

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A BILL

To amend the Elementary and Secondary Education Act of 1965, to reauthorize and make improvements to that Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)''.

1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. References.
Sec. 3. Declaration of priorities.

TITLE I—STUDENT PERFORMANCE

Sec. 101. Heading.
Sec. 102. Findings, policy, and purpose.
Sec. 103. Authorization of appropriations.
Sec. 104. Reservation for school improvement.

PART A—IMPROVING BASIC PROGRAMS OPERATED BY LOCAL EDUCATIONAL AGENCIES

Sec. 105. State plans.
Sec. 106. Local educational agency plans.
Sec. 107. Schoolwide programs.
Sec. 108. School choice.
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PART B—EVEN START FAMILY LITERACY PROGRAMS

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Sec. 132. Applications.
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Sec. 141. State allocations.
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Sec. 144. Coordination of migrant education activities.

PART D—NEGLECTED OR DELINQUENT YOUTH

Sec. 151. Neglected or delinquent youth.
Sec. 152. Findings.
Sec. 153. Allocation of funds.
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Sec. 156. Purpose.
Sec. 157. Transition services.
Sec. 158. Programs operated by local educational agencies.
Sec. 159. Local educational agency applications.

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Sec. 162. Program evaluations.

PART E—GENERAL PROVISIONS

Sec. 171. General provisions.

PART F—FEDERAL EVALUATIONS, DEMONSTRATIONS, AND TRANSITION PROJECTS

Sec. 181. Evaluations.
Sec. 182. Demonstrations of innovative practices.

PART G—RURAL EDUCATION ACHIEVEMENT PROGRAM

TITLE II—TEACHER AND PRINCIPAL QUALITY, PROFESSIONAL DEVELOPMENT, AND CLASS SIZE

Sec. 201. Teacher and principal quality, professional development, and class size.

TITLE III—LANGUAGE MINORITY STUDENTS AND INDIAN, NATIVE HAWAIIAN, AND ALASKA NATIVE EDUCATION

Sec. 301. Language minority students.
Sec. 302. Emergency immigrant education program.
Sec. 303. Indian, Native Hawaiian, and Alaska Native education.

TITLE IV—PUBLIC SCHOOL CHOICE

Sec. 401. Public school choice.
Sec. 402. Development of public school choice programs; report cards.

TITLE V—IMPACT AID

Sec. 501. Payments relating to Federal acquisition of real property.
Sec. 502. Repeal of special rule relating to the computation of payments for eligible federally connected children.
Sec. 503. Extension of authorization of appropriations.
Sec. 504. Repeals, transfers, and redesignations.

TITLE VI—HIGH PERFORMANCE AND QUALITY EDUCATION INITIATIVES

Sec. 601. High performance and quality education initiatives.

TITLE VII—ACCOUNTABILITY

Sec. 701. Accountability.

TITLE VIII—GENERAL PROVISIONS AND REPEALS

Sec. 801. Repeals, transfers, and redesignations regarding titles VIII and XIV.
Sec. 802. Other repeals.

SEC. 2. REFERENCES.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.).

SEC. 3. DECLARATION OF PRIORITIES.

Congress declares that our national educational priorities are to—

(1) introduce real accountability by making public elementary school and secondary school education funding performance-based rather than a guaranteed source of revenue for States and local educational agencies;

(2) require State educational agencies and local educational agencies to establish high student performance objectives, and to provide the State educational agencies and local educational agencies with flexibility in using Federal resources to ensure that the performance objectives are met;

(3) concentrate Federal funding around a small number of central education goals, including compensatory education for disadvantaged children and youth, teacher quality and professional development, programs for limited English proficient students,

public school choice programs, innovative educational programs, student safety, and the incorporation of educational technology;

(4) concentrate Federal education funding on impoverished areas where elementary schools and secondary schools are most likely to be in distress;

(5) sanction State educational agencies and local educational agencies that consistently fail to meet established performance objectives; and

(6) reward State educational agencies, local educational agencies, and elementary schools and secondary schools that demonstrate high performance.

TITLE I—STUDENT PERFORMANCE

SEC. 101. HEADING.

The heading for title I (20 U.S.C. 6301 et seq.) is amended to read as follows:

"TITLE I—STUDENT PERFORMANCE".

SEC. 102. FINDINGS, POLICY, AND PURPOSE.

Section 1001 (20 U.S.C. 6301) is amended to read as follows:

"SEC. 1001. FINDINGS, POLICY AND PURPOSE.

''(a) FINDINGS.—Congress makes the following findings:

''(1) Despite more than 3 decades of Federal assistance, a sizable achievement gap remains between low-income and middle-class students.

''(2) The 1994 reauthorization of the Elementary and Secondary Education Act of 1965 was an important step in focusing our Nation's priorities on closing the achievement gap between poor and affluent students in the United States. The Federal Government must continue to build on these improvements made in 1994 by holding States and local educational agencies accountable for student achievement.

''(3) States can help close this achievement gap by developing challenging curriculum content and student performance standards so that all elementary school and secondary school students perform at an advanced level. States should implement vigorous and comprehensive student performance assessments, such as the National Assessment of Educational Progress (NAEP) so as to measure fully the progress of our Nation's students.

''(4) In order to ensure that no child is left behind in the new economy, the Federal Government

must better target Federal resources on those children who are most at-risk for falling behind academically.

''(5)(A) Title I funds have been targeted on high-poverty areas, but not to the degree they should be as demonstrated by the following:

''(B) Although 95 percent of schools with poverty levels of 75 percent to 100 percent receive title I funding, 20 percent of schools with poverty levels of 50 to 74 percent do not receive any title I funding.

''(C) Only 64 percent of schools with poverty levels in the 35 percent to 49 percent range receive title I funding.

''(6) Title I funding should be significantly increased and more effectively targeted to ensure that all low-income students have an opportunity to excel academically.

''(7) The Federal Government should provide greater decisionmaking authority and flexibility to schools and teachers in exchange for greater responsibility for student performance. Federal, State, and local efforts should be focused on raising the academic achievement of all students. Our Nation's children deserve nothing less than holding account-

able those responsible for shaping our childrens' future and our country's future.

"(b) POLICY.—Congress declares that it is the policy of the United States to ensure that all students receive a high-quality education by holding States, local educational agencies, and elementary schools and secondary schools accountable for increased student academic performance results, and by facilitating improved classroom instruction.

"(c) PURPOSES.—The purposes of this title are as follows:

"(1) To eliminate the existing 2-tiered educational system, which sets lower academic expectations for impoverished students than for affluent students.

"(2) To require all States to have challenging content and student performance standards and assessment measures in place.

"(3) To require all States to ensure adequate yearly progress for all students by establishing annual, numerical performance objectives.

"(4) To ensure that all title I students receive educational instruction from a fully qualified teacher.

"(5) To support State and local educational agencies in identifying, assisting, and correcting low-performing schools.

"(6) To increase Federal funding for part A programs for disadvantaged students in return for increased academic performance of all students.

"(7) To target Federal funding to local educational agencies serving the highest percentages of low-income students.".

SEC. 103. AUTHORIZATION OF APPROPRIATIONS.

Section 1002 (20 U.S.C. 6302) is amended to read as follows:

"SEC. 1002. AUTHORIZATION OF APPROPRIATIONS.

"(a) LOCAL EDUCATIONAL AGENCY GRANTS.—For the purpose of carrying out part A, other than section 1120(e), there are authorized to be appropriated $13,000,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(b) EVEN START.—For the purpose of carrying out part B, there are authorized to be appropriated such sums as may be necessary for fiscal year 2002 and each of the 4 succeeding fiscal years.

"(c) EDUCATION OF MIGRATORY CHILDREN.—For the purpose of carrying out part C, there are authorized

to be appropriated such sums as may be necessary for fiscal year 2002 and each of the 4 succeeding fiscal years.

''(d) PREVENTION AND INTERVENTION PROGRAMS FOR YOUTH WHO ARE NEGLECTED, DELINQUENT, OR AT RISK OF DROPPING OUT.—For the purpose of carrying out part D, there are authorized to be appropriated such sums as may be necessary for fiscal year 2002 and each of the 4 succeeding fiscal years.

''(e) CAPITAL EXPENSES.—For the purpose of carrying out section 1120(e), there are authorized to be appropriated $5,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(f) FEDERAL ACTIVITIES.—For the purpose of carrying out sections 1501 and 1502, there are authorized to be appropriated such sums as may be necessary for fiscal year 2002 and each of the 4 succeeding fiscal years.''.

SEC. 104. RESERVATION FOR SCHOOL IMPROVEMENT.

Section 1003 (20 U.S.C. 6303) is amended to read as follows:

''SEC. 1003. RESERVATION FOR SCHOOL IMPROVEMENT.

''(a) STATE RESERVATIONS.—

''(1) IN GENERAL.—Each State educational agency shall reserve 2.5 percent of the amount the State educational agency receives under part A for

fiscal years 2002 and 2003, and 3.5 percent of that amount for fiscal years 2004 through 2006, to carry out paragraph (2) and to carry out the State educational agency's responsibilities under sections 1116 and 1117, including the State educational agency's statewide system of technical assistance and support for local educational agencies.

"(2) USES.—Of the amount reserved under paragraph (1) for any fiscal year, the State educational agency shall make available at least 95 percent of such amount directly to local educational agencies.

PART A—IMPROVING BASIC PROGRAMS OPERATED BY LOCAL EDUCATIONAL AGENCIES

SEC. 105. STATE PLANS.

Section 1111 (20 U.S.C. 6311) is amended to read as follows:

"SEC. 1111. STATE PLANS.

"(a) PLANS REQUIRED.—

"(1) IN GENERAL.—Any State educational agency desiring a grant under this part shall submit to the Secretary a plan, developed in consultation with local educational agencies, teachers, pupil services personnel, administrators (including administrators of programs described in other parts of this

title), local school boards, other staff, parents, and other community partners such as institutions of higher education that satisfies the requirements of this section and that is coordinated with other programs under this Act, the Individuals with Disabilities Education Act, the Carl D. Perkins Vocational and Technical Education Act of 1998, and the Head Start Act.

"(2) CONSOLIDATED PLAN.—A State plan submitted under paragraph (1) may be submitted as part of a consolidated plan under section 8302.

"(b) STANDARDS, ASSESSMENTS, AND ACCOUNTABILITY.—

"(1) CHALLENGING STANDARDS.—

"(A) IN GENERAL.—Each State plan shall demonstrate that the State has adopted challenging content standards and challenging student performance standards that will be used by the State, and the local educational agencies, and elementary schools and secondary schools, within the State to carry out this part.

"(B) UNIFORMITY.—The standards required by subparagraph (A) shall be the same standards that the State applies to all elemen-

tary schools and secondary schools within the State and all children attending such schools.

"(C) SUBJECTS.—The State shall have such standards for elementary school and secondary school children served under this part in subjects determined by the State, but including at least mathematics, science, and English language arts, and which shall include the same knowledge, skills, and levels of performance expected of all children.

"(D) STANDARDS.—Standards under this paragraph shall include—

"(i) challenging content standards in academic subjects that—

"(I) specify what children are expected to know and be able to do;

"(II) contain coherent and rigorous content; and

"(III) encourage the teaching of advanced skills; and

"(ii) challenging student performance standards that—

"(I) are aligned with the State's content standards;

"(II) describe 2 levels of high performance, proficient and advanced levels of performance, that determine how well children are mastering the material in the State content standards; and

"(III) describe a third level of performance, a basic level of performance, to provide complete information about the progress of the lower performing children toward achieving to the proficient and advanced levels of performance.

"(E) ADDITIONAL SUBJECTS.—For the subjects in which students will be served under this part, but for which a State is not required under subparagraphs (A), (B), and (C) to develop, and has not otherwise developed, challenging content and student performance standards, the State plan shall describe a strategy for ensuring that such students are taught the same knowledge and skills and held to the same expectations as are all children.

"(F) SPECIAL RULE.—In the case of a State that allows local educational agencies to

adopt more rigorous standards than those set by the State, local educational agencies shall be allowed to implement such standards.

"(2) ADEQUATE YEARLY PROGRESS.—

"(A) IN GENERAL.—Each State plan shall demonstrate, based on assessments described under paragraph (4), what constitutes adequate yearly progress of—

"(i) any school served under this part toward enabling all children to meet the State's challenging student performance standards;

"(ii) any local educational agency that receives funds under this part toward enabling all children in schools served by the local educational agency and receiving assistance under this part to meet the State's challenging student performance standards; and

"(iii) the State in enabling all children in schools receiving assistance under this part to meet the State's challenging student performance standards.

"(B) DEFINITION.—Adequate yearly progress shall be defined by the State in a manner that—

"(i) applies the same high standards of academic performance to all students in the State;

"(ii) takes into account the progress of all students in the State and in each local educational agency and school served under section 1114 or 1115;

"(iii) uses the State challenging content and challenging student performance standards and assessments described in paragraphs (1) and (4);

"(iv) compares separately, within each State, local educational agency, and school, the performance and progress of students, by each major ethnic and racial group, by gender, by English proficiency status, by disability and migrant status, and by economically disadvantaged students as compared to students who are not economically disadvantaged (except that such disaggregation shall not be required in a case in which the number of students in a

category is insufficient to yield statistically reliable information or the results would reveal individually identifiable information about an individual student);

''(v) compares the proportions of students at the basic, proficient, and advanced levels of performance with the proportions of students at each of the 3 performance levels in the same grade in the previous school year;

''(vi) endeavors to include other academic measures such as promotion, attendance, drop-out rates, completion of college preparatory courses, college admission tests taken, and secondary school completion, except that failure to meet another academic measure, other than student performance on State assessments aligned with State standards, shall not provide the sole basis for designating a district or school as in need of improvement;

''(vii) includes annual numerical objectives for improving the performance of all groups described in clause (iv) and narrowing gaps in performance between these

groups in, at least, the areas of mathematics and English language arts; and

"(viii) includes a timeline for ensuring that each group of students described in clause (iv) meets or exceeds the State's proficient level of performance on each State assessment used for the purposes of this section and section 1116 not later than 10 years after the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(C) ACCOUNTABILITY.—Each State plan shall demonstrate that the State has developed and is implementing a statewide accountability system that has been or will be effective in ensuring that all local educational agencies, elementary schools, and secondary schools are making adequate yearly progress as defined in section 1111(b)(2)(B). Each State accountability system shall—

"(i) be based on the standards and assessments adopted under paragraphs (1) and (4) and take into account the perform-

ance of all students required by law to be included in such assessments;

"(ii) be the same accountability system the State uses for all schools or all local educational agencies, if the State has an accountability system for all schools or all local educational agencies;

"(iii) provide for the identification of schools or local educational agencies receiving funds under this part that for 2 consecutive years have exceeded such schools' or agencies' adequate yearly progress goals so that information about the practices and strategies of such schools or agencies can be disseminated to other schools in the local educational agency and in the State and such schools can be considered for rewards provided under title VII of this Act;

"(iv) provide for the identification of schools and local educational agencies in need of improvement, as required by section 1116, and for the provision of technical assistance, professional development, and other capacity-building as needed, including those measures specified in sec-

tions 1116(d)(9) and 1117, to ensure that schools and local educational agencies so identified have the resources, skills, and knowledge needed to carry out their obligations under sections 1114 and 1115 and to meet the requirements for annual improvement described in paragraph (2); and

"(v) provide for the identification of schools and local educational agencies for corrective action or actions as required by section 1116, and for the implementation of corrective actions against school and school districts when such actions are required under such section.

"(D) ANNUAL IMPROVEMENT FOR STATES.—(i) For a State to make adequate yearly progress under subparagraph (A)(iii), not less than 90 percent of the local educational agencies within the State shall meet the State's criteria for adequate yearly progress.

"(ii) If 90 percent requirements of clause (i) results in a fractured number of local educational agencies, the Secretary shall provide guidance and modification of the percentage re-

quirement necessary to meet congressional intent of this language.

"(E)(i) ANNUAL IMPROVEMENT FOR LOCAL EDUCATIONAL AGENCIES.—(1) For a local educational agency to make adequate yearly progress under subparagraph (A)(ii), not less than 90 percent of the schools served by the local educational agency shall meet the State's criteria for adequate yearly progress.

"(ii) If the 90 percent requirement of clause (i) results in a fractured number of schools, the Secretary shall provide guidance on modification of the percentage requirement necessary to meet congressional intent of this language.

"(F) ANNUAL IMPROVEMENT FOR SCHOOLS.—For an elementary school or a secondary school to make adequate yearly progress under subparagraph (A)(i), not less than 90 percent of each group of students described in subparagraph (B)(iv) who are enrolled in such school shall take the assessments described in paragraph (4)(D) and in section 612(a)(17)(A) of the Individuals with Disabilities Education Act.

"(G) PUBLIC NOTICE AND COMMENT.—

"(i) IN GENERAL.—Each State shall submit information in the State plan demonstrating that in developing such plan—

"(I) the State diligently sought public comment from a range of institutions and individuals in the State with an interest in improved student achievement; and

"(II) the State made and will continue to make a substantial effort to ensure that information regarding content standards, performance standards, assessments, and the State accountability system is widely known and understood by the public, parents, teachers, and school administrators throughout the State.

"(ii) EFFORTS.—The efforts described in clause (i), at a minimum, shall include annual publication of such information and explanatory text to the public through such means as the Internet, the media, and public agencies. Non-English language shall be

used to communicate with parents where appropriate.

"(H) REVIEW.—The Secretary shall review information from each State on the adequate yearly progress of schools and local educational agencies within the State required under subparagraphs (A) and (B) for the purpose of determining State and local compliance with section 1116.

"(3) STATE AUTHORITY.—If a State educational agency provides evidence that is satisfactory to the Secretary that neither the State educational agency nor any other State government official, agency, or entity has sufficient authority under State law to adopt curriculum content and student performance standards, and assessments aligned with such standards, that will be applicable to all students enrolled in the State's public schools, then the State educational agency may meet the requirements of this subsection by—

"(A) adopting curriculum content and student performance standards and assessments that meet the requirements of this subsection, on a statewide basis, and limiting the applica-

bility of such standards and assessments to students served under this part; or

"(B) adopting and implementing policies that ensure that each local educational agency within a State receiving a grant under this part will adopt curriculum content and student performance standards and assessments—

"(i) that are aligned with the standards described in subparagraph (A); and

"(ii) that meet the criteria in this subsection and any regulations regarding such standards and assessments that the Secretary may publish and that are applicable to all students served by each such local educational agency.

"(4) ASSESSMENTS.—Each State plan shall demonstrate that the State has implemented a set of high quality, yearly student assessments that include, at a minimum, assessments in mathematics, science, and English language arts, that will be used, starting not later than the 2002–2003 school year as the primary means of determining the yearly performance of each local educational agency and school served by the State under this title in enabling all children to meet the State's challenging

content and student performance standards. Such assessments shall—

"(A) be the same assessments used to measure the performance of all children, if the State measures the performance of all children;

"(B) be aligned with the State's challenging content and student performance standards, and provide coherent information about the local educational agency's contribution to the student attainment of such standards;

"(C) be used only for purposes for which such assessments are valid and reliable, and be consistent with relevant, nationally recognized professional and technical standards for such assessments;

"(D) measure the performance of students against the challenging State content and student performance standards, and be administered not less than once during—

"(i) grades 3 through 5;

"(ii) grades 6 through 9; and

"(iii) grades 10 through 12;

"(E) include multiple, up-to-date measures of student performance and the local educational agency's contribution to student per-

formance, including measures that assess higher order thinking skills and understanding;

"(F) provide for—

"(i) the participation in such assessments of all students;

"(ii) the reasonable adaptations and accommodations for students with disabilities as defined in 602(3) of the Individuals with Disabilities Education Act necessary to measure the achievement of such students relative to State content and student performance standards;

"(iii) in the case of a student with limited English proficiency, the assessment of such student in the student's native language if such a native language assessment is more likely than an English language assessment to yield accurate and reliable information on what that student knows and is able to do; and

"(iv) notwithstanding clause (iii), the assessment (using tests written in English) of English language arts of any student who has attended school in the United States (not including the Commonwealth of

Puerto Rico) for 3 or more consecutive school years, except if the local educational agency determines, on a case-by-case individual basis, that assessments in another language and form would likely yield more accurate and reliable information on what such students know and can do, the local educational agency may assess such students in the appropriate language other than English for 1 additional consecutive year beyond the third consecutive year; and

''(G) include students who have attended schools in a local educational agency for a full academic year but have not attended a single school for a full academic year, except that the performance of students who have attended more than 1 school in the local educational agency in any academic year shall be used only in determining the progress of the local educational agency;

''(H) provide individual student reports to be submitted to parents, including assessment scores or other information on the attainment of student performance standards; and

"(I) enable results to be disaggregated within each State, local educational agency, and school by gender, by each major racial and ethnic group, by English proficiency status, and by economically disadvantaged students as compared to students who are not economically disadvantaged.

"(5) RIGOROUS CRITERIA.—States are encouraged to use rigorous criteria assessment measures.

"(6) FIRST GRADE LITERACY ASSESSMENT.—In addition to those assessments described in paragraph (4), each State receiving funds under this part shall describe in its State plan what reasonable steps it is taking to assist and encourage local educational agencies—

"(A) to measure literacy skills of first graders in schools receiving funds under this part by providing assessments of first graders that are—

"(i) developmentally appropriate;

"(ii) aligned with State content and student performance standards; and

"(iii) scientifically research-based; and

"(B) to assist and encourage local educational agencies receiving funds under this

part in identifying and taking developmentally appropriate and effective interventions in any school served under this part in which a substantial number of first graders have not demonstrated grade-level literacy proficiency by the end of the school year.

"(7) LANGUAGE ASSESSMENTS.—Each State plan shall identify the languages other than English and Spanish that are present in the participating student populations in the State, and indicate the languages for which yearly student assessments are not available and are needed. The State may request assistance from the Secretary if linguistically accessible assessment measures are needed. Upon request, the Secretary shall assist with the identification of appropriate assessment measures in the needed languages, but shall not mandate a specific assessment or mode of instruction.

"(8) ASSESSMENT DEVELOPMENT.—A State shall develop and implement the State assessments, including, at a minimum, mathematics and English language arts, by the 2002–2003 school year.

"(9) REQUIREMENT.—Each State plan shall describe—

"(A) how the State educational agency will assist each local educational agency and school affected by the State plan to develop the capacity to comply with each of the requirements of sections 1114(b), 1115(c), and 1116 that are applicable to such agency or school;

"(B) how the State educational agency will—

"(i) hold each local educational agency affected by the State plan accountable for improved student performance, including a procedure for—

"(I) identifying local educational agencies and schools in need of improvement; and

"(II) assisting local educational agencies and schools identified under subclause (I) to address achievement problems, including thorough descriptions of the amounts and types of professional development to be provided instructional staff, the amount of any financial assistance to be provided by the State under section 1003, and the amount of any funds to be provided

by other sources and the activities to be provided by those sources; and

"(ii) implementing corrective action if assistance is not effective;

"(C) how the State educational agency is providing low-performing students additional academic instruction, such as before- and after-school programs and summer academic programs;

"(D) such other factors the State considers appropriate to provide students an opportunity to achieve the knowledge and skills described in the State's challenging content standards;

"(E) the specific steps the State educational agency will take or the specific strategies the State educational agency will use to ensure that—

"(i) all teachers in both schoolwide programs and targeted assistance programs are fully qualified not later than December 31, 2005; and

"(ii) low-income students and minority students are not taught at higher rates than other students by unexperienced, uncertified, or out-of-field teachers; and

"(F) the measures the State educational agency will use to evaluate and publicly report the State's progress in improving the quality of instruction in the schools served by the State educational agency and local educational agencies receiving funding under this Act.

"(c) OTHER PROVISIONS TO SUPPORT TEACHING AND LEARNING.—Each State plan shall contain assurances that—

"(1) the State educational agency will work with other agencies, including educational service agencies or other local consortia and institutions to provide technical assistance to local educational agencies and elementary schools and secondary schools to carry out the State educational agency's responsibilities under this part, including technical assistance in providing professional development under section 1119(A) and technical assistance under section 1117; and

"(2)(A) where educational service agencies exist, the State educational agency will consider providing professional development and technical assistance through such agencies; and

"(B) where educational service agencies do not exist, the State educational agency will consider pro-

viding professional development and technical assistance through other cooperative agreements, such as through a consortium of local educational agencies;

"(3) the State educational agency will use the disaggregated results of the student assessments required under subsection (b)(4), and other measures or indicators available to the State, to review annually the progress of each local educational agency and school served under this part to determine whether each such agency and school is making the annual progress necessary to ensure that all students will meet the proficient level of performance on the assessments described in subsection (b)(4) within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's);

"(4) the State educational agency will provide the least restrictive and burdensome regulations for local educational agencies and individual elementary schools and secondary schools participating in a program assisted under this part;

"(5) the State educational agency will regularly inform the Secretary and the public in the State of how Federal laws, if any, hinder the ability of States

to hold local educational agencies and schools accountable for student academic performance;

''(6) the State educational agency will encourage elementary schools and secondary schools to consolidate funds from other Federal, State, and local sources for schoolwide reform in schoolwide programs under section 1114;

''(7) the State educational agency will modify or eliminate State fiscal and accounting barriers so that elementary schools and secondary schools can easily consolidate funds from other Federal, State, and local sources for schoolwide programs under section 1114;

''(8) the State educational agency has involved the committee of practitioners established under section 1703(b) (as redesignated by section 161(2)) in developing and monitoring the implementation of the State plan; and

''(9) the State educational agency will inform local educational agencies of the local educational agency's authority to obtain waivers under title VIII and, if the State is an Ed-Flex Partnership State, waivers under the Education Flexibility Partnership Act of 1999.

"(d) PEER REVIEW AND SECRETARIAL APPROVAL.—The Secretary shall—

"(1) establish a peer review process to assist in the review of State plans;

"(2) only approve a State plan meeting each of the requirements of this section;

"(3) if the Secretary determines that the State plan does not meet each of the requirements of subsection (a), (b), or (c), immediately notify the State of such determination and the reasons for such determination;

"(4) not disapprove a State plan before—

"(A) notifying the State educational agency in writing of the specific deficiencies of the State plan;

"(B) offering the State an opportunity to revise the State plan;

"(C) providing technical assistance in order to assist the State to meet the requirements under subsections (a), (b), and (c); and

"(D) providing a hearing;

"(5) have the authority to disapprove a State plan for not meeting the requirements of this section, but shall not have the authority to require a State, as a condition of approval of the State plan,

to include in, or delete from, such plan 1 or more specific elements of the challenging State content standards or to use specific assessment instruments or items; and

"(6) require a State to submit a revised State plan that meets the requirements of this section to the Secretary for approval not later than 1 year after the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(e) DURATION OF THE PLAN.—

"(1) IN GENERAL.—Each State plan shall—

"(A) remain in effect for the duration of the State's participation under this part; and

"(B) be periodically reviewed and revised by the State, as necessary, to reflect changes in the State's strategies and programs under this part.

"(2) ADDITIONAL INFORMATION.—If the State makes significant changes in its State plan, such as the adoption of new challenging State content standards and State student performance standards, new assessments, or a new definition of adequate yearly progress, the State shall submit such information to the Secretary.

"(f) LIMITATION ON CONDITIONS.—Nothing in this part shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State's, local educational agency's, or elementary school's or secondary school's specific challenging content or student performance standards, assessments, curricula, or program of instruction, as a condition of eligibility to receive funds under this part.

"(g) PENALTIES.—

"(1) IN GENERAL.—If a State fails to meet the statutory deadlines for demonstrating that the State has in place challenging content standards and student performance standards, assessments, a system for measuring and monitoring adequate yearly progress, and a statewide system for holding schools and local educational agencies accountable for making adequate yearly progress with each group of students specified in subsection (b)(2)(B)(iv), the State shall be ineligible to receive any administrative funds under section 1703(c) that exceed the amount received by the State for such purposes in the previous year.

"(2) ADDITIONAL FUNDS.—Based on the extent to which challenging content standards and student performance standards, assessments, systems for

measuring and monitoring adequate yearly progress, and a statewide system for holding schools and local educational agencies accountable for making adequate yearly progress with each group of students specified in subsection (b)(2)(B)(iv), are not in place, the Secretary shall withhold additional administrative funds in such amount as the Secretary determines appropriate, except that for each additional year that the State fails to comply with such requirements, the Secretary shall withhold not less than ⅕ of the amount the State receives for administrative expenses under section 1703(c).

"(3) WAIVER.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), notwithstanding part D of title VIII, the Education Flexibility Partnership Act of 1999, or any other provision of law, a waiver of this section shall not be granted, except that a State may request a 1-time, 1-year waiver to meet the requirements of this section.

"(B) EXCEPTION.—A waiver granted pursuant to subparagraph (A) shall not apply to the requirements described under subsection (h).

"(h) SPECIAL RULE ON SCIENCE STANDARDS AND ASSESSMENTS.—Notwithstanding subsection (b) and part D of title IV, no State shall be required to meet the requirements under this title relating to science standards or assessments until the beginning of the 2006–2007 school year.".

SEC. 106. LOCAL EDUCATIONAL AGENCY PLANS.

(a) SUBGRANTS.—Section 1112(a)(1) (20 U.S.C. 6312(a)(1)) is amended by striking "" and all that follows and inserting "the Individuals with Disabilities Education Act, the Carl D. Perkins Vocational and Technical Education Act of 1998, the Head Start Act, and other Acts, as appropriate.".

(b) PLAN PROVISIONS.—Section 1112(b) (20 U.S.C. 6312(b)) is amended—

(1) by striking "Each" and inserting "In order to help low-achieving children achieve high standards, each";

(2) in paragraph (1)—

(A) by striking "part" each place it appears and inserting "title"; and

(B) in subparagraph (B), by inserting "low-achieving" before "children";

(3) in paragraph (4)—

(A) in subparagraph (A)—

(i) by striking ''program,'' and inserting ''programs and''; and

(ii) by striking '', and school-to-work transition programs''; and

(B) in subparagraph (B), by striking ''under part C'' and all that follows through ''dropping out'' and inserting ''under part C, neglected or delinquent youth,'';

(4) in paragraph (7), by striking ''eligible'';

(5) in paragraph (9), by striking the period and inserting a semicolon; and

(6) by adding at the end the following new paragraphs:

''(10) a description of the actions the local educational agency will take to assist the low-performing schools served by the local educational agency, including schools identified under section 1116 as in need of improvement; and

''(11) a description of how the local educational agency will promote the use of alternative instructional methods, and extended learning time, such as an extended school year, before- and after-school programs, and summer programs.''.

(c) ASSURANCES.—Section 1112(c) (20 U.S.C. 6312(c)) is amended to read as follows:

"(c) ASSURANCES.—

"(1) IN GENERAL.—Each local educational agency plan shall provide assurances that the local educational agency will—

"(A) specify the steps the local educational agency will take to ensure that all teachers in both schoolwide programs and targeted assistance are fully qualified not later than December 31, 2005, and the strategies the local educational agency will use to ensure that low-income students and minority students are not taught at higher rates than other children by inexperienced, uncertified, or out-of-field teachers, and the measures the agency will use to evaluate and publicly report progress in improving the quality of instruction in schools served by the local educational agency and receiving funding under this Act;

"(B) provide eligible schools and parents with information regarding schoolwide project authority and the ability of such schools to consolidate funds from Federal, State, and local sources;

"(C) provide technical assistance and support to schoolwide programs;

"(D) work in consultation with schools as the schools develop a school plan pursuant to section 1114(b)(2), and assist schools in implementing such plans or undertaking activities pursuant to section 1115(c), so that each school can make adequate yearly progress toward meeting the challenging State student performance standards;

"(E) use the disaggregated results of the student assessments required under section 1111(b)(4), and other measures or indicators available to the agency, to review annually the progress of each school served by the agency and receiving funds under this title to determine whether or not all schools are making the annual progress necessary to ensure that all students will meet the proficient level of performance on the assessments described in section 1111(b)(4) within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act;

"(F) set and hold schools served by the local educational agency accountable for meeting annual numerical goals for improving the performance of all groups of students based on

the performance standards set by the State under section 1111(b)(1)(D)(ii);

"(G) fulfill the local educational agency's school improvement responsibilities under section 1116, including taking corrective actions under section 1116(c)(9);

"(H) provide the State educational agency with—

"(i) an annual, up-to-date, and accurate list of all schools served by the local educational agency that are eligible for school improvement and corrective action;

"(ii) the reasons why each school described in clause (i) was identified for school improvement or corrective action; and

"(iii) the specific plans for improving student performance in each of the schools described in clause (i), including the specific numerical achievement goals for the succeeding 2 school years, for each group of students specified in section 1111(b)(2)(B)(iv) enrolled in each such school;

"(I) provide services to eligible children attending private elementary schools and secondary schools in accordance with section 1120, and provide timely and meaningful consultation with private school officials regarding such services;

"(J) take into account the experience of model programs for the educationally disadvantaged and the findings of relevant scientifically based research when developing technical assistance plans for, and delivering technical assistance to, schools served by the local educational agency that are receiving funds under this part and are in school improvement or corrective action;

"(K) in the case of a local educational agency that chooses to use funds under this part to provide early childhood development services to low-income children below the age of compulsory school attendance, ensure that such services comply with the performance standards established under section 641A(a) of the Head Start Act;

"(L) comply with the requirements of section 1119 regarding the qualifications of teachers and paraprofessionals;

"(M) inform eligible schools served by the local educational agency of the agency's authority to obtain waivers on such school's behalf under title VIII, and if the State is an Ed-Flex Partnership State, under the Education Flexibility Partnership Act of 1999; and

"(N) coordinate and collaborate, to the extent feasible and necessary as determined by the local educational agency, with other agencies providing services to children, youth, and their families.

"(2) MODEL PROGRAMS; SCIENTIFICALLY BASED RESEARCH.—In carrying out paragraph (1)(K)—

"(A) the Secretary shall consult with the Secretary of Health and Human Services on the implementation of such subparagraph, and shall establish procedures (taking into consideration existing State and local laws and local teacher contracts) to assist local educational agencies to comply with such subparagraph;

"(B) the Secretary shall disseminate to local educational agencies the Head Start performance standards under section 641A(a) of the Head Start Act upon such standard's publication; and

"(C) local educational agencies affected by such subparagraph shall plan for the implementation of such subparagraph (taking into consideration existing State and local laws, and local teacher contracts), including pursuing the availability of other Federal, State, and local funding sources to assist in compliance with such subparagraph.

"(3) INAPPLICABILITY.—The provisions of this subsection shall not apply to preschool programs using the Even Start model or to Even Start programs.".

(d) PLAN DEVELOPMENT AND DURATION.—Section 1112(d) (20 U.S.C. 6312(d)) is amended to read as follows:

"(d) PLAN DEVELOPMENT AND DURATION.—

"(1) CONSULTATION.—Each local educational agency plan shall be developed in consultation with teachers, principals, local school boards, administrators (including administrators of programs described

in other parts of this title), other appropriate school personnel, and parents of children in elementary schools and secondary schools served under this part.

"(2) DURATION.—Each plan described in paragraph (1) shall remain in effect for the duration of the local educational agency's participation under this part.

"(3) REVIEW.—Each local educational agency shall periodically review, and as necessary, revise its plan.".

(e) STATE APPROVAL.—Section 1112(e) (20 U.S.C. 6312(e)) is amended to read as follows:

"(e) PEER REVIEW AND STATE APPROVAL.—

"(1) IN GENERAL.—Each local educational agency plan shall be filed according to a schedule established by the State educational agency.

"(2) APPROVAL.—The State educational agency shall establish a peer review process to assist in the review of local educational agency plans. The State educational agency shall approve a local educational agency plan only if the State educational agency determines that the local educational agency plan—

"(A) will enable elementary schools and secondary schools served by the local edu-

cational agency and under this part to help all groups of students specified in section 1111(b)(1) meet or exceed the proficient level of performance on the assessments required under section 1111(b)(4) within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's); and

"(B) meets each of the requirements of this section.

"(3) STATE REVIEW.—Each State educational agency shall at least annually review each local agency plan approved under this subsection against the results of the disaggregated assessments required under section 1111(b)(4) for each local educational agency to ensure that the progress of all students in schools served by each local educational agency under this part is adequate to ensure that all students in the State will meet or exceed the proficient standard level of performance on assessments within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(4) PUBLIC REVIEW.—Each State educational agency will make publicly available each local educational agency plan.".

(f) PARENTAL NOTIFICATION FOR ENGLISH LANGUAGE INSTRUCTION.—Section 1112 (20 U.S.C. 6312) is amended by adding at the end the following:

"(g) PARENTAL NOTIFICATION FOR ENGLISH LANGUAGE INSTRUCTION.—

"(1) NOTIFICATION.—If a local educational agency uses funds under this part to provide English language instruction to limited English proficient students, the local educational agency shall inform a parent or the parents of a child participating in an English language assistance educational program assisted under this part of—

"(A) the reasons for the identification of the child as being in need of English language instruction;

"(B) the child's level of English proficiency, how such level was assessed, and the status of the child's academic achievement;

"(C) how the English language assistance educational program will specifically help the child learn English and meet age-appropriate standards for grade promotion and graduation;

"(D) the specific exit requirements of the English language assistance educational program;

"(E) the expected rate of graduation from the English language assistance educational program into mainstream classes; and

"(F) the expected rate of graduation from secondary school if funds under this part are used for children in secondary schools.

"(2) PARENTAL RIGHTS.—

"(A) IN GENERAL.—A parent or the parents of a child participating in an English language assistance educational program under this part shall—

"(i) have the option of selecting among methods of instruction, if more than one method is offered in the program; and

"(ii) have the right to have their child immediately removed from the program upon their request.

"(B) RECEIPT OF INFORMATION.—A parent or the parents of a child identified for participation in an English language assistance educational program under this part shall re-

ceive, in a manner and form understandable to the parent or parents, the information required by this subsection. At a minimum, the parent or parents shall receive—

"(i) timely information about English language assistance educational programs for limited English proficient children assisted under this part; and

"(ii) if a parent of a participating child so desires, notice of opportunities for regular meetings of parents of limited English proficient children participating in English language assistance educational programs under this part for the purpose of formulating and responding to recommendations from such parents.

"(3) BASIS FOR ADMISSION OR EXCLUSION.—No student shall be admitted to or excluded from any federally assisted education program solely on the basis of a surname or language minority status.".

SEC. 107. SCHOOLWIDE PROGRAMS.

(a) USE OF FUNDS FOR SCHOOLWIDE PROGRAMS.—Section 1114(a) (20 U.S.C. 6314(a)) is amended—

(1) in paragraph (1), by striking ''school described in subparagraph (A)'' and all that follows through ''such families.'' the second place it appears and inserting ''school that serves an eligible school attendance area in which—

''(A) not less than 40 percent of the children are from low-income families; or

''(B) not less than 40 percent of the children enrolled in the school are from such families.''; and

(2) in paragraph (2)—

(A) in subparagraph (A), by striking ''subsections (c)(1) and (e) of''; and

(B) in subparagraph (B), by striking ''subsections (c)(1) and (e) of''.

(b) COMPONENTS OF A SCHOOLWIDE PROGRAM.—Section 1114(b) (20 U.S.C. 6314(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking ''section 1111(b)(1)'' and inserting ''section 1111(b)'';

(B) in subparagraph (B)—

(i) in clause (i), by striking ''section 1111(b)(1)(D)'' and inserting ''1111(b)'';

(ii) in clause (iii)(II), by inserting "and" after the semicolon;

(iii) in clause (iv)(II), by striking "; and" and inserting a period; and

(iv) by striking clause (vii); and

(C) in subparagraph (G), by striking "section 1112(b)(1)" and inserting "section 1112"; and

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "Improving America's Schools Act of 1994" and inserting "Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)";

(ii) by striking "subsections (c)(1) and (e) of"; and

(iii) in clause (iv), by striking "section 1111(b)(3)" and inserting "section 1111(b)(4)";

(B) in subparagraph (B), by striking "paragraphs (1) and (3) of section 1111(b)" and inserting "paragraphs (1) and (4) of section 1111(b)"; and

(C) in subparagraph (C)(i)—

(i) in subclause (I), by striking ''subsections (c) and (e) of''; and

(ii) in subclause (II), by striking ''Improving America's Schools Act of 1994'' and inserting ''Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)''.

SEC. 108. SCHOOL CHOICE.

Section 1115A (20 U.S.C. 6316) is amended to read as follows:

''SEC. 1115A. SCHOOL CHOICE.

''(a) CHOICE PROGRAMS.—A local educational agency may use funds under this part, in combination with State, local, and private funds, to develop and implement public school choice programs, for children eligible for assistance under this part, that permit parents to select the public school that their child will attend and are consistent with State and local law, policy, and practice related to public school choice and local pupil transfer.

''(b) CHOICE PLAN.—A local educational agency that chooses to implement a public school choice program under this section shall first develop a plan that—

''(1) contains an assurance that all eligible students across grade levels served under this part will have equal access to the program;

"(2) contains an assurance that the program does not include elementary schools or secondary schools that follow a racially discriminatory policy;

"(3) describes how elementary schools or secondary schools will use resources under this part, and from other sources, to implement the plan;

"(4) contains an assurance that the plan will be developed with the involvement of parents and others in the community to be served, and individuals who will carry out the plan, including administrators, teachers, principals, and other staff;

"(5) contains an assurance that parents of eligible students served by the local educational agency will be given prompt notice of the existence of the public school choice program, the program's availability to such parents, and a clear explanation of how the program will operate;

"(6) contains an assurance that the public school choice program—

"(A) shall include charter schools and any other public elementary school and secondary school; and

"(B) shall not include as a 'receiving school' an elementary school or a secondary school that—

"(i) is or has been identified as a school in, or eligible for, school improvement or corrective action;

"(ii) has been in school improvement or corrective action within the last 2 consecutive academic years; or

"(iii) is at risk of being eligible for school improvement within the next school year;

"(7) contains an assurance that transportation services or the costs of transportation to and from the public school choice program—

"(A) may be provided by the local educational agency with funds under this part and from other sources; and

"(B) shall not be provided from funds made available under this part to the local educational agency that exceed 10 percent of such funds; and

"(8) contains an assurance that such local educational agency will comply with the other requirements of this part.".

SEC. 109. ASSESSMENT AND LOCAL EDUCATIONAL AGENCY AND SCHOOL IMPROVEMENT.

(a) LOCAL REVIEW.—Section 1116(a) (20 U.S.C. 6317(a)) is amended—

(1) in paragraph (2), by striking ''1111(b)(2)(A)(i)'' and inserting ''1111(b)(2)(B)'';

(2) in paragraph (3)—

(A) by striking ''individual school performance profiles'' and inserting ''school report cards'';

(B) by striking ''1111(b)(3)(I)'' and inserting ''1111(b)(4)(I)''; and

(C) by striking ''and'' after the semicolon;

(3) in paragraph (4), by striking the period and inserting ''; and''; and

(4) by adding at the end the following:

''(5) review the effectiveness of the actions and activities the schools are carrying out under this part with respect to parental involvement assisted under this Act.''.

(b) SCHOOL IMPROVEMENT.—Section 1116(c) (20 U.S.C. 6317(c)) is amended to read as follows:

''(c) SCHOOL IMPROVEMENT.—

''(1) IN GENERAL.—A local educational agency shall identify for school improvement any elementary

school or secondary school served under this part that—

"(A) for 2 consecutive years failed to make adequate yearly progress as defined in the State's plan under section 1111(b)(2); or

"(B) was in, or was eligible for, school improvement status under this section on the day preceding the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(2) TRANSITION.—The 2-year period described in paragraph (1)(A) shall include any continuous period of time immediately preceding the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's) during which an elementary school or a secondary school did not make adequate yearly progress as defined in the State's plan, as such plan was in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention and Responsibility Act (Three R's).

"(3) TARGETED ASSISTANCE SCHOOLS.—To determine if an elementary school or a secondary school that is conducting a targeted assistance program under section 1115 should be identified as in

need of improvement under this subsection, a local educational agency may choose to review the progress of only those students in such school who are served, or are eligible for services, under this part.

"(4) OPPORTUNITY TO REVIEW AND PRESENT EVIDENCE.—(A) Before identifying an elementary school or a secondary school for school improvement under paragraph (1), the local educational agency shall provide the school with an opportunity to review the school level data, including assessment data, on which the proposed identification is based.

"(B) If the principal of a school proposed for identification as in need of school improvement believes that the proposed identification is in error for statistical or other substantive reasons, the principal may provide supporting evidence to the local educational agency, which the agency shall consider before making a final determination.

"(5) TIME LIMITS.—Not later than 30 days after a local educational agency makes its initial determination that a school served by the agency and receiving assistance under this part is eligible for school improvement, the local educational agency

shall make public a final determination on the status of the school.

"(6) NOTIFICATION TO PARENTS.—A local educational agency shall, in an easily understandable format, and in the 3 languages, other than English, spoken by the greatest number of individuals in the area served by the local educational agency, provide in writing to parents of each student in an elementary school or a secondary school identified for school improvement—

"(A) an explanation of what the school improvement identification means, and how the school identified for improvement compares in terms of academic performance to other elementary schools or secondary schools served by the local educational agency and the State educational agency;

"(B) the reasons for such identification;

"(C) the data on which such identification was based;

"(D) an explanation of what the school identified for improvement is doing to address the problem of low achievement;

"(E) an explanation of what the local educational agency or State educational agency is

doing to help the school address its achievement problems, including the amounts and types of professional development being provided to the instructional staff in such school, the amount of any financial assistance being provided by the State educational agency under section 1003, and the activities that are being provided with such financial assistance;

"(F) an explanation of how parents described in this paragraph can become involved in addressing the academic issues that caused the school to be identified as in need of improvement; and

"(G) an explanation of the right of parents, pursuant to paragraph (7), to transfer their child to a higher performing public school, including a public charter school or magnet school, that is not in school improvement, and how such transfer shall operate.

"(7) PUBLIC SCHOOL CHOICE OPTION.—

"(A) SCHOOLS IN IMPROVEMENT.—

"(i) SCHOOLS IN IMPROVEMENT ON OR BEFORE DATE OF ENACTMENT.—In the case of a school identified for improvement on or before the date of enactment of the

Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), a local educational agency shall not later than 18 months after such date of enactment provide all students enrolled in the school an option to transfer (consistent with State and local law, policy, and practices related to public school choice and local pupil transfer) to any other higher performing public school, including a public charter or magnet school, that—

"(I) has not been identified for school improvement or corrective action;

"(II) is not at risk of being identified for school improvement or corrective action within the succeeding academic year; and

"(III) has not been in improvement or corrective action at any time during the 2 preceding academic years.

"(ii) SCHOOLS IDENTIFIED AFTER DATE OF ENACTMENT.—In the case of a school identified for improvement after the

date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), a local educational agency shall not later than 12 months after the date on which a local educational agency identifies the school for improvement provide all students enrolled in the school with the transfer option described in clause (i).

"(B) COOPERATIVE AGREEMENT.—If all public schools served by the local educational agency to which a child may transfer under clause (i) are identified for improvement, or, if public schools in the agency's jurisdiction that are not in improvement cannot accommodate all of the students who are eligible to transfer because of capacity, or State or local law, policy, and practices related to public school choice and local pupil transfer, the local educational agency shall, to the extent practicable, establish a cooperative agreement with other local educational agencies that serve geographic areas in proximity to the geographic area served by the local educational agency, to enable a child to transfer (consistent with State and local law, policy, and

practices related to public school choice and local pupil transfer) to a school served by such other local educational agencies that meets the requirements described in subparagraph (A)(i).

"(C) TRANSPORTATION.—A local educational agency that serves a school that has been identified for improvement shall provide transportation services or the costs of such services for children of parents who choose to transfer their children pursuant to this paragraph to a different school. Not more than 10 percent of the funds allocated to a local educational agency under this part may be used to provide such transportation services or costs of such services.

"(D) CONTINUATION OPTION.—Once a school is no longer identified for improvement or in corrective action, the local educational agency shall continue to provide public school choice as an option to students in such schools for a period of not less than 2 years.

"(8) SCHOOL PLAN.—(A) Each school identified under paragraph (1) for school improvement shall, not later than 3 months after being so identified, develop or revise a school plan, in consultation with

parents, school staff, the local educational agency serving the school, the local school board, and other outside experts, for approval by such local educational agency. The school plan shall—

"(i) incorporate scientifically based research strategies that strengthen the core academic programs in the school and address the specific academic issues that caused the school to be identified for school improvement;

"(ii) adopt policies and practices in the school's core academic program that have the greatest likelihood of ensuring that all groups of students specified in section 1111(b)(2)(B)(iv) enrolled in the school will meet or exceed the State's proficient level of performance on the assessment required in section 1111(b)(4) within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's);

"(iii) assure that the school will reserve not less than 10 percent of the funds made available to it under this part for each fiscal year that the school is in school improvement for the purpose of providing the school's teach-

ers and principal high quality professional development that—

"(I) directly addresses the academic achievement problem that caused the school to be identified for school improvement; and

"(II) meets the requirements for professional development activities under section 1119;

"(iv) specify how the funds described in clause (iii) will be used to remove the school from school improvement status;

"(v) establish specific annual, numerical progress goals for each group of students specified in section 1111(b)(2)(B)(iv) enrolled in the school that will ensure that all such groups of students meet or exceed the State's proficient standard level of performance within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's);

"(vi) identify how the school will provide written notification to parents of each child enrolled in such school, in a format and, to the

extent practicable, in a language such parents can understand; and

"(vii) specify the responsibilities of the school, the local educational agency, and the State educational agency serving such school under the plan.

"(B) The local educational agency described in subparagraph (A)(vi) may condition approval of a school plan on inclusion of 1 or more of the corrective actions specified in paragraph (10)(C).

"(C) A school shall implement the school plan or revised plan expeditiously, but not later than the beginning of the school year following the school year in which the school was identified for improvement.

"(D) The local educational agency described in subparagraph (A)(vi) shall establish a peer review process to assist with review of a school improvement plan prepared by the school served by the local educational agency, promptly review the school plan, work with the school as necessary, and approve the school plan if the school plan meets the requirements of this paragraph.

"(9) TECHNICAL ASSISTANCE.—(A) For each school identified for school improvement under para-

graph (1), the local educational agency serving the school shall provide technical assistance as the school develops and implements its school plan.

"(B) Such technical assistance—

"(i) shall include assistance in analyzing data from the assessments required under section 1111(b)(4), and other samples of student work, to identify and address instructional problems and solutions;

"(ii) shall include assistance in identifying and implementing scientifically based instructional strategies and methods that have proven effective in addressing the specific instructional issues that caused the school to be identified for school improvement;

"(iii) shall include assistance in analyzing and revising the school's budget such that the school resources are more effectively focused on those activities most likely to increase student achievement and to remove the school from school improvement status;

"(iv) may be provided directly by the local educational agency, through mechanisms authorized under section 1117, or with the local educational agency's approval, by the State edu-

cational agency, an institution of higher education in full compliance with all the reporting provisions of title II of the Higher Education Act of 1965, a private not-for-profit organization or for-profit organization, an educational service agency, the recipient of a Federal contract or cooperative agreement as described under section 7005, or other entity with experience in helping schools improve achievement.

"(C) Technical assistance provided under this section by a local educational agency or an entity authorized by such agency shall be based upon scientifically based research.

"(10) CORRECTIVE ACTION.—In order to help students served under this part meet challenging State standards, each local educational agency shall implement a system of corrective action in accordance with the following:

"(A) After providing technical assistance under paragraph (9) and subject to subparagraph (F), the local educational agency—

"(i) may take corrective action at any time with respect to a school served by the local educational agency that has been identified under paragraph (1);

"(ii) shall take corrective action with respect to any school served by the local educational agency that fails to make adequate yearly progress, as defined by the State under section 1111(b)(2)(B), after the end of the second year following the school year in which the school was identified under paragraph (1); and

"(iii) shall continue to provide technical assistance while instituting any corrective action under clause (i) or (ii).

"(B) As used in this paragraph, the term 'corrective action' means action, consistent with State and local law, that—

"(i) substantially and directly responds to—

"(I) the consistent academic failure of a school that caused the local educational agency to take such action; and

"(II) any underlying staffing, curricula, or other problem in the school; and

"(ii) is designed to increase substantially the likelihood that students enrolled

in the school subject to corrective action will perform at the proficient and advanced performance levels.

''(C) In the case of a school described in subparagraph (A)(ii), the local educational agency shall take not less than 1 of the following corrective actions:

''(i) Withhold funds from the school.

''(ii) Make alternative governance arrangements, including reopening the school as a public charter school.

''(iii) Reconstitute the relevant school staff.

''(iv)(I) Authorize students to transfer to other higher performing public schools served by the local educational agency, including public charter and magnet schools.

''(II) Provide such students transportation services, or the costs of transportation, to such schools (except that such funds used to provide transportation services or costs of transportation shall not exceed 10 percent of the amount authorized under section 1122(a)(2)).

"(III) Take not less than 1 additional action described under this subparagraph.

"(v) Institute and fully implement a new curriculum, including appropriate professional development for all relevant staff, that is based upon scientifically based research and offers substantial promise of improving educational achievement for low-performing students.

"(D) A local educational agency may delay, for a period not to exceed 1 year, implementation of corrective action only if the failure to make adequate yearly progress was justified due to exceptional or uncontrollable circumstances, such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the local educational agency or school.

"(E) The local educational agency shall publish and disseminate to the public and to the parents of each student enrolled in a school subject to corrective action, in a format and, to the extent practicable, in a language that the parents can understand, information regarding any corrective action the local educational agen-

cy takes under this paragraph through such means as the Internet, the media, and public agencies.

"(F)(i) Before taking corrective action with respect to any school under this paragraph, a local educational agency shall provide the school an opportunity to review the school level data, including assessment data, on which the proposed determination is made.

"(ii) If the school believes that the proposed determination is in error for statistical or other substantive reasons, the school principal may provide supporting evidence to the local educational agency, which shall consider such evidence before making a final determination.

"(G) TIME LIMITS.—Not later than 30 days after the local educational agency makes its initial determination that a school served by the local educational agency and receiving assistance under this part is eligible for corrective action, the local educational agency shall make a final and public determination on the status of the school.

"(11) STATE EDUCATIONAL AGENCY RESPONSIBILITIES.—If a State educational agency deter-

mines that a local educational agency failed to carry out its responsibilities under this section, or determines that, after 1 year of implementation of the corrective action, such action has not resulted in sufficient progress in increased student performance, the State educational agency shall take such action as the agency finds necessary, including designating a course of corrective action described in paragraph (10)(C), consistent with this section, to improve the affected schools and to ensure that the local educational agency carries out the local educational agency's responsibilities under this section.

"(12) SPECIAL RULES.—Schools that, for at least 2 of the 3 years following identification under paragraph (1), make adequate yearly progress toward meeting the State's proficient and advanced levels of performance shall no longer be identified for school improvement.".

(c) STATE REVIEW AND LOCAL EDUCATIONAL AGENCY IMPROVEMENT.—Section 1116(d) (20 U.S.C. 6317(d)) is amended to read as follows:

"(d) STATE REVIEW AND LOCAL EDUCATIONAL AGENCY IMPROVEMENT.—

"(1) IN GENERAL.—A State educational agency shall annually review the progress of each local edu-

cational agency within the State receiving funds under this part to determine whether schools served by such agencies and receiving assistance under this part are making adequate yearly progress, as defined in section 1111(b)(2), toward meeting the State's student performance standards and to determine whether each local educational agency is carrying out its responsibilities under sections 1116 and 1117.

"(2) IDENTIFICATION OF LOCAL EDUCATIONAL AGENCY FOR IMPROVEMENT.—A State educational agency shall identify for improvement any local educational agency that—

"(A) for 2 consecutive years fails to make adequate yearly progress as defined in the State's plan under section 1111(b)(2); or

"(B) had been identified for, or was eligible for, improvement under this section as this section was in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(3) TRANSITION.—The 2-year period described in paragraph (2)(A) shall include any continuous period of time immediately preceding the date of the

enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's) during which a local educational agency did not make adequate yearly progress as defined in the State's plan, as such plan was in effect on the day preceding the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(4) TARGETED ASSISTANCE SCHOOLS.—For purposes of targeted assistance schools within a local educational agency, a State educational agency may choose to review the progress of only the students in such schools who are served under this part.

"(5) OPPORTUNITY TO REVIEW AND PRESENT EVIDENCE.—(A) Before identifying a local educational agency for improvement under paragraph (2), a State educational agency shall provide the local educational agency with an opportunity to review the local educational agency data, including assessment data, on which the proposed identification is based.

"(B) If the local educational agency believes that the proposed identification is in error for statistical or other substantive reasons, the local educational agency may provide supporting evidence to

the State educational agency, which the State educational agency shall consider before making a final determination.

"(6) TIME LIMITS.—Not later than 45 days after the State educational agency makes its initial determination that a local educational agency within the State and receiving assistance under this part is eligible for improvement, the State educational agency shall make public a final determination on the status of the local educational agency.

"(7) NOTIFICATION TO PARENTS.—The State educational agency shall promptly notify parents of each student enrolled in a school served by a local educational agency identified for improvement, in a format, and to the extent practicable, in a language the parents can understand, of the reasons for such agency's identification and how parents can participate in upgrading the quality of the local educational agency.

"(8) LOCAL EDUCATIONAL AGENCY REVISIONS.—

"(A) IN GENERAL.—Each local educational agency identified under paragraph (2) shall, not later than 3 months after being so identified, develop or revise a local educational agency

plan, in consultation with the local school board, parents, teachers, school staff, and others, for approval by the State educational agency. Such plan shall—

"(i) incorporate scientifically based research strategies that strengthen the core academic program in the local educational agency;

"(ii) identify specific annual numerical academic achievement objectives in at least the areas of mathematics and English language arts that the local educational agency will meet, with such objectives being calculated in a manner such that their achievement will ensure that each group of students enrolled in each school served by the local educational agency will meet or exceed the proficient standard level of performance in assessments required under section 1111(b)(4) within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's); and

"(iii) assure that the local educational agency will—

"(I) reserve not less than 10 percent of the funds made available to the local educational agency under this part for each fiscal year that the agency is in improvement for the purpose of providing high quality professional development to teachers and principals at schools served by the agency and receiving funds under this part that directly address the academic achievement problem that caused the local educational agency to be identified for improvement and shall be in keeping with the definition of professional development provided in section 1119; and

"(II) the improvement plan shall specify how these funds will be used to remove the local educational agency from improvement status;

"(iv) identify how the local educational agency will provide written notification to parents described in paragraph (7) in a format, and to the extent prac-

ticable in a language, that the parents can understand, pursuant to paragraph (7);

"(v) specify the responsibilities of the State educational agency and the local educational agency under the plan; and

"(vi) include a review of the local educational agency budget to ensure that resources are focused on those activities that are most likely to improve student achievement and to remove the agency from improvement status.

"(B) PEER REVIEW.—The State educational agency shall establish a peer review process to assist with the review of the local educational agency improvement plan, promptly review the plan, work with the local educational agency as necessary, and approve the plan if the plan meets the requirements of this paragraph.

"(C) DEADLINE FOR IMPLEMENTATION.—The local educational agency shall implement the local educational agency plan or revised plan expeditiously, but not later than the beginning of the school year following the school year

in which the agency was identified for improvement.

"(D) RESOURCES REALLOCATION.—If the local educational agency budget fails to allocate resources, consistent with, subparagraph (A)(iv), the State educational agency may direct the local educational agency to reallocate resources to more effective activities.

"(9) STATE EDUCATIONAL AGENCY RESPONSIBILITY.—For each local educational agency identified under paragraph (2), the State educational agency shall provide technical or other assistance, if requested, as authorized under section 1117, to better enable the local educational agency—

"(A) to develop and implement the local educational agency plan or revised plan as approved by the State educational agency consistent with the requirements of this section; and

"(B) to work with schools served by the local educational agency that are identified for improvement.

"(10) TECHNICAL ASSISTANCE.—Technical assistance provided by the State educational agency—

"(A) shall include assistance in analyzing data from the assessments required under section 1111(b)(4) to identify and address instructional problems and solutions;

"(B) shall include assistance in identifying and implementing scientifically based instructional strategies and methods that have proven effective in addressing the specific instructional issues that caused the local educational agency to be identified for improvement;

"(C) shall include assistance in analyzing and revising the local educational agency's budget such that the agency's resources are more effectively focused on those activities most likely to increase student achievement and to remove the agency from improvement status; and

"(D) may be provided by—

"(i) the State educational agency; or

"(ii) with the local educational agency's approval, by an institution of higher education (in full compliance with all the reporting provisions of title II of the Higher Education Act of 1965), a private not-for-profit or for-profit organization, an

educational service agency, the recipient of a Federal contract or cooperative agreement as described under section 7005, or any other entity with experience in helping schools improve achievement.

"(11) RESOURCES REALLOCATION.—The State educational agency may, as a condition of providing the local educational agency with technical assistance and financial support in developing and carrying out an improvement plan, require that the local educational agency reallocate resources away from ineffective or inefficient activities to activities that, through scientific research, have proven to have the greatest impact on increasing student achievement and closing the achievement gap between groups of students.

"(12) CORRECTIVE ACTION.—In order to help students served under this part meet challenging State standards, each State educational agency shall implement a system of corrective action in accordance with the following:

"(A) After providing technical assistance under paragraph (10), and subject to subparagraph (D), the State educational agency—

"(i) shall take corrective action with respect to any local educational agency that fails to make adequate yearly progress, as defined by the State, after the end of the second year following its identification under paragraph (2); and

"(ii) shall continue to provide technical assistance while instituting any corrective action under clause (i) or (ii).

"(B) As used in this paragraph, the term 'corrective action' means action, consistent with State law, that—

"(i) substantially and directly responds to—

"(I) the consistent academic failure of schools served by a local educational agency that caused the State educational agency to take such action with respect to the local educational agency; and

"(II) any underlying staffing, curricular, or other problem in the schools served by the local educational agency; and

"(ii) is designed to meet the goal of having all students served under this part perform at the proficient and advanced performance levels.

"(C) In the case of a local educational agency described in subparagraph (A)(ii), the State educational agency shall take not less than 1 of the following corrective actions:

"(i) Withhold funds from the local educational agency.

"(ii) Reconstitute the relevant local educational agency personnel.

"(iii) Remove particular schools from the area served by the local educational agency, and establish alternative arrangements for public governance and supervision of such schools.

"(iv) Appoint, through the State educational agency, a receiver or trustee to administer the affairs of the local educational agency in place of the local educational agency's superintendent and school board.

"(v) Abolish or restructure the local educational agency.

"(vi)(I) Authorize students to transfer from a school operated by the local educational agency to a higher performing public school, including a public charter or magnet school, operated by another local educational agency.

"(II) Provide students described in subclause (I) transportation services, or the costs of transportation, not to exceed 10 percent of the funds allocated to a local educational agency under this part, to such higher performing schools or public charter schools.

"(III) Take not less than 1 additional action described under this subparagraph.

"(D) Prior to implementing any corrective action, the State educational agency shall provide notice and an opportunity for a hearing to the affected local educational agency, if State law provides for such notice and opportunity.

"(E) Not later than 45 days after the State educational agency makes its initial determination that a local educational agency in the State and receiving assistance under this part is eligible for improvement, the State educational

agency shall make public a final determination on the status of the local educational agency.

"(F) The State educational agency shall publish and disseminate to parents described in paragraph (7) and the public information regarding any corrective action the State educational agency takes under this paragraph through such means as the Internet, the media, and public agencies.

"(G) The State educational agency may delay, for a period not to exceed 1 year, implementation of corrective action if the local educational agency's failure to make adequate yearly progress was justified due to exceptional or uncontrollable circumstances, such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the local educational agency or schools served by the local educational agency.".

SEC. 110. STATE ASSISTANCE FOR SCHOOL SUPPORT AND IMPROVEMENT.

Section 1117 (20 U.S.C. 6318) is amended to read as follows:

"SEC. 1117. STATE ASSISTANCE FOR SCHOOL SUPPORT AND IMPROVEMENT.

"(a) SYSTEM FOR SUPPORT.—Using funds allocated under section 1003(a)(1), each State educational agency shall establish a statewide system of intensive and sustained support and improvement for local educational agencies, elementary schools, and secondary schools receiving funds under this part, in order to ensure that all groups of students specified in section 1111 and attending such schools meet or exceed the proficient standard level performance on the assessments required by section 1111(b)(4) within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(b) PRIORITIES.—In carrying out this section, a State educational agency shall—

"(1) first, provide support and assistance to local educational agencies and schools subject to correction action under section 1116, in accordance with section 1116(c)(11), for which a local educational agency has failed to carry out its responsibilities under section 1116(c) (9) and (10);

"(2) second, provide support and assistance to local educational agencies identified as in need of improvement under section 1116, and assist elementary schools and secondary schools; and

"(3) third, provide support and assistance to local educational agencies and schools participating under this part that are at risk of being identified as being in need of improvement within the next academic year.

"(c) APPROACHES.—In order to achieve the purpose described in subsection (a), each statewide system shall provide technical assistance and support through approaches such as—

"(1) school support teams, composed of individuals who are knowledgeable about scientifically based research, teaching and learning practices, and particularly about strategies for improving educational results for low-achieving children; and

"(2) designating and using Distinguished Educators, who are chosen from schools served under this part that have been especially successful in improving academic achievement.

"(d) FUNDS.—Each State educational agency—

"(1) shall use funds reserved under section 1003(a)(1), but not used under section 1003(a)(2), to carry out this section; and

"(2) may use State administrative funds authorized under section 1703(c) to carry out this section.

"(e) ALTERNATIVES.—The State educational agency may—

"(1) devise additional approaches to providing the technical assistance and support described in subsection (c), such as providing assistance through institutions of higher education, educational service agencies, or other local consortia; and

"(2) seek approval from the Secretary to use funds under section 1003(a)(2) for such approaches as part of the State plan.".

SEC. 111. PARENTAL INVOLVEMENT CHANGES.

(a) LOCAL EDUCATIONAL AGENCY POLICY.—Section 1118(a) (20 U.S.C. 6319(a)) is amended—

(1) in paragraph (1), by striking "programs, activities, and procedures" and inserting "activities and procedures";

(2) in paragraph (2), by striking subparagraphs (E) and (F) and inserting the following:

"(E) conduct, with the involvement of parents, an annual evaluation of the content and effectiveness of the parental involvement policy in improving the academic quality of the schools served under this part;

"(F) involve parents in the activities of the schools served under this part; and

"(G) promote consumer friendly environments within the local educational agency and schools served under this part.";

(3) in paragraph (3), by adding at the end the following new subparagraph:

"(C) Not less than 90 percent of the funds reserved under subparagraph (A) shall be distributed to schools served under this part.".

(b) NOTICE.—Section 1118(b)(1) (20 U.S.C. 6319(b)(1)) is amended by inserting after the first sentence "Parents shall be notified of the policy in a format, and to the extent practicable in a language, that the parents can understand.".

(c) PARENTAL INVOLVEMENT.—Section 1118(c)(4) (20 U.S.C. 6319(c)(4)) is amended—

(1) in subparagraph (B), by striking "school performance profiles required under section 1116(a)(3)" and inserting "school reports described under section 4401";

(2) by redesignating subparagraphs (D) and (E) as subparagraphs (F) and (G), respectively;

(3) by inserting after subparagraph (C) the following:

"(D) notice of the school's designation as a school in need of improvement under section

1116(b), if applicable, and a clear explanation of what such designation means;

"(E) notice of corrective action taken against the school under section 1116(c)(9) and 1116(d)(12), if applicable, and a clear explanation of what such action means;"; and

(4) in subparagraph (G) (as redesignated by paragraph (2)), by striking "subparagraph (D)" and inserting "subparagraph (F)".

(d) BUILDING CAPACITY FOR INVOLVEMENT.—Section 1118(e) (20 U.S.C 6319(e)) is amended—

(1) in paragraph (1), by striking "National Educational Goals,";

(2) by redesignating paragraphs (14) and (15) as paragraphs (16) and (17), respectively;

(3) by inserting after paragraph (13) the following:

"(14) may establish a district wide parent advisory council to advise on all matters related to parental involvement in programs supported under this part;"; and

(4) by redesignating paragraph (5) as paragraph (15) and transferring such paragraph to follow paragraph 14 (as redesignated by paragraph (3));

(5) by inserting after paragraph (4) the following:

''(5) shall expand the use of electronic communications among teachers, students, and parents, such as through the use of websites and e-mail communications;'';

(6) in paragraph (8), by inserting '', to the extent practicable, in a language and format the parent can understand'' before the semicolon; and

(7) in paragraph (15) (as redesignated by paragraph (4)), by striking ''shall'' and inserting ''may''.

(e) ACCESSIBILITY.—Section 1118(f) (20 U.S.C. 6319(f)) is amended by striking '', including'' and all that follows through the period and inserting ''and of parents of migratory children, including providing information and school reports required under section 1111 and described in section 4401 in a language and form such parents understand.''.

SEC. 112. QUALIFICATIONS FOR TEACHERS AND PARAPROFESSIONALS.

Title I of the Act (20 U.S.C. 6301 et seq.) is amended—

(1) by redesignating section 1119 (20 U.S.C. 6320) as section 1119A; and

(2) by inserting after section 1118 the following:

"SEC. 1119. QUALIFICATIONS FOR TEACHERS AND PARAPROFESSIONALS.

"(a) IN GENERAL.—Each State educational agency receiving assistance under this part shall develop and submit to the Secretary a plan to ensure that all teachers teaching within the State are fully qualified, as defined in section 2002(1), not later than December 31, 2005. Such plan shall include an assurance that the State educational agency will require each local educational agency and school receiving funds under this part publicly to report the annual progress with respect to the local educational agency's and school's performance in increasing the percentage of classes in core academic areas taught by fully qualified teachers.

"(b) NEW PARAPROFESSIONALS.—

"(1) IN GENERAL.—Each local educational agency receiving assistance under this part shall ensure that all paraprofessionals hired 1 year or more after the effective date of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's) and working in a program supported with funds under this part shall—

"(A) have completed at least 2 years of study at an institution of higher education;

"(B) have obtained an associate's (or higher) degree; or

"(C) have met a rigorous standard of quality that demonstrates, through a formal assessment—

"(i) knowledge of, and the ability to assist in instructing reading, writing, and math; or

"(ii) knowledge of, and the ability to assist in instructing reading readiness, writing readiness, and math readiness, as appropriate.

"(2) CLARIFICATION.—For purposes of paragraph (1)(C), the receipt of a high school diploma (or its recognized equivalent) shall be necessary but not by itself sufficient to satisfy the requirements of such paragraph.

"(c) EXISTING PARAPROFESSIONALS.—Each local educational agency receiving assistance under this part shall ensure that all paraprofessionals hired before the date that is 1 year after the effective date of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's) and working in a program supported with

funds under this part shall, not later than 3 years after such effective date, satisfy the requirements of subsection (b).

"(d) EXCEPTIONS FOR TRANSLATION AND PARENTAL INVOLVEMENT ACTIVITIES.—Subsections (b) and (c) shall not apply to a paraprofessional—

"(A) who is proficient in English and a language other than English and who provides services primarily to enhance the participation of children in programs under this part by acting as a translator; or

"(B) whose duties consist solely of conducting parental involvement activities consistent with section 1118.

"(e) GENERAL REQUIREMENT FOR ALL PARAPROFESSIONALS.—Each local educational agency receiving assistance under this part shall ensure that all paraprofessionals working in a program supported with funds under this part, regardless of the paraprofessional's hiring date, possess a high school diploma or its recognized equivalent.

"(f) DUTIES OF PARAPROFESSIONALS.—

"(1) IN GENERAL.—Each local educational agency receiving assistance under this part shall ensure that a paraprofessional working in a program

supported with funds under this part is not assigned a duty inconsistent with this subsection.

"(2) RESPONSIBILITIES PARAPROFESSIONALS MAY BE ASSIGNED.—A paraprofessional described in paragraph (1) may only be assigned—

"(A) to provide one-on-one tutoring for eligible students, if the tutoring is scheduled at a time when a student would not otherwise receive instruction from a teacher;

"(B) to assist with classroom management, such as organizing instructional and other materials;

"(C) to provide assistance in a computer laboratory;

"(D) to conduct parental involvement activities;

"(E) to provide support in a library or media center;

"(F) to act as a translator; or

"(G) to provide instructional services to students;

"(3) ADDITIONAL LIMITATIONS.—A paraprofessional described in paragraph (1)—

"(A) may not provide any instructional service to a student unless the paraprofessional

is working under the direct supervision of a fully qualified teacher; and

"(B) may not provide instructional services to students in the area of reading, writing, or math unless the paraprofessional has demonstrated, through a State or local assessment, the ability effectively to carry out reading, writing, or math instruction.

"(g) USE OF FUNDS.—

"(1) PROFESSIONAL DEVELOPMENT.—A local educational agency receiving funds under this part may use such funds to support ongoing training and professional development to assist teachers and paraprofessionals in satisfying the requirements of this section.

"(2) LIMITATION ON USE OF FUNDS FOR PARAPROFESSIONALS.—

"(A) IN GENERAL.—Beginning on and after the effective date of the Public Education Reinvestment, Reinvention, and Reponsibility Act (Three R's), a local educational agency may not use funds received under this part to fund any paraprofessional hired after such date unless the hiring is to fill a vacancy created by the departure of another paraprofessional funded

under this part and such new paraprofessional satisfies the requirements of subsection (b) or (c).

"(B) EXCEPTION.—Subparagraph (A) shall not apply for a fiscal year to a local educational agency that can demonstrate to the State that all teachers under the jurisdiction of the agency are fully qualified.

"(h) VERIFICATION OF COMPLIANCE.—

"(1) IN GENERAL.—In verifying compliance with this section, each local educational agency at a minimum shall require that the principal of each school operating a program under section 1114 or 1115 annually attest in writing as to whether such school is in compliance with the requirements of this section.

"(2) AVAILABILITY OF INFORMATION.—Copies of attestations under paragraph (1)—

"(A) shall be maintained at each school operating a program under section 1114 or 1115 and at the main office of the local educational agency; and

"(B) shall be available to any member of the general public upon request.".

SEC. 113. PROFESSIONAL DEVELOPMENT.

Section 1119A (as redesignated by section 112(a)) is amended—

(1) by amending subsection (a) to read as follows:

''(a) PURPOSE.—The purpose of this section is to assist each local educational agency receiving assistance under this part in increasing the academic achievement of eligible children (as identified under section 1115(b)(1)(B)) (in this section referred to as eligible children) through improved teacher quality.'';

(2) in subsection (b)—

(A) by amending paragraph (1) to read as follows:

''(1) REQUIRED ACTIVITIES.—Each local educational agency receiving assistance under this part shall provide professional development activities under this section that shall—

''(A) give teachers, principals, and administrators the knowledge and skills to provide eligible children with the opportunity to meet challenging State or local content standards and student performance standards;

''(B) support the recruiting, hiring, and training of fully qualified teachers, including

teachers fully qualified through State and local alternative routes;

"(C) advance teacher understanding of effective instructional strategies, based on scientifically based research, for improving eligible children achievement, at a minimum, in mathematics, science, and English language arts;

"(D) be directly related to the curricula and content areas in which the teacher provides instruction;

"(E) be designed to enhance the ability of a teacher to understand and use the State's standards for the subject area in which the teacher provides instruction;

"(F) be tied to scientifically based research that demonstrates the effectiveness of such professional development activities or programs in increasing eligible children achievement or substantially increasing the knowledge and teaching skills of teachers;

"(G) be of sufficient intensity and duration (not to include 1-day or short-term workshops and conferences) to have a positive and lasting impact on the teacher's performance in the classroom, except that this subparagraph shall

not apply to an activity if such activity is one component of a long-term comprehensive professional development plan established by the teacher and the teacher's supervisor based upon an assessment of their needs, their eligible children's needs, and the needs of the local educational agency;

''(H) be developed with extensive participation of teachers, principals, parents, administrators of schools, and local school boards of schools to be served under this part;

''(I) to the extent appropriate, provide training for teachers in the use of technology so that technology and its applications are effectively used in the classroom to improve teaching and learning in the curricula and academic content areas in which the teachers provide instruction;

''(J) as a whole, be regularly evaluated for such activities' impact on increased teacher effectiveness and improved student achievement, with the findings of such evaluations used to improve the quality of professional development; and

"(K) include strategies for identifying and eliminating gender and racial bias in instructional materials, methods, and practices.";

(B) in paragraph (2)—

(i) in subparagraph (A), by inserting "and data to inform and instruct classroom practice" before the semicolon;

(ii) by striking subparagraphs (D) and (G);

(iii) by redesignating subparagraphs (E), (F), (H), and (I), as subparagraphs (D), (E), (F) and (G), respectively; and

(iv) by inserting after subparagraph (G) (as redesignated by clause (iii)) the following new subparagraph:

"(H) instruction in the ways that teachers, principals, and guidance counselors can work with parents and students from groups, such as females and minorities, that are underrepresented in careers in mathematics, science, engineering, and technology, to encourage and maintain the interest of such students in those careers.";

"(2) OPTIONAL ACTIVITIES.—Such professional development activities may include—

"(A) instruction in the use of data and assessments to inform and instruct classroom practice;

"(B) instruction in ways that teachers, principals, pupil services personnel, and school administrators may work more effectively with parents;

"(C) the forming of partnerships with institutions of higher education to establish school-based teacher training programs that provide prospective teachers and novice teachers with an opportunity to work under the guidance of experienced teachers and college faculty;

"(D) the creation of career ladder programs for paraprofessionals (assisting teachers under this part) to obtain the education necessary for such paraprofessionals to become licensed and certified teachers;

"(E) instruction in ways to teach special needs children;

"(F) joint professional development activities involving programs under this part, Head Start, Even Start, or State-run preschool program personnel;

"(G) instruction in experiential-based teaching methods such as service or applied learning;

"(H) mentoring programs focusing on changing teacher behaviors and practices to help novice teachers, including teachers who are members of a minority group, develop and gain confidence in their skills, to increase the likelihood that they will continue in the teaching profession, and generally to improve the quality of their teaching; and

"(I) instruction in gender-equitable methods, techniques, and practices.

(3) by striking subsections (f) through (i); and

(4) by adding after subsection (e) the following:

"(f) CONSOLIDATION OF FUNDS.—Funds provided under this part that are used for professional development purposes may be consolidated with funds provided under title II of this Act and other sources.

"(g) DEFINITION.—The term 'fully qualified' has the same meaning given such term in section 2002(1).

SEC. 114. FISCAL REQUIREMENTS.

Section 1120A(a) (20 U.S.C. 6322(a)) is amended by striking "section 14501" and inserting "section 8501".

SEC. 115. COORDINATION REQUIREMENTS.

Section 1120B (20 U.S.C. 6323) is amended—

(1) in subsection (a), by striking ''to the extent feasible'' and all that follows through the period and inserting ''in coordination with local Head Start agencies, and if feasible, other early childhood development programs.'';

(2) in subsection (b)—

(A) in paragraph (3) by striking ''and'' after the semicolon;

(B) in paragraph (4) by striking the period and inserting ''; and''; and

(C) by adding at the end, the following:

''(5) linking the educational services provided in such local educational agency with the services provided in local Head Start agencies.''.

SEC. 115A. LIMITATIONS ON FUNDS.

Subpart 1 of part A of title I (20 U.S.C. 6311 et seq.) is amended by inserting after section 1120B (20 U.S.C. 6321) the following:

''SEC. 1120C. LIMITATIONS ON FUNDS.

''(a) IN GENERAL.—Notwithstanding any other provision of this Act, a local educational agency shall use funds received under this subpart only to provide instruction to students, and for services directly related to instruction, in preschool through grade 12 to assist eligible

children to improve their academic achievement and to meet achievement standards established by the State.

"(b) PERMISSIBLE AND PROHIBITED ACTIVITIES.—In this subpart, the term 'academic instruction'—

"(1) includes—

"(A) the employment of teachers and other instructional personnel, including providing teachers and instructional personnel with employee benefits;

"(B) the extension of academic instruction beyond the normal school day and year, including summer school;

"(C) the provision of instructional services to pre-kindergarten children to prepare such children for the transition to kindergarten;

"(D) the purchase of instructional resources, such as books, materials, computers, and other instructional equipment and wiring to support instructional equipment;

"(E) the development and administration of curriculum, educational materials, and assessments;

"(F) the implementation of—

"(i) instructional interventions in schools in need of improvement; and

"(ii) corrective actions to improve student achievement; and

"(G) the transportation of students to assist them in improving academic achievement, except that not more than 10 percent of the funds made available under this subpart to a local educational agency shall be used to carry out this subparagraph;

"(2) but does not include—

"(A) the purchase or provision of janitorial services and utility costs;

"(B) the construction or operation of facilities;

"(C) the acquisition of real property;

"(D) costs for food and refreshments; or

"(E) the purchase or lease of vehicles.".

SEC. 116. GRANTS FOR THE OUTLYING AREAS AND THE SECRETARY OF THE INTERIOR.

Section 1121 (20 U.S.C. 6331) is amended to read as follows:

"Subpart 2—Allocations

"SEC. 1121. GRANTS FOR THE OUTLYING AREAS AND THE SECRETARY OF THE INTERIOR.

"(a) RESERVATION OF FUNDS.—From the amount appropriated for payments to States for any fiscal year

under section 1002(a), the Secretary shall reserve a total of 1 percent to provide assistance to—

"(1) the outlying areas on the basis of their respective need for such assistance according to such criteria as the Secretary determines will best carry out the purpose of this part; and

"(2) the Secretary of the Interior in the amount necessary to make payments pursuant to subsection (c).

"(b) ASSISTANCE TO THE OUTLYING AREAS.—

"(1) IN GENERAL.—From amounts made available under subsection (a) in each fiscal year, the Secretary shall make grants to local educational agencies in the outlying areas (other than the outlying areas assisted under paragraph (2)).

"(2) COMPETITIVE GRANTS.—(A) For each fiscal year through 2006, the Secretary shall reserve $5,000,000 from the amounts made available under subsection (a) to award grants on a competitive basis, to local educational agencies in the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. The Secretary shall award such grants according to the recommendations of the Pacific Region Educational

Laboratory which shall conduct a competition for such grants.

"(B) Except as provided in subparagraph (D), grant funds awarded under this part only may be used for programs described in this Act, including teacher training, curriculum development, instructional materials, or general school improvement and reform.

"(C) Grant funds awarded under this paragraph only may be used to provide direct educational services.

"(D) The Secretary may provide 5 percent of the amount made available for grants under this paragraph to pay the administrative costs of the Pacific Region Educational Laboratory regarding activities assisted under this paragraph.

"(c) ALLOTMENT TO THE SECRETARY OF THE INTERIOR.—

"(1) IN GENERAL.—The amount allotted for payments to the Secretary of the Interior under subsection (a)(2) for any fiscal year shall be, as determined pursuant to criteria established by the Secretary, the amount necessary to meet the special educational needs of—

"(A) Indian children on reservations served by elementary schools and secondary schools for Indian children operated or supported by the Department of the Interior; and

"(B) out-of-State Indian children in elementary schools and secondary schools in local educational agencies under special contracts with the Department of the Interior.

"(2) PAYMENTS.—From the amount allotted for payments to the Secretary of the Interior under subsection (a)(2), the Secretary of the Interior shall make payments to local educational agencies, upon such terms as the Secretary determines will best carry out the purposes of this part, with respect to out-of-State Indian children described in paragraph (1). The amount of such payment may not exceed, for each such child, the greater of—

"(A) 40 percent of the average per pupil expenditure in the State in which the agency is located; or

"(B) 48 percent of such expenditure in the United States.

"SEC. 1122. AMOUNTS FOR BASIC GRANTS, CONCENTRATION GRANTS, AND TARGETED GRANTS.

"(a) IN GENERAL.—For fiscal years 2002 through 2006, an amount of the appropriations for this part equal to the appropriation for fiscal year 2001, for section 1124 shall be allocated in accordance with section 1124, and an amount equal to the appropriation for fiscal year 2001 for section 1124A shall be allocated in accordance with section 1124A. Any additional appropriations under section 1002(a) for any fiscal year, after application of the preceding sentence, shall be allocated in accordance with section 1125.

"(b) ADJUSTMENTS WHERE NECESSITATED BY APPROPRIATIONS.—

"(1) IN GENERAL.—If the sums available under this part for any fiscal year are insufficient to pay the full amounts that all local educational agencies in States are eligible to receive under sections 1124, 1124A, and 1125 for such year, the Secretary shall ratably reduce the allocations to such local educational agencies, subject to subsections (c) and (d) of this section.

"(2) ADDITIONAL FUNDS.—If additional funds become available for making payments under sections 1124, 1124A, and 1125 for such fiscal year, allocations that were reduced under paragraph (1)

shall be increased on the same basis as they were reduced.

"(c) HOLD-HARMLESS AMOUNTS.—

"(1) IN GENERAL.—For each fiscal year, except as provided in paragraph (2) and subsection (d), the amount made available to each local educational agency under each of sections 1124 and 1125 shall be not less than 95 percent of the previous year's amount if the number of children counted for grants under section 1124 is at least 30 percent of the total number of children aged 5 to 17 years, inclusive, in the local educational agency, 90 percent of the previous year amount if this percentage is between 15 percent and 30 percent, and 85 percent if this percentage is below 15 percent.

"(2) SUFFICIENT FUNDS.—If sufficient funds are appropriated, the hold-homeless amounts described in paragraph (1) shall be paid to all local educational agencies which received grants under section 1124, 1124A, or 1125 for the preceding fiscal year, regardless of whether the local educational agency meets the minimum eligibility criteria provided in section 1124(b), 1124A(a)(1)(A), or 1125(a), respectively, except that a local educational agency which does not meet such minimum eligibility

criteria for 5 consecutive years shall no longer be eligible to receive a hold-harmless amount.

"(3) CALCULATION.—In any fiscal year for which the Secretary calculates grants on the basis of population data for counties, the Secretary shall apply the hold-harmless percentages in paragraph (1) to counties, and, if the Secretary's allocation for a county is not sufficient to meet the hold-harmless requirements of this subsection for every local educational agency within that county, then the State educational agency shall reallocate funds proportionately from all other local educational agencies in the State that are receiving funds in excess of the hold-harmless amounts specified in this subsection.

"(d) RATABLE REDUCTIONS.—

"(1) IN GENERAL.—If the sums made available under this part for any fiscal year are insufficient to pay the full amounts that all States are eligible to receive under subsection (c) for such year, the Secretary shall ratably reduce such amounts for such year.

"(2) ADDITIONAL FUNDS.—If additional funds become available for making payments under subsection (c) for such fiscal year, amounts that were

reduced under paragraph (1) shall be increased on the same basis as such amounts reduced.

"(e) DEFINITION.—For the purpose of this section and sections 1124, 1124A, and 1125, the term 'State' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 1124. BASIC GRANTS TO LOCAL EDUCATIONAL AGENCIES.

"(a) AMOUNT OF GRANTS.—

"(1) GRANTS FOR LOCAL EDUCATIONAL AGENCIES AND PUERTO RICO.—Except as provided in paragraph (4) and in section 1126, the grant that a local educational agency is eligible to receive under this section for a fiscal year is the amount determined by multiplying—

"(A) the number of children counted under subsection (c); and

"(B) 40 percent of the average per-pupil expenditure in the State, except that the amount determined under this subparagraph shall not be less than 32 percent, and not more than 48 percent, of the average per-pupil expenditure in the United States.

"(2) CALCULATION OF GRANTS.—

"(A) ALLOCATIONS TO LOCAL EDUCATIONAL AGENCIES.—The Secretary shall calculate grants under this section on the basis of the number of children counted under subsection (c) for local educational agencies, unless the Secretary and the Secretary of Commerce determine that some or all of those data are unreliable or that their use would be otherwise inappropriate, in which case—

"(i) the 2 Secretaries shall publicly disclose the reasons for their determination in detail; and

"(ii) paragraph (3) shall apply.

"(B) ALLOCATIONS TO LARGE AND SMALL LOCAL EDUCATIONAL AGENCIES.—(i) For any fiscal year to which this paragraph applies, the Secretary shall calculate grants under this section for each local educational agency.

"(ii) The amount of a grant under this section for each large local educational agency shall be the amount determined under clause (i).

"(iii) For small local educational agencies, the State educational agency may either—

"(I) distribute grants under this section in amounts determined by the Secretary under clause (i); or

"(II) use an alternative method, developed in accordance with clause (iv), approved by the Secretary to distribute the portion of the State's total grants under this section that is based on those small agencies.

"(iv) An alternative method under clause (iii)(II) shall be based on population data that the State educational agency determines best reflect the current distribution of children in poor families among the State's small local educational agencies that meet the eligibility criteria of subsection (b).

"(v) If a small local educational agency is dissatisfied with the determination of its grant by the State educational agency under clause (iii)(II), it may appeal that determination to the Secretary, who shall respond within 45 days of receiving it.

"(vi) As used in this subparagraph—

"(I) the term 'large local educational agency' means a local educational agency

serving an area with a total population of 20,000 or more; and

"(II) the term 'small local educational agency' means a local educational agency serving an area with a total population of less than 20,000.

"(3) ALLOCATIONS TO COUNTIES.—(A) For any fiscal year to which this paragraph applies, the Secretary shall calculate grants under this section on the basis of the number of children counted under section 1124(c) for counties, and State educational agencies shall suballocate county amounts to local educational agencies, in accordance with regulations promulgated by the Secretary.

"(B) In any State in which a large number of local educational agencies overlap county boundaries, or for which the State believes it has data that would better target funds than allocating them by county, the State educational agency may apply to the Secretary for authority to make the allocations under this part for a particular fiscal year directly to local educational agencies without regard to counties.

"(C) If the Secretary approves a State's application under subparagraph (B), the State edu-

cational agency shall provide the Secretary an assurance that those allocations are made—

"(i) using precisely the same factors for determining a grant as are used under this part; or

"(ii) using data that the State educational agency submits to the Secretary for approval that more accurately target poverty.

"(D) The State educational agency shall provide the Secretary an assurance that a procedure is (or will be) established through which local educational agencies that are dissatisfied with its determinations under subparagraph (B) may appeal directly to the Secretary for a final determination.

"(4) PUERTO RICO.—For each fiscal year, the Secretary shall determine the percentage which the average per pupil expenditure in the Commonwealth of Puerto Rico is of the lowest average per pupil expenditure of any of the 50 States. The grant which the Commonwealth of Puerto Rico shall be eligible to receive under this section for a fiscal year shall be the amount arrived at by multiplying the number of children counted under subsection (c) for the Commonwealth of Puerto Rico by the product of—

"(A) the percentage determined under the preceding sentence; and

"(B) 32 percent of the average per pupil expenditure in the United States.

"(5) DEFINITION.—For purposes of this subsection, the term 'State' does not include Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, or Palau.

"(b) MINIMUM NUMBER OF CHILDREN TO QUALIFY.—A local educational agency is eligible for a basic grant under this section for any fiscal year only if the number of children counted under subsection (c) for that agency is—

"(1) 10 or more; and

"(2) more than 2 percent of the total school-age population in the agency's jurisdiction.

"(c) CHILDREN TO BE COUNTED.—

"(1) CATEGORIES OF CHILDREN.—The number of children to be counted for purposes of this section is the aggregate of—

"(A) the number of children aged 5 to 17, inclusive, in the school district of the local educational agency from families below the poverty level as determined under paragraph (2);

"(B) the number of children aged 5 to 17, inclusive, in the school district of such agency from families above the poverty level as determined under paragraph (5); and

"(C) the number of children (determined under paragraph (4) for either the preceding year as described in that paragraph, or for the second preceding year, as the Secretary finds appropriate) aged 5 to 17, inclusive, in the school district of such agency in institutions for neglected and delinquent children (other than such institutions operated by the United States), but not counted pursuant to subpart 1 of part D for the purposes of a grant to a State agency, or being supported in foster homes with public funds.

"(2) DETERMINATION OF NUMBER OF CHILDREN.—For the purposes of this section, the Secretary shall determine the number of children aged 5 to 17, inclusive, from families below the poverty level on the basis of the most recent satisfactory data, described in paragraph (3), available from the Department of Commerce. The District of Columbia and the Commonwealth of Puerto Rico shall be treated as individual local educational agencies. If a

local educational agency contains 2 or more counties in their entirety, then each county will be treated as if such county were a separate local educational agency for purposes of calculating grants under this part. The total of grants for such counties shall be allocated to such a local educational agency, which local educational agency shall distribute to schools in each county within such agency a share of the local educational agency's total grant that is no less than the county's share of the population counts used to calculate the local educational agency's grant.

"(3) POPULATION UPDATES.—In fiscal year 2002 and every 2 years thereafter, the Secretary shall use updated data on the number of children, aged 5 to 17, inclusive, from families below the poverty level for counties or local educational agencies, published by the Department of Commerce, unless the Secretary and the Secretary of Commerce determine that use of the updated population data would be inappropriate or unreliable. If the Secretary and the Secretary of Commerce determine that some or all of the data referred to in this paragraph are inappropriate or unreliable, they shall publicly disclose their reasons. In determining the families which are below the poverty level, the Secretary shall utilize

the criteria of poverty used by the Bureau of the Census in compiling the most recent decennial census, in such form as those criteria have been updated by increases in the Consumer Price Index for all urban consumers, published by the Bureau of Labor Statistics.

"(4) OTHER CHILDREN TO BE COUNTED.—For purposes of this section, the Secretary shall determine the number of children aged 5 to 17, inclusive, from families above the poverty level on the basis of the number of such children from families receiving an annual income, in excess of the current criteria of poverty, from payments under a State program funded under part A of title IV of the Social Security Act; and in making such determinations the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the most recent decennial census for a family of 4 in such form as those criteria have been updated by increases in the Consumer Price Index for all urban consumers, published by the Bureau of Labor Statistics. The Secretary shall determine the number of children aged 5 through 17 living in institutions for neglected or delinquent children, or being supported in foster homes with public funds, on the basis of the case-

load data for the month of October of the preceding fiscal year (using, in the case of children described in the preceding sentence, the criteria of poverty and the form of such criteria required by such sentence which were determined for the calendar year preceding such month of October) or, to the extent that such data are not available to the Secretary before January of the calendar year in which the Secretary's determination is made, then on the basis of the most recent reliable data available to the Secretary at the time of such determination. The Secretary of Health and Human Services shall collect and transmit the information required by this subparagraph to the Secretary not later than January 1 of each year. For the purpose of this section, the Secretary shall consider all children who are in correctional institutions to be living in institutions for delinquent children.

''(5) ESTIMATE.—When requested by the Secretary, the Secretary of Commerce shall make a special updated estimate of the number of children of such ages who are from families below the poverty level (as determined under subparagraph (A) of this paragraph) in each school district, and the Secretary is authorized to pay (either in advance or by way of

reimbursement) the Secretary of Commerce the cost of making this special estimate. The Secretary of Commerce shall give consideration to any request of the chief executive of a State for the collection of additional census information. For purposes of this section, the Secretary shall consider all children who are in correctional institutions to be living in institutions for delinquent children.

''(d) STATE MINIMUM.—Notwithstanding section 1122, the aggregate amount allotted for all local educational agencies within a State may not be less than the lesser of—

''(1) 0.25 percent of total grants under this section; or

''(2) the average of—

''(A) one-quarter of 1 percent of the total amount available for such fiscal year under this section; and

''(B) the number of children in such State counted under subsection (c) in the fiscal year multiplied by 150 percent of the national average per pupil payment made with funds available under this section for that year.

"SEC. 1124A. CONCENTRATION GRANTS TO LOCAL EDUCATIONAL AGENCIES.

"(a) ELIGIBILITY FOR AND AMOUNT OF GRANTS.—

"(1) IN GENERAL.—(A) Except as otherwise provided in this paragraph, each local educational agency, in a State other than Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and Palau, which is eligible for a grant under section 1124 for any fiscal year is eligible for an additional grant under this section for that fiscal year if the number of children counted under section 1124(c) in the agency exceeds either—

"(i) 6,500; or

"(ii) 15 percent of the total number of children aged 5 through 17 in the agency.

"(B) Notwithstanding section 1122, no State described in subparagraph (A) shall receive less than the lesser of—

"(i) 0.25 percent of total grants; or

"(ii) the average of—

"(I) one-quarter of 1 percent of the sums available to carry out this section for such fiscal year; and

"(II) the greater of—

"(aa) $340,000; or

"(bb) the number of children in such State counted for purposes of this section in that fiscal year multiplied by 150 percent of the national average per pupil payment made with funds available under this section for that year.

"(2) SPECIAL RULE.—For each county or local educational agency eligible to receive an additional grant under this section for any fiscal year the Secretary shall determine the product of—

"(A) the number of children counted under section 1124(c) for that fiscal year; and

"(B) the amount in section 1124(a)(1)(B) for all States except Puerto Rico, and the amount in section 1124(a)(3) for Puerto Rico.

"(3) AMOUNT.—The amount of the additional grant for which an eligible local educational agency or county is eligible under this section for any fiscal year shall be an amount which bears the same ratio to the amount available to carry out this section for that fiscal year as the product determined under paragraph (2) for such local educational agency for that fiscal year bears to the sum of such products

for all local educational agencies in the United States for that fiscal year.

"(4) LOCAL ALLOCATIONS.—(A) Grant amounts under this section shall be determined in accordance with section 1124(a) (2) and (3).

"(B) For any fiscal year for which the Secretary allocates funds under this section on the basis of counties, a State may reserve not more than 2 percent of its allocation under this section for any fiscal year to make grants to local educational agencies that meet the criteria of paragraph (1)(A) (i) or (ii) but that are in ineligible counties.

"(b) STATES RECEIVING MINIMUM GRANTS.—In States that receive the minimum grant under subsection (a)(1)(B), the State educational agency shall allocate such funds among the local educational agencies in each State either—

"(1) in accordance with paragraphs (2) and (4) of subsection (a); or

"(2) based on their respective concentrations and numbers of children counted under section 1124(c), except that only those local educational agencies with concentrations or numbers of children counted under section 1124(c) that exceed the statewide average percentage of such children or the

statewide average number of such children shall receive any funds on the basis of this paragraph.

"SEC. 1125. TARGETED GRANTS TO LOCAL EDUCATIONAL AGENCIES.

"(a) ELIGIBILITY OF LOCAL EDUCATIONAL AGENCIES.—A local educational agency in a State is eligible to receive a targeted grant under this section for any fiscal year if the number of children in the local educational agency counted under section 1124(c), before application of the weighting factor described in subsection (c), is at least 10, and if the number of children counted for grants under section 1124 is at least 5 percent of the total population aged 5 to 17 years, inclusive, in the local educational agency. Funds made available as a result of applying this subsection shall be reallocated by the State educational agency to other eligible local educational agencies in the State in proportion to the distribution of other funds under this section.

"(b) GRANTS FOR LOCAL EDUCATIONAL AGENCIES, THE DISTRICT OF COLUMBIA, AND PUERTO RICO.—

"(1) IN GENERAL.—The amount of the grant that a local educational agency in a State or that the District of Columbia is eligible to receive under this section for any fiscal year shall be the product of—

"(A) the weighted child count determined under subsection (c); and

"(B) the amount in section 1124(a)(1).

"(2) PUERTO RICO.—For each fiscal year, the amount of the grant for which the Commonwealth of Puerto Rico is eligible under this section shall be equal to the number of children counted under subsection (c) for Puerto Rico, multiplied by the amount determined in section 1124(a)(3).

"(c) WEIGHTED CHILD COUNT.—

"(1) WEIGHTS FOR ALLOCATIONS TO COUNTIES.—

"(A) IN GENERAL.—For each fiscal year for which the Secretary uses county population data to calculate grants, the weighted child count used to determine a county's allocation under this section is the larger of the 2 amounts determined under clause (i) or (ii), as follows:

"(i) BY PERCENTAGE OF CHILDREN.—This amount is determined by adding—

"(I) the number of children determined under section 1124(c) for that county constituting up to 12.20

percent, inclusive, of the county's total population aged 5 to 17, inclusive, multiplied by 1.0;

"(II) the number of such children constituting more than 12.20 percent, but not more than 17.70 percent, of such population, multiplied by 1.75;

"(III) the number of such children constituting more than 17.70 percent, but not more than 22.80 percent, of such population, multiplied by 2.5;

"(IV) the number of such children constituting more than 22.80 percent, but not more than 29.70 percent, of such population, multiplied by 3.25; and

"(V) the number of such children constituting more than 29.70 percent of such population, multiplied by 4.0.

"(ii) BY NUMBER OF CHILDREN.—This amount is determined by adding—

"(I) the number of children determined under section 1124(c) constituting up to 1,917, inclusive, of the

county's total population aged 5 to 17, inclusive, multiplied by 1.0;

"(II) the number of such children between 1,918 and 5,938, inclusive, in such population, multiplied by 1.5;

"(III) the number of such children between 5,939 and 20,199, inclusive, in such population, multiplied by 2.0;

"(IV) the number of such children between 20,200 and 77,999, inclusive, in such population, multiplied by 2.5; and

"(V) the number of such children in excess of 77,999 in such population, multiplied by 3.0.

"(B) PUERTO RICO.—Notwithstanding subparagraph (A), the weighting factor for Puerto Rico under this paragraph shall not be greater than the total number of children counted under section 1124(c) multiplied by 1.72.

(2) WEIGHTS FOR ALLOCATIONS TO LOCAL EDUCATIONAL AGENCIES.—

(A) IN GENERAL.—For each fiscal year for which the Secretary uses local educational agency data, the weighted child count used to determine a local educational agency's grant under this section is the larger of the 2 amounts determined under clauses (i) and (ii), as follows:

(i) BY PERCENTAGE OF CHILDREN.—This amount is determined by adding—

(I) the number of children determined under section 1124(c) for that local educational agency constituting up to 14.265 percent, inclusive, of the agency's total population aged 5 to 17, inclusive, multiplied by 1.0;

(II) the number of such children constituting more than 14.265 percent, but not more than 21.553 percent, of such population, multiplied by 1.75;

(III) the number of such children constituting more than 21.553 percent, but not more than 29.223 percent, of such population, multiplied by 2.5;

(IV) the number of such children constituting more than 29.223 percent, but not more than 36.538 percent, of such population, multiplied by 3.25; and

(V) the number of such children constituting more than 36.538 percent of such population, multiplied by 4.0.

(ii) BY NUMBER OF CHILDREN.—This amount is determined by adding—

(I) the number of children determined under section 1124(c) constituting up to 575, inclusive, of the agency's total population aged 5 to 17, inclusive, multiplied by 1.0;

(II) the number of such children between 576 and 1,870, inclusive, in such population, multiplied by 1.5;

(III) the number of such children between 1,871 and 6,910, inclusive, in such population, multiplied by 2.0;

(IV) the number of such children between 6,911 and 42,000, inclusive, in such population, multiplied by 2.5; and

(V) the number of such children in excess of 42,000 in such population, multiplied by 3.0.

(B) PUERTO RICO.—Notwithstanding subparagraph (A), the weighting factor for Puerto Rico under this paragraph shall not be greater than the total number of children counted under section 1124(c) multiplied by 1.72.

''(d) CALCULATION OF GRANT AMOUNTS.— Grants under this section shall be calculated in accordance with section 1124(a) (2) and (3).

''(e) STATE MINIMUM.—Notwithstanding any other provision of this section or section 1122, from the total amount available for any fiscal year to carry out this section, each State shall be allotted at least the lesser of—

''(1) 0.25 percent of total appropriations; or

''(2) the average of—

''(A) one-quarter of 1 percent of the total amount available to carry out this section; and

''(B) 150 percent of the national average grant under this section per child described in section 1124(c), without application of a weighting factor, multiplied by the State's total number of children described in section

1124(c), without application of a weighting factor.

"SEC. 1125A. EDUCATION FINANCE INCENTIVE PROGRAM.

"(a) GRANTS.—The Secretary is authorized to make grants to States from the sums appropriated pursuant to subsection (e) to carry out the purposes of this part.

"(b) DISTRIBUTION BASED UPON FISCAL EFFORT AND EQUITY.—

"(1) IN GENERAL.—Funds appropriated pursuant to subsection (e) shall be allotted to each State based upon the number of children aged 5 to 17, inclusive, of such State multiplied by the product of—

"(A) such State's effort factor described in paragraph (2); multiplied by

"(B) 1.30 minus such State's equity factor described in paragraph (3), except that for each fiscal year no State shall receive less than ¼ of 1 percent of the total amount appropriated pursuant to subsection (e) for such fiscal year.

"(2) EFFORT FACTOR.—(A) Except as provided in subparagraph (B), the effort factor for a State shall be determined in accordance with the succeeding sentence, except that such factor shall not be less than .95 nor greater than 1.05. The effort factor determined under this sentence shall be a

fraction the numerator of which is the product of the 3-year average per-pupil expenditure in the State multiplied by the 3-year average per capita income in the United States and the denominator of which is the product of the 3-year average per capita income in such State multiplied by the 3-year average per-pupil expenditure in the United States.

''(B) The effort factor for the Commonwealth of Puerto Rico shall be equal to the lowest effort factor calculated under subparagraph (A) for any State.

''(3) EQUITY FACTOR.—(A)(i) Except as provided in subparagraph (B), the Secretary shall determine the equity factor under this section for each State in accordance with clause (ii).

''(ii)(I) For each State, the Secretary shall compute a weighted coefficient of variation for the per-pupil expenditures of local educational agencies in accordance with subclauses (II), (III), (IV), and (V).

''(II) In computing coefficients of variation, the Secretary shall weigh the variation between per-pupil expenditures in each local educational agency and the average per-pupil expenditures in the State according to the number of pupils in the local educational agency.

"(III) In determining the number of pupils under this paragraph in each local educational agency and each State, the Secretary shall multiply the number of children from low-income families by 1.4 under this paragraph.

"(IV) In computing coefficients of variation, the Secretary shall include only those local educational agencies with an enrollment of more than 200 students.

"(V) The Secretary shall compute separate coefficients of variation for elementary, secondary, and unified local educational agencies and shall combine such coefficients into a single weighted average coefficient for the State by multiplying each coefficient by the total enrollments of the local educational agencies in each group, adding such products, and dividing such sum by the total enrollments of the local educational agencies in the State.

"(B) The equity factor for a State that meets the disparity standard described in section 222.63 of title 34, Code of Federal Regulations (as such section was in effect on the day preceding the date of enactment of this Act) or a State with only 1 local educational agency shall be not greater than 0.10.

"(C) The Secretary may revise each State's equity factor as necessary based on the advice of independent education finance scholars to reflect other need-based costs of local educational agencies in addition to low-income student enrollment, such as differing geographic costs, costs associated with students with disabilities, children with limited English proficiency or other meaningful educational needs, which deserve additional support. In addition and also with the advice of independent education finance scholars, the Secretary may revise each State's equity factor to incorporate other valid and accepted methods to achieve adequacy of educational opportunity that may not be reflected in a coefficient of variation method.

"(c) USE OF FUNDS.—All funds awarded to each State under this section shall be allocated to local educational agencies and schools on a basis consistent with the distribution of other funds to such agencies and schools under sections 1124, 1124A, and 1125 to carry out activities under this part.

"(d) MAINTENANCE OF EFFORT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a State is entitled to receive its full allotment of funds under this part for any fiscal year if

the Secretary finds that either the combined fiscal effort per student or the aggregate expenditures within the State with respect to the provision of free public education for the fiscal year preceding the fiscal year for which the determination is made was not less than 90 percent of such combined fiscal effort or aggregate expenditures for the second fiscal year preceding the fiscal year for which the determination is made.

"(2) REDUCTION OF FUNDS.—The Secretary shall reduce the amount of the funds awarded to any State under this section in any fiscal year in the exact proportion to which the State fails to meet the requirements of paragraph (1) by falling below 90 percent of both the fiscal effort per student and aggregate expenditures (using the measure most favorable to the State), and no such lesser amount shall be used for computing the effort required under paragraph (1) for subsequent years.

"(3) WAIVERS.—The Secretary may waive, for 1 fiscal year only, the requirements of this subsection if the Secretary determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or

a precipitous and unforeseen decline in the financial resources of the State.

"(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants under this section, there are authorized to be appropriated $200,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"SEC. 1126. SPECIAL ALLOCATION PROCEDURES.

"(a) ALLOCATIONS FOR NEGLECTED CHILDREN.—

"(1) IN GENERAL.—If a State educational agency determines that a local educational agency in the State is unable or unwilling to provide for the special educational needs of children who are living in institutions for neglected or delinquent children as described in section 1124(c)(1)(B), the State educational agency shall, if such agency assumes responsibility for the special educational needs of such children, receive the portion of such local educational agency's allocation under sections 1124, 1124A, and 1125 that is attributable to such children.

"(2) SPECIAL RULE.—If the State educational agency does not assume such responsibility, any other State or local public agency that does assume such responsibility shall receive that portion of the local educational agency's allocation.

"(b) ALLOCATIONS AMONG LOCAL EDUCATIONAL AGENCIES.—The State educational agency may allocate the amounts of grants under sections 1124, 1124A, and 1125 among the affected local educational agencies—

"(1) if 2 or more local educational agencies serve, in whole or in part, the same geographical area;

"(2) if a local educational agency provides free public education for children who reside in the school district of another local educational agency; or

"(3) to reflect the merger, creation, or change of boundaries of 1 or more local educational agencies.

"(c) REALLOCATION.—If a State educational agency determines that the amount of a grant that a local educational agency would receive under sections 1124, 1124A, and 1125 is more than such local agency will use, the State educational agency shall make the excess amount available to other local educational agencies in the State that need additional funds in accordance with criteria established by the State educational agency.".

SEC. 122. PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS.

(a) GENERAL REQUIREMENT.—Subsection (a) of section 1120 (20 U.S.C. 6321(a)) is amended to read as follows:

"(a) GENERAL REQUIREMENT.—

"(1) IN GENERAL.—To the extent consistent with the number of eligible children identified under section 1115(b) in a local educational agency who are enrolled in private elementary and secondary schools, a local educational agency shall, after timely and meaningful consultation with appropriate private school officials, provide such children, on an equitable basis, special educational services or other benefits under this part (such as dual enrollment, educational radio and television, computer equipment and materials, other technology, and mobile educational services and equipment) that address their needs, and shall ensure that teachers and families of these students participate, on an equitable basis, in services and activities developed pursuant to sections 1118 and 1119A.

"(2) SECULAR, NEUTRAL, NONIDEOLOGICAL.—Such educational services or other benefits, including materials and equipment, shall be secular, neutral, and nonideological.

"(3) EQUITY.—Educational services and other benefits for such private school children shall be equitable in comparison to services and other benefits for public school children participating under this part, and shall be provided in a timely manner.

"(4) EXPENDITURES.—Expenditures for educational services and other benefits to eligible private school children shall be equal to the proportion of funds allocated to participating school attendance areas based on the number of children from low-income families who attend private schools, which the local educational agency may determine each year or every 2 years.

"(5) PROVISION OF SERVICES.—The local educational agency shall provide services under this section directly or through contracts with public and private agencies, organizations, and institutions.".

(b) CONSULTATION.—Subsection (b) of section 1120 (20 U.S.C. 6321(b)) is amended to read as follows:

"(b) CONSULTATION.—

"(1) IN GENERAL.—To ensure timely and meaningful consultation, a local educational agency shall consult with appropriate private school officials during the design and development of such agency's programs under this part, on issues such as—

"(A) how the children's needs will be identified;

"(B) what services will be offered;

"(C) how, where, and by whom the services will be provided;

"(D) how the services will be assessed and how the results of that assessment will be used to improve those services;

"(E) the size and scope of the equitable services to be provided to the eligible private school children, and the amount of funds generated by low-income private school children in each participating attendance area;

"(F) the method or sources of data that are used under subsection (a)(4) and section 1113(c)(2) to determine the number of children from low-income families in participating school attendance areas who attend private schools; and

"(G) how and when the agency will make decisions about the delivery of services to such children, including a thorough consideration and analysis of the views of the private school officials on the provision of contract services through potential third party providers. If the

local educational agency disagrees with the views of the private school officials on the provision of services, through a contract, the local educational agency shall provide in writing to such private school officials, an analysis of the reasons why the local educational agency has chosen not to use a contractor.

''(2) TIMING.—Such consultation shall include meetings of agency and private school officials and shall occur before the local educational agency makes any decision that affects the opportunities of eligible private school children to participate in programs under this part. Such meetings shall continue throughout implementation and assessment of services provided under this section.

''(3) DISCUSSION.—Such consultation shall include a discussion of service delivery mechanisms a local educational agency can use to provide equitable services to eligible private school children.

''(4) DOCUMENTATION.—Each local educational agency shall provide to the State educational agency, and maintain in its records, a written affirmation signed by officials of each participating private school that the consultation required by this section has occurred.

"(5) COMPLIANCE.—Private school officials shall have the right to appeal to the State as to whether the consultation provided for in this section was meaningful and timely, and that due consideration was given to the views of private school officials. If the private school wishes to appeal, the basis of the claim of noncompliance with this section by the local educational agencies shall be provided to the State, and the local educational agency shall forward the documentation provided in subsection (b)(3) to the State.".

(c) STANDARDS FOR BYPASS.—Subsection (d) of section 1120 (20 U.S.C. 6321(d)) is amended to read as follows:

"(d) STANDARDS FOR A BYPASS.—If a local educational agency is prohibited by law from providing for the participation on an equitable basis of eligible children enrolled in private elementary and secondary schools or if the Secretary determines that a local educational agency has substantially failed or is unwilling to provide for such participation, as required by this section, the Secretary shall—

"(1) waive the requirements of this section for such local educational agency;

"(2) arrange for the provision of services to such children through arrangements that shall be subject to the requirements of this section and sections 14505 and 14506; and

"(3) in making the determination, consider one or more factors, including the quality, size, scope, and location of the program and the opportunity of eligible children to participate.".

(d) CAPITAL EXPENSES.—Effective September 30, 2002, subsection (e) of section 1120 (20 U.S.C. 6321(e)) is hereby repealed.

PART B—EVEN START FAMILY LITERACY PROGRAMS

SEC. 131. PROGRAM AUTHORIZED.

Section 1202(c) (20 U.S.C. 6362(c)) is amended—

(1) in paragraph (1), by striking "subsection and for which" and all that follows through ", whichever is less, to award grants," and inserting "subsection, from funds reserved under section 7004(c), the Secretary shall award grants,";

(2) by striking paragraph (2)(C); and

(3) in paragraph (3)—

(A) by striking "is defined" and inserting "was defined"; and

(B) by inserting ''as such section was in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act'' after ''2252''.

SEC. 132. APPLICATIONS.

Section 1207(c)(1)(F) (20 U.S.C. 6367(c)(1)(F)) is amended by striking ''14306'' and inserting ''8305''.

SEC. 133. RESEARCH.

Section 1211(c) (20 U.S.C. 6396b(c)) is amended to read as follows:

''(c) DISSEMINATION.—The Secretary shall disseminate, or designate another entity to disseminate, the results of the research described in subsection (a) to States and recipients of subgrants under this part.''.

PART C—EDUCATION OF MIGRATORY CHILDREN

SEC. 141. STATE ALLOCATIONS.

Section 1303 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6393) is amended—

(1) by amending subsection (a) to read as follows:

''(a) STATE ALLOCATIONS.—

''(1) FISCAL YEAR 2002.—For fiscal year 2002, each State (other than the Commonwealth of Puerto Rico) is entitled to receive under this part an amount equal to—

"(A) the sum of the estimated number of migratory children aged three through 21 who reside in the State full time and the full-time equivalent of the estimated number of migratory children aged three through 21 who reside in the State part time, as determined in accordance with subsection (e); multiplied by

"(B) 40 percent of the average per-pupil expenditure in the State, except that the amount determined under this paragraph shall not be less than 32 percent, nor more than 48 percent, of the average expenditure per pupil in the United States.

"(2) SUBSEQUENT YEARS.—

"(A) BASE AMOUNT.—

"(i) IN GENERAL.—Except as provided in subsection (b) and clause (ii), each State is entitled to receive under this part, for fiscal year 2003 and succeeding fiscal years, an amount equal to—

"(I) the amount that such State received under this part for fiscal year 2001; plus

"(II) the amount allocated to the State under subparagraph (B).

"(ii) NONPARTICIPATING STATES.—In the case of a State (other than the Commonwealth of Puerto Rico) that did not receive any funds for fiscal year 2001 under this part, the State shall receive, for fiscal year 2002 and succeeding fiscal years, an amount equal to—

"(I) the amount that such State would have received under this part for fiscal year 2001 if its application under section 1304 for the year had been approved; plus

"(II) the amount allocated to the State under subparagraph (B).

"(B) ALLOCATION OF ADDITIONAL AMOUNT.—For fiscal year 2002 and succeeding fiscal years, the amount (if any) by which the funds appropriated to carry out this part for the year exceed such funds for fiscal year 2001 shall be allocated to a State (other than the Commonwealth of Puerto Rico) so that the State receives an amount equal to—

"(i) the sum of—

"(I) the number of identified eligible migratory children, aged 3

through 21, residing in the State during the previous year; and

"(II) the number of identified eligible migratory children, aged 3 through 21, who received services under this part in summer or intersession programs provided by the State during such year; multiplied by

"(ii) 40 percent of the average per-pupil expenditure in the State, except that the amount determined under this clause may not be less than 32 percent, or more than 48 percent, of the average expenditure per-pupil in the United States.";

(2) by amending subsection (b) to read as follows:

"(b) ALLOCATION TO PUERTO RICO.—

"(1) FISCAL YEAR 2002.—For fiscal year 2002, the grant which the Commonwealth of Puerto Rico shall be eligible to receive under this section shall be the amount determined by multiplying the number of children counted under subsection (a)(1)(A) for the Commonwealth of Puerto Rico by the product of—

"(A) the percentage which the average per pupil expenditure in the Commonwealth of Puerto Rico is of the lowest average per pupil expenditure of any of the 50 States; and

"(B) 32 percent of the average per pupil expenditure in the United States.

"(2) SUBSEQUENT FISCAL YEARS.—For each fiscal year after fiscal year 2002, the grant which the Commonwealth of Puerto Rico shall be eligible to receive under this section shall be the amount determined by multiplying the number of children counted under subsection (a)(2)(B)(i)(I) and (a)(2)(B)(i)(II) for the Commonwealth of Puerto Rico during the previous fiscal year, by the product of—

"(A) the percentage which the average per pupil expenditure in the Commonwealth of Puerto Rico is of the lowest average per pupil expenditure of any of the 50 States; and

"(B) 32 percent of the average per pupil expenditure in the United States.

"(3) MINIMUM ALLOCATION.—

"(A) FISCAL YEAR 2003.—The percentage in paragraph (1)(A) shall not be less than 75.0 percent.

"(B) SUBSEQUENT FISCAL YEARS.—The percentage in paragraph (2)(A) shall not be less than—

"(i) for fiscal year 2002, 77.5 percent;

"(ii) for fiscal year 2003, 80.0 percent;

"(iii) for fiscal year 2004, 82.5 percent; and

"(iv) for fiscal year 2005 and succeeding fiscal years, 85.0 percent.

"(4) SPECIAL RULE.—If the application of paragraph (3) would result in any of the 50 States or the District of Columbia receiving less under this part than it recieved under this part for the preceding fiscal year, the percentage in paragraph (1) or (2), respectively, shall be the greater of the percentage in paragraph (1)(A) or (2)(A) the percentage used for the preceding fiscal year."; and

(3) by striking subsections (d) and (e).

SEC. 142. STATE APPLICATIONS; SERVICES.

(a) PROGRAM INFORMATION.—Section 1304(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6394(b)) is amended—

(1) in paragraph (1), by striking ''addressed through'' and all that follows through the semicolon at the end and inserting the following:

''addressed through—

''(A) the full range of services that are available for migratory children from appropriate local, State, and Federal educational programs;

''(B) joint planning among local, State, and Federal educational programs serving migrant children, including programs under parts A and C of title VII;

''(C) the integration of services available under this part with services provided by those other programs; and

''(D) measurable program goals and outcomes;'';

(2) in paragraph (5), by striking ''the requirements of paragraph (1); and'' and inserting ''the numbers and needs of migratory children, the requirements of subsection (d), and the availability of funds from other Federal, State, and local programs;'';

(3) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

"(7) a description of how the State will encourage programs and projects assisted under this part to offer family literacy services if the program or project serves a substantial number of migratory children who have parents who do not have a high school diploma or its recognized equivalent or who have low levels of literacy.".

(b) ASSURANCES.—Section 1304(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6394(c)) is amended—

(1) in paragraph (1), by striking "1306(b)(1);" and inserting "1306(a);";

(2) in paragraph (3)—

(A) by striking "appropriate";

(B) by striking "out, to the extent feasible," and inserting "out"; and

(C) by striking "1118;" and inserting "1118, unless extraordinary circumstances make implementation consistent with such section impractical;"; and

(3) in paragraph (7), by striking "section 1303(e)" and inserting "paragraphs (1)(A) and (2)(B)(i) of section 1303(a)".

SEC. 143. AUTHORIZED ACTIVITIES.

Section 1306 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6396) is amended to read as follows:

"SEC. 1306. AUTHORIZED ACTIVITIES.

"(a) IN GENERAL.—

"(1) FLEXIBILITY.—Each State educational agency, through its local educational agencies, shall have the flexibility to determine the activities to be provided with funds made available under this part, except that such funds shall first be used to meet the identified needs of migratory children that result from their migratory lifestyle, and to permit these children to participate effectively in school.

"(2) UNADDRESSED NEEDS.—Funds provided under this part shall be used to address the needs of migratory children that are not addressed by services available from other Federal or non-Federal programs, except that migratory children who are eligible to receive services under part A of this title may receive those services through funds provided under that part, or through funds under this part that remain after the agency addresses the needs described in paragraph (1).

"(b) CONSTRUCTION.—Nothing in this part shall be construed to prohibit a local educational agency from serv-

ing migratory children simultaneously with students with similar educational needs in the same educational settings, where appropriate.

"(c) SPECIAL RULE.—Notwithstanding section 1114, a school that receives funds under this part shall continue to address the identified needs described in subsection (a)(1).".

SEC. 144. COORDINATION OF MIGRANT EDUCATION ACTIVITIES.

(a) DURATION.—Section 1308(a)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6398(a)(2)) is amended by striking "subpart" and inserting "subsection".

(b) STUDENT RECORDS.—Section 1308(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6398(b)) is amended to read as follows:

"(b) ESTABLISHING ACCESS TO INFORMATION ON MIGRANT STUDENTS.—

"(1) The Secretary shall establish a system for electronically exchanging, among the States, health and educational information on all students served under this part. Such information may include—

"(A) immunization records and other health information;

"(B) elementary and secondary academic history (including partial credit), credit accrual, and results from State assessments required under this title;

"(C) other academic information essential to ensuring that migrant children achieve to high standards; and

"(D) eligibility for services under the Individuals with Disabilities Education Act.

"(2) The Secretary shall publish, not later than 120 days after enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), a notice in the Federal Register seeking public comment on the proposed data elements that each State receiving funds under this part shall be required to collect for purposes of electronic transfer of migrant student information, the requirements for immediate electronic access to such information, and the educational agencies eligible to access such information.

"(3) Such system of electronic access to migrant student information shall be operational no later than 1 year after enactment of this Act.

"(4) For the purpose of carrying out this subsection in any fiscal year, the Secretary shall reserve

not more than $10,000,000 of the amount appropriated to carry out this part for such year.''.

(c) AVAILABILITY OF FUNDS.—Section 1308(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6398(c)) is amended by striking ''$6,000,000'' and inserting ''$10,000,000''.

(d) INCENTIVE GRANTS.—Section 1308(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6398(d)) is amended to read as follows:

''(d) INCENTIVE GRANTS.—From the amounts made available to carry out this section for any fiscal year, the Secretary may reserve not more than $3,000,000 to award grants of not more than $250,000 on a competitive basis to State educational agencies that propose a consortium arrangement with another State or other appropriate entity that the Secretary determines, pursuant to criteria that the Secretary shall establish, will improve the delivery of services to migratory children whose education is interrupted.''.

PART D—NEGLECTED OR DELINQUENT YOUTH

SEC. 151. NEGLECTED OR DELINQUENT YOUTH.

The heading for part D of title I is amended to read as follows:

"PART D—PREVENTION AND INTERVENTION PROGRAMS FOR NEGLECTED OR DELINQUENT CHILDREN AND YOUTH".

SEC. 152. FINDINGS.

Section 1401(a) is amended by striking paragraphs (6) through (9) and adding the following:

"(6) Youth returning from correctional facilities need to be involved in programs that provide them with high level skills and other support to help them stay in school and complete their education.

"(7) Pregnant and parenting teenagers are a high at-risk group for dropping out of school and should be targeted by dropout prevention programs.".

SEC. 153. ALLOCATION OF FUNDS.

Section 1412(b) is amended to read as follows:

"(b) SUBGRANTS TO STATE AGENCIES IN PUERTO RICO.—

"(1) IN GENERAL.—For each fiscal year, the amount of the subgrant for which a State agency in the Commonwealth of Puerto Rico shall be eligible to receive under this part shall be the amount determined by multiplying the number of children counted under subparagraph (a)(1)(A) for the Commonwealth of Puerto Rico by the product of—

"(A) the percentage which the average per pupil expenditure in the Commonwealth of Puerto Rico is of the lowest average per pupil expenditure of any of the 50 States; and

"(B) 32 percent of the average per pupil expenditure in the United States.

"(2) MINIMUM ALLOCATION.—The percentage in paragraph (1)(A) shall not be less than—

"(A) for fiscal year 2002, 75.0 percent;

"(B) for fiscal year 2003, 77.5 percent;

"(C) for fiscal year 2004, 80.0 percent;

"(D) for fiscal year 2005, 82.5 percent; and

"(E) for fiscal year 2006 and succeeding fiscal years, 85.0 percent.

"(3) SPECIAL RULE.—If the application of paragraph (2) would result in any of the 50 States or the District of Columbia receiving less under this part than it received under this part for the preceding fiscal year, the percentage in paragraph (1) shall be the greater of the percentage in paragraph (1)(A) or the percentage used for the preceding fiscal year.".

SEC. 154. STATE PLAN AND STATE AGENCY APPLICATIONS.

Section 1414 is amended to read as follows:

"SEC. 1414. STATE PLAN AND STATE AGENCY APPLICATIONS.

"(a) STATE PLAN.—

"(1) IN GENERAL.—Each State educational agency that desires to receive a grant under this part shall submit, for approval by the Secretary, a plan for meeting the educational needs of neglected and delinquent youth, for assisting in their transition from institutions to locally operated programs, and which is integrated with other programs under this Act or other Acts, as appropriate, consistent with section 14306.

"(2) CONTENTS.—Each such State plan shall—

"(A) describe the program goals, objectives, and performance measures established by the State that will be used to assess the effectiveness of the program in improving academic and vocational and technical skills of children in the program;

"(B) provide that, to the extent feasible, such children will have the same opportunities to learn as such children would have if such children were in the schools of local educational agencies in the State; and

"(C) contain assurances that the State educational agency will—

"(i) ensure that programs assisted under this part will be carried out in accordance with the State plan described in this subsection;

"(ii) carry out the evaluation requirements of section 1416;

"(iii) ensure that the State agencies receiving subgrants under this subpart comply with all applicable statutory and regulatory requirements; and

"(iv) provide such other information as the Secretary may reasonably require.

"(3) DURATION OF THE PLAN.—Each such State plan shall—

"(A) remain in effect for the duration of the State's participation under this part; and

"(B) be periodically reviewed and revised by the State, as necessary, to reflect changes in the State's strategies and programs under this part.

"(b) SECRETARIAL APPROVAL; PEER REVIEW.—

"(1) IN GENERAL.—The Secretary shall approve each State plan that meets the requirements of this part.

"(2) PEER REVIEW.—The Secretary may review any State plan with the assistance and advice of individuals with relevant expertise.

"(c) STATE AGENCY APPLICATIONS.—Any State agency that desires to receive funds to carry out a program under this part shall submit an application to the State educational agency that—

"(1) describes the procedures to be used, consistent with the State plan under section 1111, to assess the educational needs of the children to be served;

"(2) provides assurances that in making services available to youth in adult correctional facilities, priority will be given to such youth who are likely to complete incarceration within a 2-year period;

"(3) describes the program, including a budget for the first year of the program, with annual updates to be provided to the State educational agency;

"(4) describes how the program will meet the goals and objectives of the State plan under this subpart;

"(5) describes how the State agency will consult with experts and provide the necessary training for appropriate staff, to ensure that the planning and

operation of institution-wide projects under section 1416 are of high quality;

''(6) describes how the agency will carry out the evaluation requirements of section 14701 and how the results of the most recent evaluation are used to plan and improve the program;

''(7) includes data showing that the agency has maintained fiscal effort required of a local educational agency, in accordance with section 14501 of this title;

''(8) describes how the programs will be coordinated with other appropriate State and Federal programs, such as programs under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998, vocational and technical education programs, State and local dropout prevention programs, and special education programs;

''(9) describes how States will encourage correctional facilities receiving funds under this subpart to coordinate with local educational agencies or alternative education programs attended by incarcerated youth prior to their incarceration to ensure that student assessments and appropriate academic records are shared jointly between the correctional facility

and the local educational agency or alternative education program;

''(10) describes how appropriate professional development will be provided to teachers and other staff;

''(11) designates an individual in each affected institution to be responsible for issues relating to the transition of children and youth from the institution to locally operated programs;

''(12) describes how the agency will, endeavor to coordinate with businesses for training and mentoring for participating youth;

''(13) provides assurances that the agency will assist in locating alternative programs through which students can continue their education if students are not returning to school after leaving the correctional facility;

''(14) provides assurances that the agency will work with parents to secure parents' assistance in improving the educational achievement of their children and preventing their children's further involvement in delinquent activities;

''(15) provides assurances that the agency works with special education youth in order to meet an existing individualized education program and an

assurance that the agency will notify the youth's local school if such youth—

"(A) is identified as in need of special education services while the youth is in the facility; and

"(B) intends to return to the local school;

"(16) provides assurances that the agency will work with youth who dropped out of school before entering the facility to encourage the youth to reenter school once the term of the youth has been completed or provide the youth with the skills necessary to gain employment, continue the education of the youth, or achieve a secondary school diploma or the recognized equivalent if the youth does not intend to return to school;

"(17) provides assurances that teachers and other qualified staff are also trained to work with children with disabilities and other students with special needs taking into consideration the unique needs of such students;

"(18) describes any additional services provided to youth, such as career counseling, distance learning, and assistance in securing student loans and grants; and

"(19) provides assurances that the program under this subpart will be coordinated with any programs operated under the Juvenile Justice and Delinquency Prevention Act of 1974 or other comparable programs, if applicable.".

SEC. 155. USE OF FUNDS.

Section 1415(a) is amended—

(1) in paragraph (1)(B), by inserting "and vocational and technical training" after "secondary school completion"; and

(2) in paragraph (2)(B)—

(A) in clause (i), by inserting "and" after the semicolon;

(B) in clause (ii), by striking "; and" and inserting a period; and

(C) by striking clause (iii).

SEC. 156. PURPOSE.

Section 1421 is amended by striking paragraph (3) and inserting the following:

"(3) operate programs for youth returning from correctional facilities in local schools which may also serve youth at risk of dropping out of school.".

SEC. 157. TRANSITION SERVICES.

Section 1418(a) is amended by striking "10 percent" and inserting "15 percent".

SEC. 158. PROGRAMS OPERATED BY LOCAL EDUCATIONAL AGENCIES.

Section 1422 is amended—

(1) in subsection (a), by striking ''retained'';

(2) by amending subsection (b) to read as follows:

''(b) SPECIAL RULE.—A local educational agency which includes a correctional facility that operates a school is not required to operate a program of support for children returning from such school to a school not operated by a correctional agency but served by such local educational agency if more than 30 percent of the youth attending the school operated by the correctional facility will reside outside the boundaries of the local educational agency after leaving such facility.''; and

(3) by adding at the end of section 1422 the following:

''(d) TRANSITIONAL AND ACADEMIC SERVICES.—Transitional and supportive programs operated in local educational agencies under this subpart shall be designed primarily to meet the transitional and academic needs of students returning to local educational agencies or alternative education programs from correctional facilities. Services to students at risk of dropping out of school shall not have a negative impact on meeting the transitional and

academic needs of the students returning from correctional facilities.''.

SEC. 159. LOCAL EDUCATIONAL AGENCY APPLICATIONS.

Section 1423 is amended by striking paragraphs (4) through (9) and inserting the following:

''(4) a description of the program operated by participating schools for children returning from correctional facilities and the types of services that such schools will provide such youth and other at-risk youth;

''(5) a description of the youth returning from correctional facilities and, as appropriate, other at-risk youth expected to be served by the program and how the school will coordinate existing educational programs to meet the unique educational needs of such youth;

''(6) as appropriate, a description of how schools will coordinate with existing social, health and other services to meet the needs of students returning from correctional facilities, students at risk of dropping out of school, and other participating students, including prenatal health care and nutrition services related to the health of the parent and child, parenting and child development classes, child care, targeted re-entry and outreach programs, re-

ferrals to community resources, and scheduling flexibility;

"(7) as appropriate, a description of any partnerships with local businesses to develop training, curriculum-based youth entrepreneurship education and mentoring services for participating students;

"(8) as appropriate, a description of how programs will involve parents in efforts to improve the educational achievement of their children, prevent the involvement of their children in delinquent activities, and encourage their children to remain in school and complete their education;

"(9) a description of how the program under this subpart will be coordinated with other Federal, State, and local programs, such as programs under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998 and vocational and technical education programs serving this at-risk population of youth.".

SEC. 160. USES OF FUNDS.

Section 1424 is amended by striking paragraphs (1) through (3) and inserting the following:

"(1) programs that serve youth returning from correctional facilities to local schools to assist in the transition of such youth to the school environment

and help them remain in school in order to complete their education;

''(2) providing assistance to other youth at risk of dropping out of school, including pregnant and parenting teenagers;

''(3) the coordination of social, health, and other services, including day care, for participating youth if the provision of such services will improve the likelihood that such youth will complete their education;

''(4) special programs to meet the unique academic needs of participating youth, including vocational and technical education, special education, career counseling, curriculum-based youth entrepreneurship education, and assistance in securing student loans or grants for postsecondary education; and

''(5) programs providing mentoring and peer mediation.''.

SEC. 161. PROGRAM REQUIREMENTS.

Section 1425 is amended—

(1) in paragraph (1), by striking ''where feasible, ensure educational programs'' and inserting the following: ''to the extent practicable, ensure that educational programs'';

(2) in paragraph (3), by striking ''where feasible,'' and inserting the following: ''to the extent practicable,'';

(3) in paragraph (8), by striking ''where feasible,'' and inserting the following: ''to the extent practicable,'';

(4) in paragraph (9), by inserting ''and technical'' after ''vocational''; and

(5) by amending paragraph (11) to read as follows:

''(11) if appropriate, work with local businesses to develop training, curriculum-based youth entrepreneurship education, and mentoring programs for youth.''.

SEC. 162. PROGRAM EVALUATIONS.

Section 1431(a) is amended by striking ''sex, and if feasible,'' and inserting ''gender,''.

PART E—GENERAL PROVISIONS

SEC. 171. GENERAL PROVISIONS.

Part F of title I is amended to read as follows:

''PART F—GENERAL PROVISIONS

''SEC. 1601. FEDERAL REGULATIONS.

''(a) IN GENERAL.—The Secretary is authorized to issue such regulations as are necessary to reasonably ensure that there is compliance with this title.

"(b) NEGOTIATED RULEMAKING PROCESS.—

"(1) IN GENERAL.—Prior to publishing in the Federal Register proposed regulations to carry out this title, the Secretary shall obtain the advice and recommendations of representatives of Federal, State, and local administrators, parents, teachers, paraprofessionals, and members of local boards of education involved with the implementation and operation of programs under this title.

"(2) MEETINGS AND ELECTRONIC EXCHANGE.—Such advice and recommendation may be obtained through such mechanisms as regional meetings and electronic exchanges of information.

"(3) PROPOSED REGULATIONS.—After obtaining such advice and recommendations, and prior to publishing proposed regulations, the Secretary shall—

"(A) establish a negotiated rulemaking process on a minimum of three key issues, including—

"(i) accountability;

"(ii) implementation of assessments; and

"(iii) use of paraprofessionals;

"(B) select individuals to participate in such process from among individuals or groups which provided advice and recommendations, including representation from all geographic regions of the United States; and

"(C) prepare a draft of proposed regulations that shall be provided to the individuals selected by the Secretary under subparagraph (B) not less than 15 days prior to the first meeting under such process.

"(4) PROCESS.—Such process—

"(A) shall be conducted in a timely manner to ensure that final regulations are issued by the Secretary not later than 1 year after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's); and

"(B) shall not be subject to the Federal Advisory Committee Act but shall otherwise follow the provisions of the Negotiated Rulemaking Act of 1990 (5 U.S.C. 561 et seq.).

"(5) EMERGENCY SITUATION.—In an emergency situation in which regulations to carry out this title must be issued within a very limited time to assist State and local educational agencies with the op-

eration of a program under this title, the Secretary may issue proposed regulations without following such process but shall, immediately thereafter and prior to issuing final regulations, conduct regional meetings to review such proposed regulations.

''(c) LIMITATION.—Regulations to carry out this part may not require local programs to follow a particular instructional model, such as the provision of services outside the regular classroom or school program.

''SEC. 1602. AGREEMENTS AND RECORDS.

''(a) AGREEMENTS.—All published proposed regulations shall conform to agreements that result from negotiated rulemaking described in section 1601 unless the Secretary reopens the negotiated rulemaking process or provides a written explanation to the participants involved in the process explaining why the Secretary decided to depart from and not adhere to such agreements.

''(b) RECORDS.—The Secretary shall ensure that an accurate and reliable record of agreements reached during the negotiations process is maintained.

''SEC. 1603. STATE ADMINISTRATION.

''(a) RULEMAKING.—

''(1) IN GENERAL.—Each State that receives funds under this title shall—

"(A) ensure that any State rules, regulations, and policies relating to this title conform to the purposes of this title and provide any such proposed rules, regulations, and policies to the committee of practitioners under subsection (b) for their review and comment;

"(B) minimize such rules, regulations, and policies to which their local educational agencies and schools are subject;

"(C) eliminate or modify State and local fiscal accounting requirements in order to facilitate the ability of schools to consolidate funds under schoolwide programs; and

(D) identify any such rule, regulation, or policy as a State-imposed requirement.

"(2) SUPPORT AND FACILITATION.—State rules, regulations, and policies under this title shall support and facilitate local educational agency and school-level systemic reform designed to enable all children to meet the challenging State student performance standards.

"(b) COMMITTEE OF PRACTITIONERS.—

"(1) IN GENERAL.—Each State educational agency shall create a State committee of practi-

tioners to advise the State in carrying out its responsibilities under this title.

"(2) MEMBERSHIP.—Each such committee shall include—

"(A) as a majority of its members, representatives from local educational agencies;

"(B) administrators, including the administrators of programs described in other parts of this title;

"(C) teachers, including vocational educators;

"(D) parents;

"(E) members of local boards of education;

"(F) representatives of private school children; and

"(G) pupil services personnel.

"(3) DUTIES.—The duties of such committee shall include a review, prior to publication, of any proposed or final State rule or regulation pursuant to this title. In an emergency situation where such rule or regulation must be issued within a very limited time to assist local educational agencies with the operation of the program under this title, the State educational agency may issue a regulation without prior consultation, but shall immediately

thereafter convene the State committee of practitioners to review the emergency regulation prior to issuance in final form.

"SEC. 1604. CONSTRUCTION.

"(a) PROHIBITION OF FEDERAL MANDATES, DIRECTION, OR CONTROL.—Nothing in this title shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school's specific instructional content or pupil performance standards and assessments, curriculum, or program of instruction as a condition of eligibility to receive funds under this title.

"(b) EQUALIZED SPENDING.—Nothing in this title shall be construed to mandate equalized spending per pupil for a State, local educational agency, or school.

"(c) BUILDING STANDARDS.—Nothing in this title shall be construed to mandate national school building standards for a State, local educational agency, or school.

"SEC. 1605. APPLICABILITY TO HOME SCHOOLS.

"Nothing in this Act shall be construed to affect home schools.

"SEC. 1606. GENERAL PROVISION REGARDING NONRECIPIENT NONPUBLIC SCHOOLS.

"Nothing in this Act shall be construed to permit, allow, encourage, or authorize any Federal control over

any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law. This section shall not be construed to bar private, religious, or home schools from participation in programs or services under this Act.

"SEC. 1607. LOCAL ADMINISTRATIVE COST LIMITATION.

"(a) LOCAL ADMINISTRATIVE COST LIMITATION.—Each local educational agency may use not more than 4 percent of funds received under part A for administrative expenses.

"(b) REGULATIONS.—The Secretary, after consulting with State and local officials and other experts in school finance, shall develop and issue regulations that define the term administrative cost for purposes of this title. Such definition shall be consistent with generally accepted accounting principles. The Secretary shall publish final regulations on this section not later than 1 year after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"SEC. 1608. PROHIBITION ON MANDATORY NATIONAL CERTIFICATION OF TEACHERS AND PARAPROFESSIONALS.

"(a) PROHIBITION ON MANDATORY TESTING OR CERTIFICATION.—Notwithstanding any other provision of law, the Secretary is prohibited from using Federal funds

to plan, develop, implement, or administer any mandatory national teacher or paraprofessional test or certification.

"(b) PROHIBITION ON WITHHOLDING FUNDS.—The Secretary is prohibited from withholding funds from any State or local educational agency if such State or local educational agency fails to adopt a specific method of teacher or paraprofessional certification.

"SEC. 1609. GAO STUDIES.

"The General Accounting Office shall conduct a study of paraprofessionals under part A of title I.

"SEC. 1610. DEFINITIONS.

"For purposes of this title—

"(1) The term 'Secretary' means the Secretary of Education.

"(2) The term 'scientifically-based research'—

"(A) means the application of rigorous, systematic, and objective procedures; and

"(B) shall include research that—

"(i) employs systematic, empirical methods that draw on observation or experiment;

"(ii) involves rigorous data analyses that are adequate to test the stated hypotheses and justify the general conclusions drawn;

"(iii) relies on measurements or observational methods that provide valid data across evaluators and observers and across multiple measurements and observations; and

"(iv) has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review.

PART F—FEDERAL EVALUATIONS, DEMONSTRATIONS, AND TRANSITION PROJECTS

SEC. 181. EVALUATIONS.

Section 1501 (20 U.S.C. 6491) is amended—

(1) in subsection (a)(4)—

(A) by striking "January 1, 1996" and inserting "January 1, 2003"; and

(B) by striking "January 1, 1999" and inserting "January 1, 2006";

(2) in subsection (b)(1), by striking "December 31, 1997" and inserting "December 31, 2004"; and

(3) in subsection (e)(2), by striking "December 31, 1996" and inserting "December 31, 2003".

SEC. 182. DEMONSTRATIONS OF INNOVATIVE PRACTICES.

Section 1502 (20 U.S.C. 6492) is amended to read as follows:

"SEC. 1502. COMPREHENSIVE SCHOOL REFORM.

"(a) FINDINGS AND PURPOSE.—

"(1) FINDINGS.—Congress finds the following:

"(A) A number of schools across the country have shown impressive gains in student performance through the use of comprehensive models for schoolwide change that incorporate virtually all aspects of school operations.

"(B) No single comprehensive school reform model may be suitable for every school, however, schools should be encouraged to examine successful, externally developed comprehensive school reform approaches as they undertake comprehensive school reform.

"(C) Comprehensive school reform is an important means by which children are assisted in meeting challenging State student performance standards.

"(2) PURPOSE.—The purpose of this section is to provide financial incentives for schools to develop comprehensive school reforms, based upon scientifically based research and effective practices that include an emphasis on basic academics and parental involvement so that all children can meet challenging State content and performance standards.

"(b) PROGRAM AUTHORIZED.—

"(1) IN GENERAL.—The Secretary is authorized to provide grants to State educational agencies to provide subgrants to local educational agencies to carry out the purpose described in subsection (a)(2).

"(2) ALLOCATION.—

"(A) RESERVATION.—Of the amount appropriated under this section, the Secretary may reserve—

"(i) not more than 1 percent for schools supported by the Bureau of Indian Affairs and in the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and

"(ii) not more than 1 percent to conduct national evaluation activities described under subsection (e).

"(B) IN GENERAL.—Of the amount of funds remaining after the reservation under subparagraph (A), the Secretary shall allocate to each State for a fiscal year, an amount that bears the same ratio to the amount appropriated for that fiscal year as the amount made available under section 1124 to the State for the preceding fiscal year bears to the total

amount allocated under section 1124 to all States for that year.

"(C) REALLOCATION.—If a State does not apply for funds under this section, the Secretary shall reallocate such funds to other States that do apply in proportion to the amount allocated to such States under subparagraph (B).

"(c) STATE AWARDS.—

"(1) STATE APPLICATION.—

"(A) IN GENERAL.—Each State educational agency that desires to receive a grant under this section shall submit an application to the Secretary at such time, in such manner and containing such other information as the Secretary may reasonably require.

"(B) CONTENTS.—Each State application shall also describe—

"(i) the process and selection criteria by which the State educational agency, using expert review, will select local educational agencies to receive subgrants under this section;

"(ii) how the agency will ensure that only comprehensive school reforms that are

based on scientifically based research receive funds under this section;

"(iii) how the agency will disseminate materials regarding information on comprehensive school reforms that are based on scientifically based research;

"(iv) how the agency will evaluate the implementation of such reforms and measure the extent to which the reforms resulted in increased student academic performance; and

"(v) how the agency will provide, upon request, technical assistance to the local educational agency in evaluating, developing, and implementing comprehensive school reform.

"(2) USES OF FUNDS.—

"(A) IN GENERAL.—Except as provided in subparagraph (E), a State educational agency that receives an award under this section shall use such funds to provide competitive grants to local educational agencies receiving funds under part A.

"(B) GRANT REQUIREMENTS.—A grant to a local educational agency shall be—

"(i) of sufficient size and scope to support the initial costs for the particular comprehensive school reform plan selected or designed by each school identified in the application of the local educational agency;

"(ii) in an amount not less than $50,000 to each participating school; and

"(iii) renewable for two additional 1-year periods after the initial 1-year grant is made if schools are making substantial progress in the implementation of their reforms.

"(C) PRIORITY.—The State, in awarding grants under this paragraph, shall give priority to local educational agencies that—

"(i) plan to use the funds in schools identified as being in need of improvement or corrective action under section 1116(c); and

"(ii) demonstrate a commitment to assist schools with budget allocation, professional development, and other strategies necessary to ensure the comprehensive school reforms are properly implemented and are sustained in the future.

"(D) GRANT CONSIDERATION.—In making subgrant awards under this part, the State educational agency shall take into account the equitable distribution of awards to different geographic regions within the State, including urban and rural areas, and to schools serving elementary and secondary students.

"(E) ADMINISTRATIVE COSTS.—A State educational agency that receives a grant award under this section may reserve not more than 5 percent of such award for administrative, evaluation, and technical assistance expenses.

"(F) SUPPLEMENT.—Funds made available under this section shall be used to supplement, not supplant, any other Federal, State, or local funds that would otherwise be available to carry out this section.

"(3) REPORTING.—Each State educational agency that receives an award under this section shall provide to the Secretary such information as the Secretary may require, including the names of local educational agencies and schools selected to receive subgrant awards under this section, the amount of such award, and a description of the comprehensive school reform model selected and in use.

"(d) LOCAL AWARDS.—

"(1) IN GENERAL.—Each local educational agency that applies for a subgrant under this section shall—

"(A) identify which schools eligible for funds under part A plan to implement a comprehensive school reform program, including the projected costs of such a program;

"(B) describe the scientifically based comprehensive school reforms that such schools will implement;

"(C) describe how the agency will provide technical assistance and support for the effective implementation of the scientifically based school reforms selected by such schools; and

"(D) describe how the agency will evaluate the implementation of such reforms and measure the results achieved in improving student academic performance.

"(2) COMPONENTS OF THE PROGRAM.—A local educational agency that receives a subgrant award under this section shall provide such funds to schools that implement a comprehensive school reform program that—

"(A) employs innovative strategies and proven methods for student learning, teaching, and school management that are based on scientifically based research and effective practices and have been replicated successfully in schools with diverse characteristics;

"(B) integrates a comprehensive design for effective school functioning, including instruction, assessment, classroom management, professional development, parental involvement, and school management, that aligns the school's curriculum, technology, professional development into a comprehensive reform plan for schoolwide change designed to enable all students to meet challenging State content and challenging student performance standards and addresses needs identified through a school needs assessment;

"(C) provides high-quality and continuous teacher and staff professional development;

"(D) includes measurable goals for student performance and performance objectives for meeting such goals;

"(E) is supported by teachers, principals, administrators, and other professional staff;

"(F) provides for the meaningful involvement of parents and the local community in planning and implementing school improvement activities;

"(G) uses high quality external technical support and assistance from an entity, which may be an institution of higher education, with experience and expertise in schoolwide reform and improvement;

"(H) includes a plan for the evaluation of the implementation of school reforms and the student results achieved; and

"(I) identifies how other resources, including Federal, State, local, and private resources, available to the school will be used to coordinate services to support and sustain the school reform effort.

"(3) SPECIAL RULE.—A school that receives funds to develop a comprehensive school reform program shall not be limited to using the approaches identified or developed by the Department of Education, but may develop its own comprehensive school reform programs for schoolwide change that comply with paragraph (2).

"(e) EVALUATION AND REPORT.—

"(1) IN GENERAL.—The Secretary shall develop a plan for a national evaluation of the programs developed pursuant to this section.

"(2) EVALUATION.—This national evaluation shall evaluate the implementation and results achieved by schools after 3 years of implementing comprehensive school reforms, and assess the effectiveness of comprehensive school reforms in schools with diverse characteristics.

"(3) REPORTS.—Prior to the completion of a national evaluation, the Secretary shall submit an interim report outlining first year implementation activities to the Committees on Education and the Workforce and Appropriations of the House of Representatives and the Committees on Health, Education, Labor, and Pensions and Appropriations of the Senate.

"(f) DEFINITION.—The term 'scientifically based research'—

"(1) means the application of rigorous, systematic, and objective procedures in the development of comprehensive school reform models; and

"(2) shall include research that—

"(A) employs systematic, empirical methods that draw on observation or experiment;

"(B) involves rigorous data analyses that are adequate to test the stated hypotheses and justify the general conclusions drawn;

"(C) relies on measurements or observational methods that provide valid data across evaluators and observers and across multiple measurements and observations; and

"(D) has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review.

"(g) AUTHORIZATION OF APPROPRIATIONS.—Funds appropriated for any fiscal year under section 1002(f) shall be used for carrying out the activities under this section.".

PART G—RURAL EDUCATION ACHIEVEMENT PROGRAM

SEC. 191. AUTHORIZATION OF APPROPRIATIONS.

Section 10973 (20 U.S.C. 8293) is amended to read as follows:

"There are authorized to be appropriated to carry out this subpart $150,000,000 for fiscal year 2002 and such sums as may be necessary for each of the succeeding 4 fiscal years.".

SEC. 192. FORMULA GRANT PROGRAM.

Section 10974 (20 U.S.C. 8294) is amended—

(1) in subsection (a)(1), by striking ''section 2010(b), section 3134, or section 4116'' and inserting the following: ''section 2017, or 6006.'; and

(2) in subsection (c), by striking '', IV,''.

TITLE II—TEACHER AND PRINCIPAL QUALITY, PROFESSIONAL DEVELOPMENT, AND CLASS SIZE

SEC. 201. TEACHER AND PRINCIPAL QUALITY, PROFESSIONAL DEVELOPMENT, AND CLASS SIZE.

Title II (20 U.S.C. 6601 et seq.) is amended to read as follows:

''TITLE II—TEACHER AND PRINCIPAL QUALITY, PROFESSIONAL DEVELOPMENT, AND CLASS SIZE

''SEC. 2001. PURPOSE.

''The purpose of this title is to provide grants to State educational agencies and local educational agencies in order to assist their efforts to increase student academic achievement through such strategies as improving teacher and principal quality, increasing professional development, and decreasing class size.

"SEC. 2002. DEFINITIONS.

"In this title:

"(1) FULLY QUALIFIED.—The term 'fully qualified'—

"(A) when used with respect to a public elementary or secondary school teacher (other than a teacher teaching in a public charter school), means that the teacher has obtained State certification as a teacher (including certification obtained through alternative routes to certification) or passed the State teacher licensing exam and holds a license to teach in such State; and

"(B) when used with respect to—

"(i) an elementary school teacher, means that the teacher holds a bachelor's degree and demonstrates knowledge and teaching skills in reading, writing, mathematics, science, and other areas of the elementary school curriculum; or

"(ii) a middle or secondary school teacher, means that the teacher holds a bachelor's degree and demonstrates a high level of competency in all subject areas in which he or she teaches through—

"(I) a high level of performance on a rigorous State or local academic subject areas test; or

"(II) completion of an academic major in each of the subject areas in which he or she provides instruction.

"(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution of higher education, as defined in section 101 of the Higher Education Act of 1965, that—

"(A) has not been identified as low performing under section 208 of the Higher Education Act of 1965; and

"(B) is in full compliance with the public reporting requirements described in section 207 of the Higher Education Act of 1965.

"(3) OUTLYING AREA.—The term 'outlying area' means the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"(4) POVERTY LINE.—The term 'poverty line' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community

Services Block Grant Act) applicable to a family of the size involved, for the most recent year.

"(5) SCHOOL-AGE POPULATION.—The term 'school-age population' means the population aged 5 through 17, as determined on the basis of the most recent satisfactory data.

"(6) STATE.—The term 'State' means each of the several States in the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

"(7) The requirement of paragraph (2)(B)(i) and (ii) shall apply to teachers teaching in a public charter school.

"PART A—TEACHER AND PRINCIPAL QUALITY AND PROFESSIONAL DEVELOPMENT

"SEC. 2011. PROGRAM AUTHORIZED.

"(a) GRANTS AUTHORIZED.—The Secretary shall award a grant, from allotments made under subsection (b), to each State having a State plan approved under section 2013, to enable the State to raise the quality of, and provide professional development opportunities for, public elementary school and secondary school teachers, principals, and administrators.

"(b) RESERVATIONS AND ALLOTMENTS.—

"(1) RESERVATIONS.—From the amount appropriated under section 2023 to carry out this part for each fiscal year, the Secretary shall reserve—

"(A) ½ of 1 percent of such amount for payments to the Bureau of Indian Affairs for activities, approved by the Secretary, consistent with this part;

"(B) ½ of 1 percent of such amount for payments to outlying areas, to be allotted in accordance with their respective needs as determined by the Secretary, for activities, approved by the Secretary, consistent with this part; and

"(C) such sums as may be necessary to continue to support any multiyear partnership program award made under parts A, C, and D (as such parts were in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)) until the termination of the multiyear award.

"(2) STATE ALLOTMENTS.—From the amount appropriated under section 2023 for a fiscal year and remaining after the Secretary makes reservations under paragraph (1), the Secretary shall allot

to each State having a State plan approved under section 2013 the sum of—

"(A) an amount that bears the same relationship to 50 percent of the remainder as the school-age population from families with incomes below the poverty line in the State bears to the school-age population from families with incomes below the poverty line in all States; and

"(B) an amount that bears the same relationship to 50 percent of the remainder as the school-age population in the State bears to the school-age population in all States.

"(c) STATE MINIMUM.—For any fiscal year, no State shall be allotted under this section an amount that is less than ½ of 1 percent of the total amount allotted to all States under subsection (b)(2).

"(d) HOLD-HARMLESS AMOUNTS.—For fiscal year 2002, notwithstanding subsection (b)(2), the amount allotted to each State under this section shall be not less than 100 percent of the total amount the State was allotted under part B (as such part was in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)) for the preceding fiscal year.

"(e) RATABLE REDUCTIONS.—If the sums made available under subsection (b)(2) for any fiscal year are insufficient to pay the full amounts that all States are eligible to receive under subsection (d) for such year, the Secretary shall ratably reduce such amounts for such year.

"SEC. 2012. WITHIN STATE ALLOCATION.

"(a) IN GENERAL.—Each State educational agency for a State receiving a grant under section 2011(a) shall—

"(1) set aside 15 percent of the grant funds to award educator partnership grants under section 2021;

"(2) set aside not more than 5 percent of the grant funds to carry out activities described the State plan submitted under section 2013; and

"(3) using the remaining 80 percent of the grant funds, make subgrants by allocating to each local educational agency in the State the sum of—

"(A) an amount that bears the same relationship to 60 percent of the remainder as the school-age population from families with incomes below the poverty line in the area served by the local educational agency bears to the school-age population from families with incomes below the poverty line in the area served

by all local educational agencies in the State; and

"(B) an amount that bears the same relationship to 40 percent of the remainder as the school-age population in the area served by the local educational agency bears to the school-age population in the area served by all local educational agencies in the State.

"(b) HOLD-HARMLESS AMOUNTS.—Notwithstanding subsection (a), the amount allocated to each local educational agency under this section shall be not less than 100 percent of the total amount the local educational agency was allocated under this title (as in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)) for each year.

"(c) RATABLE REDUCTIONS.—If the sums made available under subsection (a)(3) for any fiscal year are insufficient to pay the full amounts that all local educational agencies are eligible to receive under subsection (b) for such year, the State educational agency shall ratably reduce such amounts for such year.

"SEC. 2013. STATE PLANS.

"(a) PLAN REQUIRED.—

"(1) COMPREHENSIVE STATE PLAN.—The entity or agency responsible for teacher certification or licensing under the laws of the State desiring a grant under this part shall submit a State plan to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. If the State educational agency is not the entity or agency designated under the laws of the State as responsible for teacher certification or licensing in the State, then the plan shall be developed in consultation with the State educational agency. The entity or agency shall provide annual evidence of such consultation to the Secretary.

"(2) CONSOLIDATED PLAN.—A State plan submitted under paragraph (1) may be submitted as part of a consolidated plan under section 8302.

"(b) CONTENTS.—Each plan submitted under subsection (a) shall—

"(1) describe how the State is taking reasonable steps to—

"(A) reform teacher certification, recertification, or licensure requirements to ensure that—

"(i) teachers have the necessary teaching skills and academic content

knowledge in the academic subjects in which the teachers are assigned to teach;

"(ii) such requirements are aligned with the challenging State content standards;

"(iii) teachers have the knowledge and skills necessary to help students meet the challenging State student performance standards;

"(iv) such requirements take into account the need, as determined by the State, for greater access to, and participation in, the teaching profession by individuals from historically underrepresented groups; and

"(v) teachers have the necessary technological skills to integrate more effectively technology in the teaching of content required by State and local standards in all academic subjects in which the teachers provide instruction;

"(B) develop and implement rigorous testing procedures for teachers, as required in section 2002(1)(A), to ensure that the teachers have teaching skills and academic content

knowledge necessary to teach effectively the content called for by State and local standards in all academic subjects in which the teachers provide instruction;

''(C) establish, expand, or improve alternative routes to State certification of teachers, especially in the areas of mathematics and science, for highly qualified individuals with a baccalaureate degree, including mid-career professionals from other occupations, paraprofessionals, former military personnel, and recent college or university graduates who have records of academic distinction and who demonstrate the potential to become highly effective teachers;

''(D) reduce emergency teacher certification;

''(E) develop and implement effective programs, and provide financial assistance, to assist local educational agencies, elementary schools, and secondary schools in effectively recruiting and retaining fully qualified teachers and principals, particularly in schools that have the lowest proportion of fully qualified teachers

or the highest proportion of low-performing students;

"(F) provide professional development programs that meet the requirements described in section 2019;

"(G) provide programs that are designed to assist new teachers during their first 3 years of teaching, such as mentoring programs that—

"(i) provide mentoring to new teachers from veteran teachers with expertise in the same subject matter as the new teachers are teaching;

"(ii) provide mentors time for activities such as coaching, observing, and assisting teachers who are being mentored; and

"(iii) use standards or assessments that are consistent with the State's student performance standards and the requirements for professional development activities described in section 2019 in order to guide the new teachers;

"(H) provide technical assistance to local educational agencies in developing and imple-

menting activities described in section 2018; and

"(I) ensure that programs in core academic subjects, particularly in mathematics and science, will take into account the need for greater access to, and participation in, such core academic subjects by students from historically underrepresented groups, including females, minorities, individuals with limited English proficiency, the economically disadvantaged, and individuals with disabilities, by incorporating pedagogical strategies and techniques that meet such students' educational needs;

"(2) describe the activities for which assistance is sought under the grant, and how such activities will improve students' academic achievement and close academic achievement gaps of low-income, minority, and limited English proficient students;

"(3) describe how the State will establish annual numerical performance objectives under section 2014 for improving the qualifications of teachers and the professional development of teachers, principals, administrators, and mental health professionals;

"(4) contain an assurance that the State consulted with local educational agencies, education-related community groups, nonprofit organizations, parents, teachers, school administrators, local school boards, institutions of higher education in the State, and content specialists in establishing the performance objectives described in section 2014;

"(5) describe how the State will hold local educational agencies, elementary schools, and secondary schools accountable for meeting the performance objectives described in section 2014 and for reporting annually on the local educational agencies' and schools' progress in meeting the performance objectives;

"(6) describe how the State will ensure that a local educational agency receiving a subgrant under section 2012 will comply with the requirements of this part;

"(7) provide an assurance that the State will require each local educational agency, elementary school, or secondary school receiving funds under this part to report publicly the local educational agency's or school's annual progress with respect to the performance objectives described in section 2014; and

"(8) describe how the State will coordinate professional development activities authorized under this part with professional development activities provided under other Federal, State, and local programs, including programs authorized under titles I and III and, where appropriate, the Individuals with Disabilities Education Act and the Carl D. Perkins Vocational and Technical Education Act of 1998.

"(c) SECRETARY APPROVAL.—The Secretary shall, using a peer review process, approve a State plan if the plan meets the requirements of this section.

"(d) DURATION OF THE PLAN.—

"(1) IN GENERAL.—Each State plan shall—

"(A) remain in effect for the duration of the State's participation under this part; and

"(B) be periodically reviewed and revised by the State, as necessary, to reflect changes to the State's strategies and programs carried out under this part.

"(2) ADDITIONAL INFORMATION.—If a State receiving a grant under this part makes significant changes to the State plan, such as the adoption of new performance objectives, the State shall submit information regarding the significant changes to the Secretary.

"SEC. 2014. PERFORMANCE OBJECTIVES.

''(a) IN GENERAL.—Each State receiving a grant under this part shall establish annual numerical performance objectives with respect to progress in improving the qualifications of teachers and the professional development of teachers, principals, and administrators. For each annual numerical performance objective established, the State shall specify an incremental percentage increase for the objective to be attained for each of the fiscal years for which the State receives a grant under this part, relative to the preceding fiscal year.

''(b) REQUIRED OBJECTIVES.—At a minimum, the annual numerical performance objectives described in subsection (a) shall include an incremental increase in the percentage of—

''(1) classes in core academic subjects that are being taught by fully qualified teachers;

''(2) new teachers and principals receiving professional development support, including mentoring for teachers, during the teachers' and principals first 3 years;

''(3) teachers, principals, and administrators participating in high quality professional development programs that are consistent with section 2019; and

"(4) fully qualified teachers teaching in the State, to ensure that all teachers teaching in such State are fully qualified by December 31, 2005.

"(c) REQUIREMENT FOR FULLY QUALIFIED TEACHERS.—Each State receiving a grant under this part shall ensure that all public elementary school and secondary school teachers in the State are fully qualified not later than December 31, 2005.

"(d) ACCOUNTABILITY.—

"(1) IN GENERAL.—Each State receiving a grant under this part shall be held accountable for—

"(A) meeting the State's annual numerical performance objectives; and

"(B) meeting the reporting requirements described in section 4401.

"(2) SANCTIONS.—Any State that fails to meet the requirement described in paragraph (1)(A) shall be subject to sanctions under section 7001.

"(e) SPECIAL RULE.—Notwithstanding any other provision of law, the provisions of subsection (c) shall not supersede State laws governing public charter schools.

"(f) COORDINATION.—Each State that receives a grant under this part and a grant under section 202 of the Higher Education Act of 1965 shall coordinate the

activities the State carries out under such section 202 with the activities the State carries out under this section.

"SEC. 2015. OPTIONAL ACTIVITIES.

"Each State receiving a grant under section 2011(a) may use the grant funds—

"(1) to develop and implement a system to measure the effectiveness of specific professional development programs and strategies;

"(2) to increase the portability of teacher pensions and reciprocity of teaching certification or licensure among States, except that no reciprocity agreement developed under this section may lead to the weakening of any State teacher certification or licensing requirement;

"(3) to develop or assist local educational agencies in the development and utilization of proven, innovative strategies to deliver intensive professional development programs that are cost effective and easily accessible, such as programs offered through the use of technology and distance learning;

"(4) to provide assistance to local educational agencies for the development and implementation of innovative professional development programs that train teachers to use technology to improve teaching

and learning and that are consistent with the requirements of section 2019;

''(5) to provide professional development to enable teachers to ensure that female students, minority students, limited English proficient students, students with disabilities, and economically disadvantaged students have the full opportunity to achieve challenging State content and performance standards in the core academic subjects;

''(6) to increase the number of women, minorities, and individuals with disabilities who teach in the State and who are fully qualified and provide instruction in core academic subjects in which such individuals are underrepresented;

''(7) to increase the number of highly qualified women, minorities, and individuals from other underrepresented groups who are involved in the administration of elementary schools and secondary schools within the State; and

''(8) to develop and implement rigorous testing procedures for teachers, as required in section 2002(1)(A), to ensure that the teachers have teaching skills and academic content knowledge necessary to teach effectively the content called for by States

local standards in all academic subjects in which the teachers provide instruction.

"SEC. 2016. STATE ADMINISTRATIVE EXPENSES.

"Each State receiving a grant under section 2011(a) may use not more than 5 percent of the amount set aside in section 2012(a)(2) for the cost of—

"(1) planning and administering the activities described in section 2013(b); and

"(2) making subgrants to local educational agencies under section 2012.

"SEC. 2017. LOCAL PLANS.

"(a) IN GENERAL.—Each local educational agency desiring a grant from the State under section 2012(a)(3) shall submit a local plan to the State educational agency—

"(1) at such time, in such manner, and accompanied by such information as the State educational agency may require; and

"(2) that describes how the local educational agency will coordinate the activities for which assistance is sought under this part with other programs carried out under this Act, or other Acts, as appropriate.

"(b) LOCAL PLAN CONTENTS.—The local plan described in subsection (a) shall, at a minimum—

"(1) describe how the local educational agency will use the grant funds to meet the State performance objectives for teacher qualifications and professional development described in section 2014;

"(2) describe how the local educational agency will hold elementary schools and secondary schools accountable for meeting the requirements described in this part;

"(3) contain an assurance that the local educational agency will target funds to elementary schools and secondary schools served by the local educational agency that—

"(A) have the lowest proportion of fully qualified teachers; and

"(B) are identified for school improvement under section 1116;

"(4) describe how the local educational agency will coordinate professional development activities authorized under section 2018(a) with professional development activities provided through other Federal, State, and local programs, including those authorized under titles I and III and, where applicable, the Individuals with Disabilities Education Act and the Carl D. Perkins Vocational and Technical Education Act of 1998; and

"(5) describe how the local educational agency has collaborated with teachers, principals, parents, and administrators in the preparation of the local plan.

"SEC. 2018. LOCAL ACTIVITIES.

"(a) IN GENERAL.—Each local educational agency receiving a grant under section 2012(a)(3) shall use the grant funds to—

"(1) support professional development activities, consistent with section 2019, for—

"(A) teachers, in at least the areas of reading, mathematics, and science; and

"(B) teachers, principals, and administrators in order to provide such individuals with the knowledge and skills to provide all students, including female students, minority students, limited English proficient students, students with disabilities, and economically disadvantaged students, with the opportunity to meet challenging State content and student performance standards;

"(2) provide professional development to teachers, principals, and administrators to enhance the use of technology within elementary schools and sec-

ondary schools in order to deliver more effective curricula instruction;

"(3) recruit and retain fully qualified teachers and highly qualified principals, particularly for elementary schools and secondary schools located in areas with high percentages of low-performing students and students from families below the poverty line;

"(4) recruit and retain fully qualified teachers and high quality principals to serve in the elementary schools and secondary schools with the highest proportion of low-performing students, such as through—

"(A) mentoring programs for newly hired teachers and for newly hired principals; and

"(B) programs that provide other incentives, including financial incentives, to retain—

"(i) teachers who have a record of success in helping low-performing students improve those students' academic success; and

"(ii) principals who have a record of improving the performance of all students, or significantly narrowing the gaps between minority students and nonminority

students, and economically disadvantaged students and noneconomically disadvantaged students, within the elementary schools or secondary schools served by the principals;

"(5) provide professional development that incorporates effective strategies, techniques, methods, and practices for meeting the educational needs of diverse groups of students, including female students, minority students, students with disabilities, limited English proficient students, and economically disadvantaged students; and

"(6) provide professional development for mental health professionals, including school psychologists, school counselors, and school social workers, that is focused on enhancing the skills and knowledge of such individuals so that they may help students exhibiting distress (such as substance abuse, disruptive behavior, and suicidal behavior) meet the challenging State student performance standards.

"(b) OPTIONAL ACTIVITIES.—Each local educational agency receiving a grant under section 2012(a)(3) may use the subgrant funds—

"(1) to provide a signing bonus or other financial incentive, such as differential pay for—

"(A) a teacher to teach in an academic subject for which there exists a shortage of fully qualified teachers within the elementary school or secondary school in which the teacher teaches or within the elementary schools and secondary schools served by the local educational agency; or

"(B) a highly qualified principal in a school in which there is a large percentage of children—

"(i) from low-income families; or

"(ii) with high percentages of low-performance scores on State assessments;

"(2) to establish programs that—

"(A) recruit professionals into teaching from other fields and provide such professionals with alternative routes to teacher certification, especially in the areas of mathematics, science, and English language arts; and

"(B) provide increased teaching and administration opportunities for fully qualified females, minorities, individuals with disabilities, and other individuals underrepresented in the teaching or school administration professions;

"(3) to establish programs and activities that are designed to improve the quality of the teacher and principal force, such as innovative professional development programs (which may be provided through partnerships, including partnerships with institutions of higher education), and including programs that—

"(A) train teachers and principals to utilize technology to improve teaching and learning; and

"(B) are consistent with the requirements of section 2019;

"(4) to provide collaboratively designed performance pay systems for teachers and principals that encourage teachers and principals to work together to raise student performance;

"(5) to establish professional development programs that provide instruction in how to teach children with different learning styles, particularly children with disabilities and children with special learning needs (including children who are gifted and talented);

"(6) to establish professional development programs that provide instruction in how best to discipline children in the classroom, and to identify

early and appropriate interventions to help children described in paragraph (5) learn;

"(7) to provide professional development programs that provide instruction in how to teach character education in a manner that—

"(A) reflects the values of parents, teachers, and local communities; and

"(B) incorporates elements of good character, including honesty, citizenship, courage, justice, respect, personal responsibility, and trustworthiness;

"(8) to provide scholarships or other incentives to assist teachers in attaining national board certification;

"(9) to support activities designed to provide effective professional development for teachers of limited English proficient students; and

"(10) to establish other activities designed—

"(A) to improve professional development for teachers, principals, and administrators that are consistent with section 2019; and

"(B) to recruit and retain fully qualified teachers and highly qualified principals.

"SEC. 2019. PROFESSIONAL DEVELOPMENT FOR TEACHERS.

"(a) LIMITATION RELATING TO CURRICULUM AND CONTENT AREAS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a local educational agency may not use grant funds allocated under section 2012(a)(3) to support a professional development activity for a teacher that is not—

"(A) directly related to the curriculum for which and content areas in which the teacher provides instruction; or

"(B) designed to enhance the ability of the teacher to understand and use the State's challenging content standards for the academic subject in which the teacher provides instruction.

"(2) EXCEPTION.—Paragraph (1) shall not apply to professional development activities that provide instruction in methods of disciplining children.

"(b) PROFESSIONAL DEVELOPMENT ACTIVITY.—A professional development activity carried out under this part shall—

"(1) be measured, in terms of progress described in section 2014(a), using the specific performance indicators established by the State in accordance with section 2014;

"(2) be tied to challenging State or local content standards and student performance standards;

"(3) be tied to scientifically based research demonstrating the effectiveness of such activities in increasing student achievement or substantially increasing the knowledge and teaching skills of teachers;

"(4) be of sufficient intensity and duration (such as not to include 1-day or short-term workshops and conferences) to have a positive and lasting impact on teachers' performance in the classroom, except that this paragraph shall not apply to an activity that is 1 component described in a long-term comprehensive professional development plan established by a teacher and the teacher's supervisor, and based upon an assessment of the needs of the teacher, the teacher's students, and the local educational agency;

"(5) be developed with extensive participation of teachers, principals, parents, administrators, and local school boards of elementary schools and secondary schools to be served under this part, and institutions of higher education in the State, and, with respect to any professional development program described in paragraph (6) or (7) of section 2018(b),

shall, if applicable, be developed with extensive coordination with, and participation of, professionals with expertise in such type of professional development;

''(6) to the extent appropriate, provide training for teachers regarding using technology and applying technology effectively in the classroom to improve teaching and learning concerning the curriculum and academic content areas, in which those teachers provide instruction; and

''(7) be directly related to the content areas in which the teachers provide instruction and the State content standards.

''(c) ACCOUNTABILITY.—

''(1) IN GENERAL.—A State shall notify a local educational agency that the agency may be subject to the action described in paragraph (3) if, after any fiscal year, the State determines that the programs or activities funded by the agency under this part fail to meet the requirements of subsections (a) and (b).

''(2) TECHNICAL ASSISTANCE.—A local educational agency that has received notification pursuant to paragraph (1) may request technical assistance from the State and an opportunity for such

local educational agency to comply with the requirements of subsections (a) and (b).

"(3) STATE EDUCATIONAL AGENCY ACTION.—If a State educational agency determines that a local educational agency failed to carry out the local educational agency's responsibilities under this section, the State educational agency shall take such action as the agency determines to be necessary, consistent with this section, to provide, or direct the local educational agency to provide, high-quality professional development for teachers, principals, and administrators.

"SEC. 2020. PARENTS' RIGHT TO KNOW.

"Each local educational agency receiving a grant under section 2012(a)(3) shall meet the reporting requirements with respect to teacher qualifications described in section 4401(h).

"SEC. 2021. GAO STUDY.

"Not later than September 30, 2005, the Comptroller General of the United States shall prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate a study setting forth information regarding the progress of States' compliance in increasing the percentage of fully qualified

teachers, as defined in section 2002(1), for fiscal years 2002 through 2004; any obstacles to compliance, and the approximate percentage of Federal, State, and local resources being expended to carry out activities to attract and retain fully qualified teachers especially in geographic areas and content subject areas in which a shortage of such teachers exist.

"SEC. 2021. EDUCATOR PARTNERSHIP GRANTS.

"(a) SUBGRANTS.—

"(1) IN GENERAL.—A State receiving a grant under section 2011(a) shall award subgrants, on a competitive basis, from amounts made available under section 2012(a)(1), to local educational agencies, elementary schools, or secondary schools that have formed educator partnerships, for the design and implementation of programs that will enhance professional development opportunities for teachers, principals, and administrators, and will increase the number of fully qualified teachers.

"(2) ALLOCATIONS.—A State awarding subgrants under this subsection shall allocate the subgrant funds on a competitive basis and in a manner that results in an equitable distribution of the subgrant funds by geographic areas within the State.

"(3) ADMINISTRATIVE EXPENSES.—Each educator partnership receiving a subgrant under this subsection may use not more than 5 percent of the subgrant funds for any fiscal year for the cost of planning and administering programs under this section.

"(b) EDUCATOR PARTNERSHIPS.—An educator partnership described in subsection (a) includes a cooperative arrangement between—

"(1) a public elementary school or secondary school (including a charter school), or a local educational agency; and

"(2) 1 or more of the following:

"(A) An institution of higher education.

"(B) An educational service agency.

"(C) A public or private not-for-profit education organization.

"(D) A for-profit education organization.

"(E) An entity from outside the traditional education arena, including a corporation or consulting firm.

"(c) USE OF FUNDS.—An educator partnership receiving a subgrant under this section shall use the subgrant funds for one or more of the following activities:

"(1) Developing and enhancing of professional development activities for teachers in core academic subjects to ensure that the teachers have content knowledge in the academic subjects in which the teachers provide instruction.

"(2) Developing or enhancing professional development activities for mathematics and science teachers to ensure that such teachers have the content knowledge to teach mathematics and science.

"(3) Developing and providing assistance to local educational agencies and elementary schools and secondary schools for sustained, high-quality professional development activities for teachers, principals, and administrators, that—

"(A) ensure that teachers, principals, and administrators are able to use State content standards, performance standards, and assessments to improve instructional practices and student achievement; and

"(B) may include intensive programs designed to prepare a teacher who participates in such a program to provide professional development instruction to other teachers within the participating teacher's school.

"(4) Increasing the number of fully qualified teachers available to provide high-quality education to limited English proficient students by—

"(A) working with institutions of higher education that offer degree programs, to attract more people into such programs, and to prepare better new, English language teachers to provide effective language instruction to limited English proficient students; and

"(B) supporting development and implementation of professional development programs for language instruction teachers to improve the language proficiency of limited English proficient students.

"(5) Developing and implementing professional development activities for principals and administrators to enable the principals and administrators to be effective school leaders and to improve student achievement on challenging State content and student performance standards, including professional development relating to—

"(A) leadership skills;

"(B) recruitment, assignment, retention, and evaluation of teachers and other staff;

"(C) effective instructional practices, including the use of technology; and

"(D) parental and community involvement.

"(6) Providing activities that enhance professional development opportunities for teachers, principals, and administrators or will increase the number of fully qualified teachers.

"(d) APPLICATION REQUIRED.—Each educator partnership desiring a subgrant under this section shall submit an application to the appropriate State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may reasonably require.

"(e) COORDINATION.—Each educator partnership that receives a subgrant under this section and a grant under section 203 of the Higher Education Act of 1965 shall coordinate the activities carried out under such section 203 with any related activities carried out under this section.

"SEC. 2023. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $2,000,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"PART B—CLASS SIZE REDUCTION

"SEC. 2031. FINDINGS.

''Congress makes the following findings:

''(1) Rigorous research has shown that students attending small classes in the early grades make more rapid educational gains than students in larger classes, and that those gains persist through at least the eighth grade.

''(2) The benefits of smaller classes are greatest for lower-achieving, minority, poor, and inner-city children, as demonstrated by a study that found that urban fourth graders in smaller-than-average classes were ¾ of a school year ahead of their counterparts in larger-than-average classes.

''(3) Teachers in small classes can provide students with more individualized attention, spend more time on instruction and less time on other tasks, and cover more material effectively, and are better able to work with parents to further their children's education, than teachers in large classes.

''(4) Smaller classes allow teachers to identify and work with students who have learning disabilities sooner than is possible with larger classes, potentially reducing those students' needs for special education services in the later grades.

"(5) The National Research Council report, 'Preventing Reading Difficulties in Young Children', recommends reducing class sizes, accompanied by providing high-quality professional development for teachers, as a strategy for improving student achievement in reading.

"(6) Efforts to improve educational outcomes by reducing class sizes in the early grades are likely to be successful only if well-qualified teachers are hired to fill additional classroom positions, and if teachers receive intensive, ongoing professional development.

"(7) Several States and school districts have begun serious efforts to reduce class sizes in the early elementary school grades, but those efforts may be impeded by financial limitations or difficulties in hiring highly qualified teachers.

"(8) The Federal Government can assist in those efforts by providing funding for class size reductions in grades 1 through 3, and by helping to ensure that both new and current teachers who are moving into smaller classrooms are well prepared.

"SEC. 2032. PURPOSE.

"The purpose of this part is to help States and local educational agencies to reduce class size with fully quali-

fied teachers. Each local educational agency that receives funds under this part shall—

"(1) use such funds to carry out effective approaches to reducing class size with fully qualified teachers who are certified within the State, including teachers certified through State or local alternative routes;

"(2) demonstrate competency in the areas in which they teach; and

"(3) improve educational achievement for both regular and special needs children, with particular consideration given to reducing class size in the early elementary grades for which some research has shown class size reduction is most effective.

"SEC. 2033. ALLOTMENTS TO STATES.

"(a) RESERVATIONS FOR THE OUTLYING AREAS AND THE BUREAU OF INDIAN AFFAIRS.—From the amount appropriated under section 2042 for any fiscal year, the Secretary shall reserve a total of not more than 1 percent to make payments to—

"(1) outlying areas, on the basis of their respective needs, for activities, approved by the Secretary, consistent with this part; and

"(2) the Secretary of the Interior for activities approved by the Secretary of Education, consistent

with this part, in schools operated or supported by the Bureau of Indian Affairs, on the basis of their respective needs.

"(b) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—From the amount appropriated under section 2042 for a fiscal year and remaining after the Secretary makes reservations under subsection (a), the Secretary shall make grants by allotting to each State having a State application approved under section 2034(c) an amount that bears the same relationship to the remainder as the greater of the amounts that the State received in the preceding fiscal year under sections 1122 and 2202(b) (as such sections were in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention, and Rededication Act) bears to the total of the greater amounts that all States received under such sections for the preceding fiscal year.

"(2) RATABLE REDUCTION.—If the sums made available under paragraph (1) for any fiscal year are insufficient to pay the full amounts that all States are eligible to receive under paragraph (1) for such year, the Secretary shall ratably reduce such amounts for such year.

"(3) REALLOTMENT.—If any State chooses not to participate in the program carried out under this part, or fails to submit an approvable application under this part, the Secretary shall reallot the amount that such State would have received under paragraphs (1) and (2) to States having applications approved under section 2034(c), in accordance with paragraphs (1) and (2).

"SEC. 2034. APPLICATIONS.

"(a) APPLICATIONS REQUIRED.—The State educational agency for each State desiring a grant under this part shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

"(b) CONTENTS.—The application shall include—

"(1) a description of the State's goals for using funds under this part to reduce average class sizes in regular classrooms in grades 1 through 3, including a description of class sizes in those classrooms, for each local educational agency in the State (as of the date of submission of the application);

"(2) a description of how the State educational agency will allocate program funds made available through the grant within the State;

"(3) a description of how the State will use other funds, including other Federal funds, to reduce class sizes and to improve teacher quality and reading achievement within the State; and

"(4) an assurance that the State educational agency will submit to the Secretary such reports and information as the Secretary may reasonably require.

"(c) APPROVAL OF APPLICATIONS.—The Secretary shall approve a State application submitted under this section if the application meets the requirements of this section and holds reasonable promise of achieving the purpose of this part.

"(d) Not later than 30 days after the date of the enactment of this Act, the Secretary shall provide specific notification to each local educational agency eligible to receive funds under section 2037(b)(2)(B) and the ability to use such funds to carry out activities under section 2037(b)(1)(C).

"SEC. 2035. WITHIN-STATE ALLOCATIONS.

"(a) ALLOCATIONS TO LOCAL EDUCATIONAL AGENCIES.—Each State receiving a grant under this part for any fiscal year may reserve not more than 1 percent of the grant funds for the cost of administering this part and, using the remaining funds, shall make subgrants by

allocating to each local educational agency in the State the sum of—

"(1) an amount that bears the same relationship to 80 percent of the remainder as the school-age population from families with incomes below the poverty line in the area served by the local educational agency bears to the school-age population from families with incomes below the poverty line in the area served by all local educational agencies in the State; and

"(2) an amount that bears the same relationship to 20 percent of the remainder as the enrollment of the school-age population in public and private nonprofit elementary schools and secondary schools in the area served by the local educational agency bears to the enrollment of the school-age population in public and private nonprofit elementary schools and secondary schools in the area served by all local educational agencies in the State.

"(b) REALLOCATION.—If any local educational agency chooses not to participate in the program carried out under this part, or fails to submit an approvable application under this part, the State educational agency shall reallocate the amount such local educational agency would have received under subsection (a) to local educational

agencies having applications approved under section 2036(b), in accordance with subsection (a).

"SEC. 2036. LOCAL APPLICATIONS.

"(a) IN GENERAL.—Each local educational agency desiring a subgrant under section 2035(a) shall submit an application to the appropriate State educational agency at such time, in such form, and containing such information as the State educational agency may require, including a description of the local educational agency's program to reduce class sizes by hiring additional highly qualified teachers.

"(b) APPROVAL OF APPLICATIONS.—The State educational agency shall approve a local agency application submitted under subsection (a) if the application meets the requirements of subsection (a) and holds reasonable promise of achieving the purpose of this part.

"SEC. 2037. USES OF FUNDS.

"(a) ADMINISTRATIVE EXPENSES.—Each local educational agency receiving a subgrant under section 2035(a) may use not more than 3 percent of the subgrant funds for any fiscal year for the cost of administering this part.

"(b) LOCAL ACTIVITIES.—

"(1) IN GENERAL.—Each local educational agency receiving subgrant funds under this section may use such subgrant funds for—

"(A) recruiting (including through the use of signing bonuses, and other financial incentives), hiring, and training fully qualified regular and special education teachers (which may include hiring special education teachers to team-teach with regular teachers in classrooms that contain both children with disabilities and non-disabled children) and teachers of special-needs children, who are certified within the State, including teachers who are certified through State or local alternative routes, have a bachelor's degree, and demonstrate the general knowledge, teaching skills, and subject matter knowledge required to teach in the content areas in which the teachers provide instruction;

"(B) testing new teachers for academic content knowledge and satisfaction of State certification requirements consistent with title II of the Higher Education Act of 1965; and

"(C) providing professional development which may include such activities as those described in section 2018.

"(2) LIMITATIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a local educational agency may use not more than a total of 25 percent of the award received under this section for activities described in subparagraphs (A) and (B) of paragraph (1).

"(B) A local educational agency in which 10 percent or more of teachers in elementary schools, as defined by section 8101(14) of the Elementary and Secondary Education Act of 1965, have not more applicable State and local certification requirements (including certification through State or local alternative routes), or if such requirements have been waived, may use more than 25 percent of the funds it receives under this section for activities described in subparagraph (A)(iii) to help teachers who are not certified by the State become certified, including through State or local alternative routes, or to help teachers affected by class size reduction who lack sufficient con-

tent knowledge to teach effectively in the areas they teach to obtain that knowledge, if the local educational agency notifies the State educational agency of the percentage of the funds that it will use for the purpose described in this clause.

"(3) ADDITIONAL USES.—

"(A) IN GENERAL.—A local educational agency that has already reduced class size in the early grades to 18 or less children (or has already reduced class size to a State or local class size reduction goal that was in effect on the day before the enactment of the Department of Education Appropriations Act, 2000, if that State or local educational agency goal is 20 or fewer children) may use funds received under this section—

"(i) to make further class size reductions in grades kindergarten through 3;

"(ii) to reduce class size in other grades; or

"(iii) to carry out activities to improve teacher quality, including professional development.

"(B) PROFESSIONAL DEVELOPMENT.—If a local educational agency has already reduced class size in the early grades to 18 or fewer children and intends to use funds provided under this Part to carry out professional development activities, including activities to improve teacher quality, then the State shall make the award under section 2035 to the local educational agency.

"(c) SPECIAL RULE.—Notwithstanding subsection (b), if the award to a local educational agency under section 2035 is less than the starting salary for a new fully qualified teacher teaching in a school served by that agency, and such teacher is certified within the State (which may include certification through State or local alternative routes), has a bachelor's degree, and demonstrates the general knowledge, teaching skills, and subject matter knowledge required to teach in the content areas the teacher is assigned to provide instruction, then the agency may use grant funds under this part to—

"(1) help pay the salary of a full- or part-time teacher hired to reduce class size, which may be in combination with other Federal, State, or local funds; or

"(2) pay for activities described in subsection (b), which may be related to teaching in smaller classes.

"SEC. 2038. PRIVATE SCHOOLS.

"If a local educational agency uses funds made available under this Part for professional development activities, the local educational agency shall ensure the equitable participation of private nonprofit elementary schools and secondary schools in such activities.

"SEC. 2039. TEACHER SALARIES AND BENEFITS.

"A local educational agency may use grant funds provided under this part—

"(1) except as provided in paragraph (2) of section 2037(b), to increase the salaries of, or provide benefits (other than participation in professional development and enrichment programs) to, teachers only if such teachers were hired under this part; and

"(2) to pay the salaries of teachers hired under section 307 of the Department of Education Appropriations Act of 1999 or under section 310 of the Department of Education Appropriations Act 2000 who, not later than the beginning of the 2001–2002 school year, are fully qualified, as defined in section 2002(1).

"SEC. 2040. STATE REPORT REQUIREMENTS.

"(a) REPORT ON ACTIVITIES.—A State educational agency receiving funds under this part shall submit a report to the Secretary providing information about the activities in the State assisted under this part.

"(b) PROHIBITION.—No funds under this section may be used to pay the salary of any teacher hired with funds under section 307 of the Department of Education Appropriations Act, 1999, unless, by the start of the 2001–2002 school year, the teacher is certified within the State (which may include certification through State or local alternative routes) and demonstrates competency in the subject areas in which the teacher teaches.

"(c) REPORT TO PARENTS.—Each State educational agency and local educational agency receiving funds under this part shall publicly issue a report to parents of children who attend schools assisted under this part describing—

"(1) the agency's progress in reducing class size;

"(2) the agency's progress in increasing the percentage of classes in core academic areas that are taught by fully qualified teachers who are certified within the State and demonstrate competency in the content areas in which the teachers provide instruction; and

"(3) the impact, if any, that hiring additional highly qualified teachers and reducing class size has had on increasing student academic achievement in schools served by the agency.

"(c) PROFESSIONAL QUALIFICATIONS REPORT.—Upon the request of a parent of a child attending a school receiving assistance under this part, such school shall provide the parent with information regarding the professional qualifications of their child's teacher.

"SEC. 2041. SUPPLEMENT NOT SUPPLANT.

"Each local educational agency receiving grant funds under this part shall use such funds only to supplement, and not to supplant, State and local funds that, in the absence of such funds, would otherwise be spent for activities under this part.

"SEC. 2042. AUTHORIZATION OF APPROPRIATIONS.

"For the purpose of carrying out this part, there are authorized to be appropriated $1,623,000,000 for fiscal year 2002, and such sums as may be necessary for each of the 4 succeeding fiscal years.".

TITLE III—LANGUAGE MINORITY STUDENTS AND INDIAN, NATIVE HAWAIIAN, AND ALASKA NATIVE EDUCATION

SEC. 301. LANGUAGE MINORITY STUDENTS.

Title III (20 U.S.C. 6801 et seq.) is amended—

(1) by amending the heading for title III to read as follows:

"TITLE III—LANGUAGE MINORITY STUDENTS AND INDIAN, NATIVE HAWAIIAN, AND ALASKA NATIVE EDUCATION";

(2) by repealing section 3101 (20 U.S.C. 6801) and part A (20 U.S.C. 6811 et seq.); and

(3) by inserting after the heading for title III (as amended by paragraph (1)) the following:

"PART A—LANGUAGE MINORITY STUDENTS

"SEC. 3101. FINDINGS, POLICY, AND PURPOSE.

''(a) FINDINGS.—Congress makes the following findings:

''(1)(A) Educating limited English proficient students is an urgent goal for many local educational agencies, but that goal is not being achieved.

"(B) Each year, 640,000 limited English proficient students are not served by any sort of program targeted to the students' unique needs.

"(C) In 1998, only 15 percent of local educational agencies that applied for funding under enhancement grants and comprehensive school grants received such funding.

"(2)(A) The school dropout rate for Hispanic students, the largest group of limited English proficient students, is approximately 29 percent, and is approximately 44 percent for Hispanic students born outside of the United States.

"(B) A United States Department of Education report regarding school dropout rates states that language difficulty 'may be a barrier to participation in United States schools'.

"(C) Reading ability is a key predictor of graduation and academic success.

"(3) Through fiscal year 1999, bilingual education capacity and demonstration grants—

"(A) have spread funding too broadly to make an impact on language instruction educational programs implemented by State educational agencies and local educational agencies; and

"(B) have lacked concrete performance measures.

"(4)(A) Since 1979, the number of limited English proficient children in schools in the United States has doubled to more than 3,000,000, and demographic trends indicate the population of limited English proficient children will continue to increase.

"(B) Language-minority Americans speak virtually all world languages plus many that are indigenous to the United States.

"(C) The rich linguistic diversity language-minority students bring to America's classrooms enhances the learning environment for all students and should be valued for the significant, positive impact such diversity has on the entire school environment.

"(D) Parent and community participation in educational language programs for limited English proficient students contributes to program effectiveness.

"(E) The Federal Government, as reflected in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and section 204(f) of the Equal Education Opportunities Act of 1974 (20 U.S.C. 1703), has a special and continuing obligation to ensure that States and local educational agencies take ap-

propriate action to provide equal educational opportunities to limited English proficient children and youth.

"(F) The Federal Government also, as exemplified by programs authorized under this title, has a special and continuing obligation to assist States and local educational agencies to develop the capacity to provide programs of instruction that offer limited English proficient children and youth equal educational opportunities.

"(5) Limited English proficient children and youth face a number of challenges in receiving an education that will enable them to participate fully in American society, including—

"(A) disproportionate attendance in high-poverty schools, as demonstrated by the fact that, in 1994, 75 percent of limited English proficient students attended schools in which at least half of all students were eligible for free or reduced-price meals;

"(B) the limited ability of parents of such children and youth to participate fully in the education of their children because of the parents' own limited English proficiency;

"(C) a shortage of teachers and other staff who are professionally trained and qualified to serve such children and youth; and

"(D) lack of appropriate performance and assessment standards that distinguish between language and academic achievement so that there is equal accountability on the part of State educational agencies and local educational agencies for the achievement of limited English proficient students in academic content while acquiring English language skills.

"(b) POLICY.—Congress declares it to be the policy of the United States that in order to ensure equal educational opportunity for all children and youth, and to promote educational excellence, the Federal Government should—

"(1) assist State educational agencies, local educational agencies, and community-based organizations to build their capacity to establish, implement, and sustain programs of instruction and English language development for children and youth of limited English proficiency;

"(2) hold State educational agencies and local educational agencies accountable for increases in

English proficiency and core content knowledge among limited English proficient students; and

"(3) promote parental and community participation in limited English proficiency programs.

"(c) PURPOSE.—The purposes of this part are to—

"(1) assist all limited English proficient students in attaining English proficiency;

"(2) help all limited English proficient students develop high levels of attainment in the academic core subjects so that those students can meet the same challenging State content standards and challenging State student performance standards expected for all children as required by section 1111(b); and

"(3) help local educational agencies develop and enhance their capacity to provide high quality instruction in teaching limited English proficient children in achieving the same high levels of academic achievement as other children by—

"(A) streamlining existing language instruction programs into a performance-based grant for State and local educational agencies to help limited English proficient students become proficient in English;

"(B) increasing significantly the amount of Federal assistance to local educational agencies serving such students while requiring that State educational agencies and local educational agencies demonstrate annual improvements in the English proficiency of such students from the preceding fiscal year and making adequate yearly progress with limited English proficient students in the subject areas of core content knowledge as described in section 111; and

"(C) providing State educational agencies and local educational agencies with the flexibility to implement instructional programs based on scientific research that the agencies believe to be the most effective for teaching English.

"SEC. 3102. DEFINITIONS.

"Except as otherwise provided, for purposes of this part:

"(1) LIMITED ENGLISH PROFICIENT STUDENT.—The term 'limited English proficient student' means an individual aged 5 through 17 enrolled in an elementary school or secondary school—

"(A) who—

"(i) was not born in the United States or whose native language is a language other than English; or

"(ii) is a Native American or Alaska Native, or who is a native resident of the outlying areas and comes from an environment where a language other than English has had a significant impact on such individual's level of English language proficiency; or

"(iii) is migratory and whose native language is other than English, and who comes from an environment where a language other than English is dominant; and

"(B) who has sufficient difficulty speaking, reading, writing, or understanding the English language, and whose difficulties may deny such individual the opportunity to learn successfully in classrooms where the language of instruction is English or to participate fully in our society.

"(2) PROFICIENT.—A student's skills in English are sufficient to allow such student to attain the proficient level of performance in content areas.

"(3) LANGUAGE INSTRUCTION EDUCATIONAL PROGRAM.—The term 'language instruction edu-

cational program' means an instructional course in which a limited English proficient student is placed for the purpose of becoming proficient in the English language.

"(4) SPECIALLY QUALIFIED AGENCY.—The term 'specially qualified agency' means a local educational agency in a State that does not participate in a program under this part for a fiscal year.

"(5) STATE.—The term 'State' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 3103. PROGRAM AUTHORIZED.

"(a) GRANTS AUTHORIZED.—The Secretary shall award grants, from allotments under subsection (b), to each State having a State plan approved under section 3105(c), to enable the State to help limited English proficient students become proficient in English.

"(b) RESERVATIONS AND ALLOTMENTS.—

"(1) RESERVATIONS.—From the amount appropriated under section 3110 to carry out this part for each fiscal year, the Secretary shall reserve—

"(A) ½ of 1 percent of such amount for payments to the Secretary of the Interior for activities approved by the Secretary, consistent with this part, in schools operated or supported

by the Bureau of Indian Affairs, on the basis of their respective needs for assistance under this part; and

"(B) ½ of 1 percent of such amount for payments to outlying areas, to be allotted in accordance with their respective needs as determined by the Secretary, for activities, approved by the Secretary, consistent with this part.

"(2) STATE ALLOTMENTS.—From the amount appropriated under section 3110 for any of the fiscal years 2002 through 2006 that remains after making reservations under paragraph (1), the Secretary shall allot to each State having a State plan approved under section 3105(c) an amount that bears the same relationship to the remainder as the number of limited English proficient students in the State bears to the number of limited English proficient students in all States.

"(3) DATA.—For the purpose of determining the number of limited English proficient students in a State and in all States for each fiscal year, the Secretary shall use data that will yield the most accurate, up-to-date numbers of such students, including—

"(A) data available from the Bureau of the Census; or

"(B) data submitted to the Secretary by the States to determine the number of limited English proficient students in a State and in all States.

"(4) HOLD-HARMLESS AMOUNTS.—For fiscal year 2002, and for each of the 4 succeeding fiscal years, notwithstanding paragraph (2), the total amount allotted to each State under this subsection shall be not less than 85 percent of the total amount the State was allotted under parts A and B of title VII (as such title was in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)).

"(c) DIRECT AWARDS TO SPECIALLY QUALIFIED AGENCIES.—

"(1) NONPARTICIPATING STATE.—If a State educational agency for a fiscal year elects not to participate in a program under this part, or does not have an application approved under section 3105(c), a specially qualified agency in such State desiring a grant under this part for the fiscal year shall apply

directly to the Secretary to receive a grant under this subsection.

"(2) DIRECT AWARDS.—The Secretary may award, on a competitive basis, the amount the State educational agency is eligible to receive under subsection (b)(2) directly to specially qualified agencies in the State desiring a grant under paragraph (1) and having an application approved under section 3105(c).

"(3) ADMINISTRATIVE FUNDS.—A specially qualified agency that receives a direct grant under this subsection may use not more than 1 percent of the grant funds for the administrative costs of carrying out this part in the first year the agency receives a grant under this subsection and 0.5 percent for such costs in the second and each succeeding such year.

"SEC. 3104. WITHIN-STATE ALLOCATIONS.

"(a) GRANT AWARDS.—Each State educational agency receiving a grant under section 3103(a) shall use 95 percent of the grant funds to award subgrants, from allotments under subsection (b), to local educational agencies in the State to carry out the activities described in section 3107.

"(b) ALLOTMENT FORMULA.—Each State educational agency receiving a grant under this part shall award a grant to each local educational agency in the State having a plan approved under section 3106 in an amount that bears the same relationship to the amount of funds appropriated under section 3110 as the school-age population of limited English proficient students in schools served by the local educational agency bears to the school-age population of limited English proficient students in schools served by all local educational agencies in the State.

"(c) RESERVATIONS.—

"(1) STATE ACTIVITIES.—Each State educational agency receiving a grant under this part may reserve not more than 5 percent of the grant funds to carry out activities described in the State plan submitted under section 3105.

"(2) ADMINISTRATIVE EXPENSES.—From the amount reserved under paragraph (1), a State educational agency may use not more than 2 percent for the planning costs and administrative costs of carrying out the activities described in the State plan and providing grants to local educational agencies.

"SEC. 3105. STATE AND SPECIALLY QUALIFIED AGENCY PLAN.

"(a) PLAN REQUIRED.—Each State educational agency and specially qualified agency desiring a grant under this part shall submit a plan to the Secretary at such time, in such manner and accompanied by such information as the Secretary may require.

"(b) CONTENTS.—Each State plan submitted under subsection (a) shall—

"(1) describe how the State or specially qualified agency will—

"(A) establish rigorous standards and annual benchmarks for English language development in each of the domains of speaking, reading, writing, and listening; for each domain there shall be at least 3 benchmarks of performance: not proficient, partially proficient, and proficient;

"(B) develop and implement a system of high-quality, annual assessments to measure the development of English language proficiency in the domains of speaking, listening, reading, and writing;

"(C) develop annual performance benchmarks, based on the English language development standards described in subparagraph (A),

to raise the level of English proficiency of each limited English proficient student;

''(2) contain an assurance that the State educational agency or specially qualified agency consulted with local educational agencies, education-related community groups and nonprofit organizations, parents, teachers, school administrators, and English language instruction specialists, in the setting of the performance benchmarks;

''(3) describe how—

''(A) in the case of a State educational agency, the State educational agency will hold local educational agencies and elementary schools and secondary schools accountable for—

''(i) ensuring that each student enrolled in a program or classroom is making substantial and continuous progress in attaining English language proficiency in each of the

''(ii) making adequate yearly progress with limited English proficient students in the subject areas of core content knowledge measured by the assessments required in section 1111; and

"(B) in the case of a specially qualified agency, the agency will hold elementary schools and secondary schools accountable for ensuring that each student enrolled in a program or classroom making substantial and continuous progress in attaining English language proficiency in each of the 4 domains and making adequate yearly progress in the subject areas of core content knowledge measure by the assessments required by section 1111.

"(4) describe the activities for which assistance is sought, and how the activities will increase the speed and effectiveness with which students learn English;

"(5) in the case of a State educational agency, describe how local educational agencies will be given the flexibility to teach English—

"(A) using language instruction curriculum that through scientific research has been demonstrated to be effective; and

"(B) employing instructional methods and strategy that the local educational agencies determine to be the most effective; and

"(6) describe how—

"(A) in the case of a State educational agency, the State educational agency will pro-

vide technical assistance to local educational agencies and elementary schools and secondary schools for the purposes of identifying and implementing English language instruction educational programs and curricula that are scientifically research based; and

"(B) provide technical assistance to local educational agencies and elementary and secondary schools for the purposes of helping limited English proficient students meet the same challenging State content standards and challenging State student performance standards expected of all children.

"(C) in the case of a specially qualified agency, the specially qualified agency will provide technical assistance to elementary schools and secondary schools served by the specially qualified agency for the purposes of identifying and implementing English language instruction educational programs and curricula that are scientifically research based.

"(c) APPROVAL.—The Secretary, using a peer review process, shall approve a State plan or a specially qualified agency plan if the plan meets the requirements of this sec-

tion, and holds reasonable promise of achieving the purpose described in section 3101(c).

"(d) DURATION OF THE PLAN.—

"(1) IN GENERAL.—Each State plan or specially qualified agency plan shall—

"(A) remain in effect for the duration of the State's or specially qualified agency's participation under this part; and;

"(B) be periodically reviewed and revised by the State or specially qualified agency, as necessary, to reflect changes in the State's or specially qualified agency's strategies and programs under this part.

"(2) ADDITIONAL INFORMATION.—If the State educational agency or specially qualified agency makes significant changes in its plan, such as the adoption of new performance objectives or assessment measures, the State educational agency or specially qualified agency shall submit such information to the Secretary.

"(e) CONSOLIDATED PLAN.—A State plan submitted under subsection (a) may be submitted as part of a consolidated plan under section 8302.

"(f) SECRETARY ASSISTANCE.—Pursuant to section 7004(a)(3), the Secretary shall provide assistance, if re-

quired, in the development of English language development standards and English language proficiency assessments.

"SEC. 3106. LOCAL PLANS.

"(a) PLAN REQUIRED.—Each local educational agency desiring a grant from the State educational agency under section 3104(a) shall submit a plan to the State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may require.

"(b) CONTENTS.—Each local educational agency plan submitted under subsection (a) shall—

"(1) describe how the local educational agency shall use the grant funds to meet the English proficiency performance objectives described in section 3109;

"(2) describe how the local educational agency will hold elementary schools and secondary schools accountable for meeting the performance objectives;

"(3) describe how the local educational agency will hold elementary and secondary schools accountable for making adequate yearly progress with limited English proficient students in the subject areas of core content knowledge as described in section 1111.

"(4) contain an assurance that the local educational agency consulted with elementary schools and secondary schools, education-related community groups and nonprofit organizations, institutions of higher education, parents, language instruction teachers, school administrators, and English language instruction specialists, in developing the local educational agency plan; and

"(5) contain an assurance that the local educational agency will use the disaggregated results of the student assessments required under section 1111(b)(4), and other measures or indicators available to the agency, to review annually the progress of each school served by the agency under this part and under title I to determine whether the schools are making the annual progress necessary to ensure that limited English proficient students attending the schools will meet the proficient State content and student performance standard within 10 years of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"SEC. 3107. USES OF FUNDS.

"(a) ADMINISTRATIVE EXPENSES.—Each local educational agency receiving a grant under section 3104 may

use not more than 1 percent of the grant funds for any fiscal year for the cost of administering this part.

"(b) ACTIVITIES.—Each local educational agency receiving grant funds under section 3104 shall use the grant funds that are not used under subsection (a)—

"(1) to increase limited English proficient students' proficiency in English and academic achievement by developing and implementing English language and academic content instructional programs for children served under this part that are—

"(A) tied to scientifically based research demonstrating the effectiveness of the programs; and

"(B) approved by the State educational agency;

"(2) to provide high-quality professional development activities for teachers of limited English proficient students that are—

"(A) designed to enhance the ability of such teachers to understand and use curricula, assessment measures, and instructional strategies for limited English proficient students;

"(B) tied to scientifically based research demonstrating the effectiveness of such programs in increasing students' English pro-

ficiency or substantially increasing the knowledge and teaching skills of such teachers; and

"(C) of sufficient intensity and duration (such as not to include 1-day or short-term workshops and conferences) to have a positive and lasting impact on the teacher's performance in the classroom, except that this paragraph shall not apply to an activity that is 1 component of a long-term, comprehensive professional development plan established by a teacher and the teacher's supervisor based upon an assessment of the teacher's and supervisor's needs, the student's needs, and the needs of the local educational agency;

"(3) to identify, acquire, and upgrade curricula, instructional materials, educational software, and assessment procedures; and

"(4) to provide parent and community participation programs to improve English language instruction programs for limited English proficient students.

"SEC. 3108. PROGRAM REQUIREMENTS.

"(a) PROHIBITION.—In carrying out this part the Secretary shall neither mandate nor preclude a particular

curricular or pedagogical approach to educating limited English proficient students.

"(b) TEACHER ENGLISH FLUENCY.—Each local educational agency receiving grant funds under section 3104 shall certify to the State educational agency that all teachers in any language instruction program for limited English proficient students funded under this part are fluent in English.

"SEC. 3109. PERFORMANCE OBJECTIVES.

"(a) IN GENERAL.—Each State educational agency or specifically qualified agency receiving a grant under this part shall develop annual numerical performance objectives with respect to helping limited English proficient students become proficient in English. The objectives shall include incremental percentage increases for each fiscal year a State receives a grant under this part, including increases in the number of limited English proficient students demonstrating an increase in performance on annual assessments in reading, writing, speaking, and listening comprehension, from the preceding fiscal year.

"(b) ACCOUNTABILITY.—Each State educational agency or specially qualified agency receiving a grant under this part shall be held accountable for meeting the annual numerical performance objectives under this part and the adequate yearly progress levels for limited English

proficient students under section 1111(b)(2)(B)(iv) and (vii). Any State educational agency or specially qualified agency that fails to meet the annual performance objectives shall be subject to sanctions under section 7001.

"SEC. 3110. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $1,000,000,000 for fiscal year 2002, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"SEC. 3111. REGULATIONS AND NOTIFICATION.

"(a) REGULATION RULE.—In developing regulations under this part, the Secretary shall consult with State educational agencies, local educational agencies, organizations representing limited English proficient individuals, and organizations representing teachers and other personnel involved in the education of limited English proficient students.

"(b) PARENTAL NOTIFICATION.—

"(1) IN GENERAL.—Each local educational agency shall notify parents of a student participating in a language instruction educational program under this part of—

"(A) the student's level of English proficiency, how such level was assessed, the status of the student's academic achievement, and the

implications of the student's educational strengths and needs for age- and grade-appropriate academic attainment, promotion, and graduation;

"(B) what programs are available to meet the student's educational strengths and needs, and how such programs differ in content and instructional goals from other language instruction educational programs and, in the case of a student with a disability, how such program meets the objectives of the individualized education program of such a student; and

"(C) the instructional goals of the language instruction educational program, and how the program will specifically help the limited English proficient student learn English and meet age-appropriate standards for grade promotion and graduation, including—

"(i) the characteristics, benefits, and past academic results of the language instruction educational program and of instructional alternatives; and

"(ii) the reasons the student was identified as being in need of a language instruction educational program.

"(2) OPTION TO DECLINE.—

"(A) IN GENERAL.—Each parent described in paragraph (1) shall also be informed that the parent has the option of declining the enrollment of their children or youth in a language instruction educational program, and shall be given an opportunity to decline such enrollment if the parent so chooses.

"(B) OBLIGATIONS.—A local educational agency shall not be relieved of any of the agency's obligations under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) if a parent chooses not to enroll their child in a language instruction educational program.

"(3) RECEIPT OF INFORMATION.—A parent described in paragraph (1) shall receive, in a manner and form understandable to the parent including, if necessary and to the extent feasible, in the native language of the parent, the information required by this subsection. At a minimum, the parent shall receive—

"(A) timely information about projects funded under this part; and

"(B) if the parent of a participating child so desires, notice of opportunities for regular

meetings for the purpose of formulating and responding to recommendations from parents of children assisted under this part.

''(4) SPECIAL RULE.—A student shall not be admitted to, or excluded from, any Federally assisted language instruction educational program solely on the basis of a surname or language-minority status.

''(5) LIMITATIONS ON CONDITIONS.—Nothing in this part shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State's, local educational agency's, elementary school's, or secondary school's specific challenging English language development standards or assessments, curricula, or program of instruction, as a condition of eligibility to receive grant funds under this part.''.

SEC. 302. EMERGENCY IMMIGRANT EDUCATION PROGRAM.

(a) REPEALS, TRANSFERS, AND REDESIGNATIONS.—Title III (20 U.S.C. 6801 et seq.) is further amended—

(1) by repealing part B (20 U.S.C. 6891 et seq.), part C (20 U.S.C. 6921 et seq.), part D (20 U.S.C. 6951 et seq.), and part E (20 U.S.C. 6971 et seq.);

(2) by transferring part C of title VII (20 U.S.C. 7541 et seq.) to title III and inserting such part after part A (as inserted by section 301(3));

(3) by redesignating the heading for part C of title VII (as transferred by paragraph (2)) as the heading for part B, and redesignating accordingly the references to such part C as the references to such part B; and

(4) by redesignating section 7301 through 7309 (20 U.S.C. 7541, 7549) (as transferred by paragraph (2)) as sections 3201 through 3209, respectively, and redesignating accordingly the references to such sections.

(b) AMENDMENTS.—Part B of title III (as so transferred and redesignated) is amended—

(1) in section 3205(a)(2) (as redesignated by subsection (a)(4)), by striking ''the Goals 2000: Educate America Act,''; and

(2) in section 3209 (as redesignated by subsection (a)(4)), by striking ''$175,000,000'' and all that follows through ''necessary for'' and inserting ''such sums as may be necessary for fiscal year 2002 and''.

SEC. 303. INDIAN, NATIVE HAWAIIAN, AND ALASKA NATIVE EDUCATION.

(a) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—

(1) INDIAN EDUCATION.—Part A of title IX (20 U.S.C. 7801 et seq.) is amended to read as follows:

"PART A—INDIAN EDUCATION

"SEC. 9101. FINDINGS.

''Congress finds that—

''(1) the Federal Government has a special responsibility to ensure that educational programs for all American Indian and Alaska Native children and adults—

''(A) are based on high-quality, internationally competitive content standards and student performance standards and build on Indian culture and the Indian community;

''(B) assist local educational agencies, Indian tribes, and other entities and individuals in providing Indian students the opportunity to achieve such standards; and

''(C) meet the unique educational and culturally related academic needs of American Indian and Alaska Native students;

''(2) since the date of the enactment of the initial Indian Education Act in 1972, the level of in-

volvement of Indian parents in the planning, development, and implementation of educational programs that affect such parents and their children has increased significantly, and schools should continue to foster such involvement;

''(3) although the number of Indian teachers, administrators, and university professors has increased since 1972, teacher training programs are not recruiting, training, or retraining a sufficient number of Indian individuals as educators to meet the needs of a growing Indian student population in elementary, secondary, vocational, adult, and higher education;

''(4) the dropout rate for Indian students is unacceptably high; 9 percent of Indian students who were eighth graders in 1988 had dropped out of school by 1990;

''(5) during the period from 1980 to 1990, the percentage of Indian individuals living at or below the poverty level increased from 24 percent to 31 percent, and the readiness of Indian children to learn is hampered by the high incidence of poverty, unemployment, and health problems among Indian children and their families; and

"(6) research related specifically to the education of Indian children and adults is very limited, and much of the research is of poor quality or is focused on limited local or regional issues.

"SEC. 9102. PURPOSE.

"(a) PURPOSE.—It is the purpose of this part to support the efforts of local educational agencies, Indian tribes and organizations, postsecondary institutions, and other entities to meet the unique educational and culturally related academic needs of American Indians and Alaska Natives, so that such students can achieve to the same challenging State performance standards expected of all other students.

"(b) PROGRAMS.—This part carries out the purpose described in subsection (a) by authorizing programs of direct assistance for—

"(1) meeting the unique educational and culturally related academic needs of American Indians and Alaska Natives;

"(2) the education of Indian children and adults;

"(3) the training of Indian persons as educators and counselors, and in other professions serving Indian people; and

"(4) research, evaluation, data collection, and technical assistance.

"Subpart 1—Formula Grants to Local Educational Agencies

"SEC. 9111. PURPOSE.

"It is the purpose of this subpart to support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students in order to ensure that such programs—

"(1) are based on challenging State content standards and State student performance standards that are used for all students; and

"(2) are designed to assist Indian students in meeting those standards and assist the Nation in reaching the National Education Goals.

"SEC. 9112. GRANTS TO LOCAL EDUCATIONAL AGENCIES.

"(a) IN GENERAL.—

"(1) ENROLLMENT REQUIREMENTS.—A local educational agency shall be eligible for a grant under this subpart for any fiscal year if the number of Indian children eligible under section 9117 and who were enrolled in the schools of the agency, and to whom the agency provided free public education, during the preceding fiscal year—

"(A) was at least 10; or

"(B) constituted not less than 25 percent of the total number of individuals enrolled in the schools of such agency.

"(2) EXCLUSION.—The requirement of paragraph (1) shall not apply in Alaska, California, or Oklahoma, or with respect to any local educational agency located on, or in proximity to, a reservation.

"(b) INDIAN TRIBES.—

"(1) IN GENERAL.—If a local educational agency that is eligible for a grant under this subpart does not establish a parent committee under section 9114(c)(4) for such grant, an Indian tribe that represents not less than one-half of the eligible Indian children who are served by such local educational agency may apply for such grant.

"(2) SPECIAL RULE.—The Secretary shall treat each Indian tribe applying for a grant pursuant to paragraph (1) as if such Indian tribe were a local educational agency for purposes of this subpart, except that any such tribe is not subject to section 9114(c)(4), section 9118(c), or section 9119.

"SEC. 9113. AMOUNT OF GRANTS.

"(a) AMOUNT OF GRANT AWARDS.—

"(1) IN GENERAL.—Except as provided in subsection (b) and paragraph (2), the Secretary shall

allocate to each local educational agency which has an approved application under this subpart an amount equal to the product of—

"(A) the number of Indian children who are eligible under section 9117 and served by such agency; and

"(B) the greater of—

"(i) the average per-pupil expenditure of the State in which such agency is located; or

"(ii) 80 percent of the average per-pupil expenditure in the United States.

"(2) REDUCTION.—The Secretary shall reduce the amount of each allocation determined under paragraph (1) in accordance with subsection (e).

"(b) MINIMUM GRANT.—

"(1) IN GENERAL.—Notwithstanding subsection (e), a local educational agency or an Indian tribe (as authorized under section 9112(b)) that is eligible for a grant under section 9112, and a school that is operated or supported by the Bureau of Indian Affairs that is eligible for a grant under subsection (d), that submits an application that is approved by the Secretary, shall, subject to appropriations, receive a

grant under this subpart in an amount that is not less than $3,000.

"(2) CONSORTIA.—Local educational agencies may form a consortium for the purpose of obtaining grants under this subpart.

"(3) INCREASE.—The Secretary may increase the minimum grant under paragraph (1) to not more than $4,000 for all grantees if the Secretary determines such increase is necessary to ensure the quality of the programs provided.

"(c) DEFINITION.—For the purpose of this section, the term 'average per-pupil expenditure of a State' means an amount equal to—

"(1) the sum of the aggregate current expenditures of all the local educational agencies in the State, plus any direct current expenditures by the State for the operation of such agencies, without regard to the sources of funds from which such local or State expenditures were made, during the second fiscal year preceding the fiscal year for which the computation is made; divided by

"(2) the aggregate number of children who were included in average daily attendance for whom such agencies provided free public education during such preceding fiscal year.

"(d) SCHOOLS OPERATED OR SUPPORTED BY THE BUREAU OF INDIAN AFFAIRS.—(1) Subject to subsection (e), in addition to the grants awarded under subsection (a), the Secretary shall allocate to the Secretary of the Interior an amount equal to the product of—

"(A) the total number of Indian children enrolled in schools that are operated by—

"(i) the Bureau of Indian Affairs; or

"(ii) an Indian tribe, or an organization controlled or sanctioned by an Indian tribal government, for the children of that tribe under a contract with, or grant from, the Department of the Interior under the Indian Self-Determination Act or the Tribally Controlled Schools Act of 1988; and

"(B) the greater of—

"(i) the average per-pupil expenditure of the State in which the school is located; or

"(ii) 80 percent of the average per-pupil expenditure in the United States.

"(2) Any school described in paragraph (1)(A) that wishes to receive an allocation under this subpart shall submit an application in accordance with section 9114, and shall otherwise be treated as a local educational agency for the purpose of this subpart, except that such school

shall not be subject to section 9114(c)(4), section 9118(c), or section 9119.

"(e) RATABLE REDUCTIONS.—If the sums appropriated for any fiscal year under section 9162(a) are insufficient to pay in full the amounts determined for local educational agencies under subsection (a)(1) and for the Secretary of the Interior under subsection (d), each of those amounts shall be ratably reduced.

"SEC. 9114. APPLICATIONS.

"(a) APPLICATION REQUIRED.—Each local educational agency that desires to receive a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

"(b) COMPREHENSIVE PROGRAM REQUIRED.—Each application submitted under subsection (a) shall include a comprehensive program for meeting the needs of Indian children served by the local educational agency, including the language and cultural needs of the children, that—

"(1) provides programs and activities to meet the culturally related academic needs of American Indian and Alaska Native students;

"(2)(A) is consistent with State and local plans under other provisions of this Act; and

"(B) includes academic content and student performance goals for such children, and benchmarks for attaining such goals, that are based on the challenging State standards under title I;

"(3) explains how Federal, State, and local programs, especially under title I, will meet the needs of such students;

"(4) demonstrates how funds made available under this subpart will be used for activities described in section 9115;

"(5) describes the professional development opportunities that will be provided, as needed, to ensure that—

"(A) teachers and other school professionals who are new to the Indian community are prepared to work with Indian children; and

"(B) all teachers who will be involved in programs assisted under this subpart have been properly trained to carry out such programs; and

"(6) describes how the local educational agency—

"(A) will periodically assess the progress of all Indian children enrolled in the schools of the local educational agency, including Indian chil-

dren who do not participate in programs assisted under this subpart, in meeting the goals described in paragraph (2);

"(B) will provide the results of each assessment referred to in subparagraph (A) to—

"(i) the committee of parents described in subsection (c)(4); and

"(ii) the community served by the local educational agency; and

"(C) is responding to findings of any previous assessments that are similar to the assessments described in subparagraph (A).

"(c) ASSURANCES.—Each application submitted under subsection (a) shall include assurances that—

"(1) the local educational agency will use funds received under this subpart only to supplement the level of funds that, in the absence of the Federal funds made available under this subpart, such agency would make available for the education of Indian children, and not to supplant such funds;

"(2) the local educational agency will submit such reports to the Secretary, in such form and containing such information, as the Secretary may require to—

"(A) carry out the functions of the Secretary under this subpart; and

"(B) determine the extent to which funds provided to the local educational agency under this subpart are effective in improving the educational achievement of Indian students served by such agency;

"(3) the program for which assistance is sought—

"(A) is based on a comprehensive local assessment and prioritization of the unique educational and culturally related academic needs of the American Indian and Alaska Native students to whom the local educational agency is providing an education;

"(B) will use the best available talents and resources, including individuals from the Indian community; and

"(C) was developed by such agency in open consultation with parents of Indian children and teachers, and, if appropriate, Indian students from secondary schools, including public hearings held by such agency to provide the individuals described in this subparagraph a full opportunity to understand the program and to

offer recommendations regarding the program; and

"(4) the local educational agency developed the program with the participation and written approval of a committee—

"(A) that is composed of, and selected by—

"(i) parents of Indian children in the local educational agency's schools and teachers; and

"(ii) if appropriate, Indian students attending secondary schools;

"(B) a majority of whose members are parents of Indian children;

"(C) that sets forth such policies and procedures, including policies and procedures relating to the hiring of personnel, as will ensure that the program for which assistance is sought will be operated and evaluated in consultation with, and with the involvement of, parents of the children, and representatives of the area, to be served;

"(D) with respect to an application describing a schoolwide program in accordance with section 9115(c), has—

"(i) reviewed in a timely fashion the program; and

"(ii) determined that the program will not diminish the availability of culturally related activities for American Indian and Alaskan Native students; and

"(E) has adopted reasonable bylaws for the conduct of the activities of the committee and abides by such bylaws.

"SEC. 9115. AUTHORIZED SERVICES AND ACTIVITIES.

"(a) GENERAL REQUIREMENTS.—Each local educational agency that receives a grant under this subpart shall use the grant funds, in a manner consistent with the purpose specified in section 9111, for services and activities that—

"(1) are designed to carry out the comprehensive program of the local educational agency for Indian students, and described in the application of the local educational agency submitted to the Secretary under section 9114(b);

"(2) are designed with special regard for the language and cultural needs of the Indian students; and

"(3) supplement and enrich the regular school program of such agency.

"(b) PARTICULAR ACTIVITIES.—The services and activities referred to in subsection (a) may include—

"(1) culturally related activities that support the program described in the application submitted by the local educational agency;

"(2) early childhood and family programs that emphasize school readiness;

"(3) enrichment programs that focus on problem solving and cognitive skills development and directly support the attainment of challenging State content standards and State student performance standards;

"(4) integrated educational services in combination with other programs that meet the needs of Indian children and their families;

"(5) career preparation activities to enable Indian students to participate in programs such as the programs supported by the Carl D. Perkins Vocational and Technical Education Act of 1998, including programs for tech-prep, mentoring, and apprenticeship;

"(6) activities to educate individuals concerning substance abuse and to prevent substance abuse;

"(7) the acquisition of equipment, but only if the acquisition of the equipment is essential to meet the purposes described in section 9111; and

"(8) family literacy services.

"(c) SCHOOLWIDE PROGRAMS.—Notwithstanding any other provision of law, a local educational agency may use funds made available to such agency under this subpart to support a schoolwide program under section 1114 if—

"(1) the committee composed of parents established pursuant to section 9114(c)(4) approves the use of the funds for the schoolwide program; and

"(2) the schoolwide program is consistent with the purposes described in section 9111.

"(d) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the funds provided to a grantee under this subpart for any fiscal year may be used for administrative purposes.

"SEC. 9116. INTEGRATION OF SERVICES AUTHORIZED.

"(a) PLAN.—An entity receiving funds under this subpart may submit a plan to the Secretary for the integration of education and related services provided to Indian students.

"(b) COORDINATION OF PROGRAMS.—Upon the receipt of an acceptable plan, the Secretary, in cooperation

with each Federal agency providing grants for the provision of education and related services to the applicant, shall authorize the applicant to coordinate, in accordance with such plan, its federally funded education and related services programs, or portions thereof, serving Indian students in a manner that integrates the program services involved into a single, coordinated, comprehensive program and reduces administrative costs by consolidating administrative functions.

''(c) PROGRAMS AFFECTED.—The funds that may be consolidated in a demonstration project under any such plan referred to in subsection (b) shall include funds for any Federal program exclusively serving Indian children or the funds reserved under any program to exclusively serve Indian children under which the applicant is eligible for receipt of funds under a statutory or administrative formula for the purposes of providing education and related services which would be used to serve Indian students.

''(d) PLAN REQUIREMENTS.—For a plan to be acceptable pursuant to subsection (b), it shall—

''(1) identify the programs or funding sources to be consolidated;

"(2) be consistent with the purposes of this section authorizing the services to be integrated in a demonstration project;

"(3) describe a comprehensive strategy which identifies the full range of potential educational opportunities and related services to be provided to assist Indian students to achieve the goals set forth in this subpart;

"(4) describe the way in which services are to be integrated and delivered and the results expected from the plan;

"(5) identify the projected expenditures under the plan in a single budget;

"(6) identify the local, State, or tribal agency or agencies to be involved in the delivery of the services integrated under the plan;

"(7) identify any statutory provisions, regulations, policies, or procedures that the applicant believes need to be waived in order to implement its plan;

"(8) set forth measures of student achievement and performance goals designed to be met within a specified period of time; and

"(9) be approved by a parent committee formed in accordance with section 9114(c)(4), if such a committee exists.

"(e) PLAN REVIEW.—Upon receipt of the plan from an eligible entity, the Secretary shall consult with the Secretary of each Federal department providing funds to be used to implement the plan, and with the entity submitting the plan. The parties so consulting shall identify any waivers of statutory requirements or of Federal departmental regulations, policies, or procedures necessary to enable the applicant to implement its plan. Notwithstanding any other provision of law, the Secretary of the affected department or departments shall have the authority to waive any regulation, policy, or procedure promulgated by that department that has been so identified by the applicant or department, unless the Secretary of the affected department determines that such a waiver is inconsistent with the intent of this subpart or those provisions of the statute from which the program involved derives its authority which are specifically applicable to Indian students.

"(f) PLAN APPROVAL.—Within 90 days after the receipt of an applicant's plan by the Secretary, the Secretary shall inform the applicant, in writing, of the Secretary's approval or disapproval of the plan. If the plan is dis-

approved, the applicant shall be informed, in writing, of the reasons for the disapproval and shall be given an opportunity to amend its plan or to petition the Secretary to reconsider such disapproval.

"(g) RESPONSIBILITIES OF DEPARTMENT OF EDUCATION.—Not later than 180 days after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Secretary of Education, the Secretary of the Interior, and the head of any other Federal department or agency identified by the Secretary of Education, shall enter into an interdepartmental memorandum of agreement providing for the implementation of the demonstration projects authorized under this section. The lead agency head for a demonstration program under this section shall be—

"(1) the Secretary of the Interior, in the case of applicant meeting the definition of contract or grant school under title XI of the Education Amendments of 1978; or

"(2) the Secretary of Education, in the case of any other applicant.

"(h) RESPONSIBILITIES OF LEAD AGENCY.—The responsibilities of the lead agency shall include—

"(1) the use of a single report format related to the plan for the individual project which shall be

used by an eligible entity to report on the activities undertaken under the project;

"(2) the use of a single report format related to the projected expenditures for the individual project which shall be used by an eligible entity to report on all project expenditures;

"(3) the development of a single system of Federal oversight for the project, which shall be implemented by the lead agency; and

"(4) the provision of technical assistance to an eligible entity appropriate to the project, except that an eligible entity shall have the authority to accept or reject the plan for providing such technical assistance and the technical assistance provider.

"(i) REPORT REQUIREMENTS.—A single report format shall be developed by the Secretary, consistent with the requirements of this section. Such report format, together with records maintained on the consolidated program at the local level, shall contain such information as will allow a determination that the eligible entity has complied with the requirements incorporated in its approved plan, including the demonstration of student achievement, and will provide assurances to each Secretary that the eligible entity has complied with all directly applicable statu-

tory requirements and with those directly applicable regulatory requirements which have not been waived.

"(j) NO REDUCTION IN AMOUNTS.—In no case shall the amount of Federal funds available to an eligible entity involved in any demonstration project be reduced as a result of the enactment of this section.

"(k) INTERAGENCY FUND TRANSFERS AUTHORIZED.—The Secretary is authorized to take such action as may be necessary to provide for an interagency transfer of funds otherwise available to an eligible entity in order to further the purposes of this section.

"(l) ADMINISTRATION OF FUNDS.—

"(1) IN GENERAL.—Program funds shall be administered in such a manner as to allow for a determination that funds from specific a program or programs are spent on allowable activities authorized under such program, except that the eligible entity shall determine the proportion of the funds granted which shall be allocated to such program.

"(2) SEPARATE RECORDS NOT REQUIRED.—Nothing in this section shall be construed as requiring the eligible entity to maintain separate records tracing any services or activities conducted under its approved plan to the individual programs under which funds were authorized, nor shall the eligible

entity be required to allocate expenditures among such individual programs.

"(m) OVERAGE.—All administrative costs may be commingled and participating entities shall be entitled to the full amount of such costs (under each program or department's regulations), and no overage shall be counted for Federal audit purposes, provided that the overage is used for the purposes provided for under this section.

"(n) FISCAL ACCOUNTABILITY.—Nothing in this part shall be construed so as to interfere with the ability of the Secretary or the lead agency to fulfill the responsibilities for the safeguarding of Federal funds pursuant to the Single Audit Act of 1984.

"(o) REPORT ON STATUTORY OBSTACLES TO PROGRAM INTEGRATION.—

"(1) PRELIMINARY REPORT.—Not later than 2 years after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Secretary of Education shall submit a preliminary report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives on the status of the implementation of the demonstration program authorized under this section.

"(2) FINAL REPORT.—Not later than 5 years after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Secretary of Education shall submit a report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives on the results of the implementation of the demonstration program authorized under this section. Such report shall identify statutory barriers to the ability of participants to integrate more effectively their education and related services to Indian students in a manner consistent with the purposes of this section.

"(p) DEFINITIONS.—For the purposes of this section, the term 'Secretary' means—

"(1) the Secretary of the Interior, in the case of applicant meeting the definition of contract or grant school under title XI of the Education Amendments of 1978; or

"(2) the Secretary of Education, in the case of any other applicant.

"SEC. 9117. STUDENT ELIGIBILITY FORMS.

"(a) IN GENERAL.—The Secretary shall require that, as part of an application for a grant under this subpart,

each applicant shall maintain a file, with respect to each Indian child for whom the local educational agency provides a free public education, that contains a form that sets forth information establishing the status of the child as an Indian child eligible for assistance under this subpart and that otherwise meets the requirements of subsection (b).

"(b) FORMS.—

"(1) IN GENERAL.—The form described in subsection (a) shall include—

"(A) either—

"(i)(I) the name of the tribe or band of Indians (as described in section 9161(3)) with respect to which the child claims membership;

"(II) the enrollment number establishing the membership of the child (if readily available); and

"(III) the name and address of the organization that maintains updated and accurate membership data for such tribe or band of Indians; or

"(ii) if the child is not a member of a tribe or band of Indians, the name, the enrollment number (if readily available),

and the organization (and address thereof) responsible for maintaining updated and accurate membership rolls of the tribe of any parent or grandparent of the child from whom the child claims eligibility;

''(B) a statement of whether the tribe or band of Indians with respect to which the child, parent, or grandparent of the child claims membership is federally recognized;

''(C) the name and address of the parent or legal guardian of the child;

''(D) a signature of the parent or legal guardian of the child that verifies the accuracy of the information supplied; and

''(E) any other information that the Secretary considers necessary to provide an accurate program profile.

''(2) MINIMUM INFORMATION.—In order for a child to be eligible to be counted for the purpose of computing the amount of a grant award made under section 9113, an eligibility form prepared pursuant to this section for a child shall include—

''(A) the name of the child;

"(B) the name of the tribe or band of Indians (as described in section 9161(3)) with respect to which the child claims eligibility; and

"(C) the dated signature of the parent or guardian of the child.

"(3) FAILURE.—The failure of an applicant to furnish any information described in this subsection other than the information described in paragraph (2) with respect to any child shall have no bearing on the determination of whether the child is an eligible Indian child for the purposes of determining the amount of a grant award made under section 9113.

"(c) STATUTORY CONSTRUCTION.—Nothing in this section shall be construed to affect a definition contained in section 9161.

"(d) FORMS AND STANDARDS OF PROOF.—The forms and the standards of proof (including the standard of good faith compliance) that were in use during the 1985–1986 academic year to establish the eligibility of a child for entitlement under the Indian Elementary and Secondary School Assistance Act shall be the forms and standards of proof used—

"(1) to establish such eligibility; and

"(2) to meet the requirements of subsection (a).

"(e) DOCUMENTATION.—For purposes of determining whether a child is eligible to be counted for the purpose of computing the amount of a grant under section 9113, the membership of the child, or any parent or grandparent of the child, in a tribe or band of Indians may be established by proof other than an enrollment number, notwithstanding the availability of an enrollment number for a member of such tribe or band. Nothing in subsection (b) shall be construed to require the furnishing of an enrollment number.

"(f) MONITORING AND EVALUATION REVIEW.—

"(1) IN GENERAL.—(A) For each fiscal year, in order to provide such information as is necessary to carry out the responsibility of the Secretary to provide technical assistance under this subpart, the Secretary shall conduct a monitoring and evaluation review of a sampling of the recipients of grants under this subpart. The sampling conducted under this subparagraph shall take into account the size of the local educational agency and the geographic location of such agency.

"(B) A local educational agency may not be held liable to the United States or be subject to any penalty, by reason of the findings of an audit that relates to the date of completion, or the date of sub-

mission, of any forms used to establish, before April 28, 1988, the eligibility of a child for entitlement under the Indian Elementary and Secondary School Assistance Act.

"(2) FALSE INFORMATION.—Any local educational agency that provides false information in an application for a grant under this subpart shall—

"(A) be ineligible to apply for any other grant under this part; and

"(B) be liable to the United States for any funds that have not been expended.

"(3) EXCLUDED CHILDREN.—A student who provides false information for the form required under subsection (a) shall not be counted for the purpose of computing the amount of a grant under section 9113.

"(g) TRIBAL GRANT AND CONTRACT SCHOOLS.—Notwithstanding any other provision of this section, in awarding funds under this subpart to a tribal school that receives a grant or contract from the Bureau of Indian Affairs, the Secretary shall use only one of the following, as selected by the school:

"(1) A count of the number of students in those schools certified by the Bureau.

"(2) A count of the number of students for whom the school has eligibility forms that comply with this section.

"(h) TIMING OF CHILD COUNTS.—For purposes of determining the number of children to be counted in calculating the amount of a local educational agency's grant under this subpart (other than in the case described in subsection (g)(1)), the local educational agency shall—

"(1) establish a date on, or a period not longer than 31 consecutive days during which, the agency counts those children, so long as that date or period occurs before the deadline established by the Secretary for submitting an application under section 9114; and

"(2) determine that each such child was enrolled, and receiving a free public education, in a school of the agency on that date or during that period, as the case may be.

"SEC. 9118. PAYMENTS.

"(a) IN GENERAL.—Subject to subsections (b) and (c), the Secretary shall pay to each local educational agency that submits an application that is approved by the Secretary under this subpart the amount determined under section 9113. The Secretary shall notify the local educational agency of the amount of the payment not later

than June 1 of the year for which the Secretary makes the payment.

"(b) PAYMENTS TAKEN INTO ACCOUNT BY THE STATE.—The Secretary may not make a grant under this subpart to a local educational agency for a fiscal year if, for such fiscal year, the State in which the local educational agency is located takes into consideration payments made under this subpart in determining the eligibility of the local educational agency for State aid, or the amount of the State aid, with respect to the free public education of children during such fiscal year or the preceding fiscal year.

"(c) REDUCTION OF PAYMENT FOR FAILURE TO MAINTAIN FISCAL EFFORT.—

"(1) IN GENERAL.—The Secretary may not pay a local educational agency the full amount of a grant award determined under section 9113 for any fiscal year unless the State educational agency notifies the Secretary, and the Secretary determines that, with respect to the provision of free public education by the local educational agency for the preceding fiscal year, the combined fiscal effort of the local educational agency and the State, computed on either a per student or aggregate expenditure basis, was not less than 90 percent of the amount of the combined

fiscal effort, computed on the same basis, for the second preceding fiscal year.

"(2) FAILURE TO MAINTAIN EFFORT.—If, for any fiscal year, the Secretary determines that a local educational agency failed to maintain the fiscal effort of such agency at the level specified in paragraph (1), the Secretary shall—

"(A) reduce the amount of the grant that would otherwise be made to such agency under this subpart in the exact proportion of such agency's failure to maintain its fiscal effort at such level; and

"(B) not use the reduced amount of the agency's expenditures for the preceding year to determine compliance with paragraph (1) for any succeeding fiscal year, but shall use the amount of expenditures that would have been required to comply with paragraph (1).

"(3) WAIVER.—(A) The Secretary may waive the requirement of paragraph (1), for not more than 1 year at a time, if the Secretary determines that the failure to comply with such requirement is due to exceptional or uncontrollable circumstances, such as a natural disaster or a precipitous and unforeseen decline in the agency's financial resources.

"(B) The Secretary shall not use the reduced amount of such agency's expenditures for the fiscal year preceding the fiscal year for which a waiver is granted to determine compliance with paragraph (1) for any succeeding fiscal year, but shall use the amount of expenditures that would have been required to comply with paragraph (1) in the absence of the waiver.

"(d) REALLOCATIONS.—The Secretary may reallocate, in a manner that the Secretary determines will best carry out the purpose of this subpart, any amounts that—

"(1) based on estimates made by local educational agencies or other information, the Secretary determines will not be needed by such agencies to carry out approved programs under this subpart; or

"(2) otherwise become available for reallocation under this subpart.

"SEC. 9119. STATE EDUCATIONAL AGENCY REVIEW.

"Before submitting an application to the Secretary under section 9114, a local educational agency shall submit the application to the State educational agency, which may comment on such application. If the State educational agency comments on the application, it shall comment on all applications submitted by local educational agencies in the State and shall provide those comments to the respec-

tive local educational agencies, with an opportunity to respond.

"Subpart 2—Special Programs and Projects To Improve Educational Opportunities for Indian Children

"SEC. 9121. IMPROVEMENT OF EDUCATIONAL OPPORTUNITIES FOR INDIAN CHILDREN.

"(a) PURPOSE.—

"(1) IN GENERAL.—It is the purpose of this section to support projects to develop, test, and demonstrate the effectiveness of services and programs to improve educational opportunities and achievement of Indian children.

"(2) COORDINATION.—The Secretary shall take such actions as are necessary to achieve the coordination of activities assisted under this subpart with—

"(A) other programs funded under this Act; and

"(B) other Federal programs operated for the benefit of American Indian and Alaska Native children.

"(b) ELIGIBLE ENTITIES.—For the purpose of this section, the term 'eligible entity' means a State educational agency, local educational agency, Indian tribe, In-

dian organization, federally supported elementary and secondary school for Indian students, Indian institution, including an Indian institution of higher education, or a consortium of such institutions.

"(c) GRANTS AUTHORIZED.—

"(1) IN GENERAL.—The Secretary shall award grants to eligible entities to enable such entities to carry out activities that meet the purpose specified in subsection (a)(1), including—

"(A) innovative programs related to the educational needs of educationally disadvantaged children;

"(B) educational services that are not available to such children in sufficient quantity or quality, including remedial instruction, to raise the achievement of Indian children in one or more of the core academic subjects of English, mathematics, science, foreign languages, art, history, and geography;

"(C) bilingual and bicultural programs and projects;

"(D) special health and nutrition services, and other related activities, that address the unique health, social, and psychological problems of Indian children;

"(E) special compensatory and other programs and projects designed to assist and encourage Indian children to enter, remain in, or reenter school, and to increase the rate of secondary school graduation;

"(F) comprehensive guidance, counseling, and testing services;

"(G) early childhood and kindergarten programs, including family-based preschool programs that emphasize school readiness and parental skills, and the provision of services to Indian children with disabilities;

"(H) partnership projects between local educational agencies and institutions of higher education that allow secondary school students to enroll in courses at the postsecondary level to aid such students in the transition from secondary school to postsecondary education;

"(I) partnership projects between schools and local businesses for career preparation programs designed to provide Indian youth with the knowledge and skills such youth need to make an effective transition from school to a high-skill, high-wage career;

"(J) programs designed to encourage and assist Indian students to work toward, and gain entrance into, an institution of higher education;

"(K) family literacy services; or

"(L) other services that meet the purpose described in subsection (a)(1).

"(2) PROFESSIONAL DEVELOPMENT.—Professional development of teaching professionals and paraprofessional may be a part of any program assisted under this section.

"(d) GRANT REQUIREMENTS AND APPLICATIONS.—

"(1) GRANT REQUIREMENTS.—(A) The Secretary may make multiyear grants under this section for the planning, development, pilot operation, or demonstration of any activity described in subsection (c) for a period not to exceed 5 years.

"(B) In making multiyear grants under this section, the Secretary shall give priority to applications that present a plan for combining two or more of the activities described in subsection (c) over a period of more than 1 year.

"(C) The Secretary shall make a grant payment to an eligible entity after the initial year of the multiyear grant only if the Secretary determines

that the eligible entity has made substantial progress in carrying out the activities assisted under the grant in accordance with the application submitted under paragraph (2) and any subsequent modifications to such application.

"(D)(i) In addition to awarding the multiyear grants described in subparagraph (A), the Secretary may award grants to eligible entities for the dissemination of exemplary materials or programs assisted under this section.

"(ii) The Secretary may award a dissemination grant under this subparagraph if, prior to awarding the grant, the Secretary determines that the material or program to be disseminated has been adequately reviewed and has demonstrated—

"(I) educational merit; and

"(II) the ability to be replicated.

"(2) APPLICATION.—(A) Any eligible entity that desires to receive a grant under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

"(B) Each application submitted to the Secretary under subparagraph (A), other than an appli-

cation for a dissemination grant under paragraph (1)(D), shall contain—

"(i) a description of how parents of Indian children and representatives of Indian tribes have been, and will be, involved in developing and implementing the activities for which assistance is sought;

"(ii) assurances that the applicant will participate, at the request of the Secretary, in any national evaluation of activities assisted under this section;

"(iii) information demonstrating that the proposed program is either a research-based program (which may be a research-based program that has been modified to be culturally appropriate for the students who will be served);

"(iv) a description of how the applicant will incorporate the proposed services into the ongoing school program once the grant period is over; and

"(v) such other assurances and information as the Secretary may reasonably require.

"(e) ADMINISTRATIVE COSTS.—Not more than 5 percent of the funds provided to a grantee under this subpart

for any fiscal year may be used for administrative purposes.

"SEC. 9122. PROFESSIONAL DEVELOPMENT FOR TEACHERS AND EDUCATION PROFESSIONALS.

"(a) PURPOSES.—The purposes of this section are—

"(1) to increase the number of qualified Indian individuals in teaching or other education professions that serve Indian people;

"(2) to provide training to qualified Indian individuals to enable such individuals to become teachers, administrators, teacher aides, social workers, and ancillary educational personnel; and

"(3) to improve the skills of qualified Indian individuals who serve in the capacities described in paragraph (2).

"(b) ELIGIBLE ENTITIES.—For the purpose of this section, the term 'eligible entity' means—

"(1) an institution of higher education, including an Indian institution of higher education;

"(2) a State or local educational agency, in consortium with an institution of higher education; and

"(3) an Indian tribe or organization, in consortium with an institution of higher education.

"(c) PROGRAM AUTHORIZED.—The Secretary is authorized to award grants to eligible entities having applica-

tions approved under this section to enable such entities to carry out the activities described in subsection (d).

"(d) AUTHORIZED ACTIVITIES.—

"(1) IN GENERAL.—Grant funds under this section shall be used to provide support and training for Indian individuals in a manner consistent with the purposes of this section. Such activities may include but are not limited to, continuing programs, symposia, workshops, conferences, and direct financial support.

"(2) SPECIAL RULES.—(A) For education personnel, the training received pursuant to a grant under this section may be inservice or preservice training.

"(B) For individuals who are being trained to enter any field other than teaching, the training received pursuant to a grant under this section shall be in a program that results in a graduate degree.

"(e) APPLICATION.—Each eligible entity desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information, as the Secretary may reasonably require.

"(f) SPECIAL RULE.—In making grants under this section, the Secretary—

"(1) shall consider the prior performance of the eligible entity; and

"(2) may not limit eligibility to receive a grant under this section on the basis of—

"(A) the number of previous grants the Secretary has awarded such entity; or

"(B) the length of any period during which such entity received such grants.

"(g) GRANT PERIOD.—Each grant under this section shall be awarded for a period of not more than 5 years.

"(h) SERVICE OBLIGATION.—

"(1) IN GENERAL.—The Secretary shall require, by regulation, that an individual who receives training pursuant to a grant made under this section—

"(A) perform work—

"(i) related to the training received under this section; and

"(ii) that benefits Indian people; or

"(B) repay all or a prorated part of the assistance received.

"(2) REPORTING.—The Secretary shall establish, by regulation, a reporting procedure under which a grant recipient under this section shall, not later than 12 months after the date of completion of

the training, and periodically thereafter, provide information concerning the compliance of such recipient with the work requirement under paragraph (1).

"Subpart 3—National Research Activities

"SEC. 9141. NATIONAL ACTIVITIES.

''(a) AUTHORIZED ACTIVITIES.—The Secretary may use funds made available under section 9162(b) for each fiscal year to—

''(1) conduct research related to effective approaches for the education of Indian children and adults;

''(2) evaluate federally assisted education programs from which Indian children and adults may benefit;

''(3) collect and analyze data on the educational status and needs of Indians; and

''(4) carry out other activities that are consistent with the purpose of this part.

''(b) ELIGIBILITY.—The Secretary may carry out any of the activities described in subsection (a) directly or through grants to, or contracts or cooperative agreements with Indian tribes, Indian organizations, State educational agencies, local educational agencies, institutions of higher education, including Indian institutions of higher edu-

cation, and other public and private agencies and institutions.

"(c) COORDINATION.—Research activities supported under this section—

"(1) shall be carried out in consultation with the Office of Educational Research and Improvement to assure that such activities are coordinated with and enhance the research and development activities supported by the Office; and

"(2) may include collaborative research activities which are jointly funded and carried out by the Office of Indian Education Programs and the Office of Educational Research and Improvement.

"Subpart 4—Federal Administration

"SEC. 9151. NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION.

"(a) MEMBERSHIP.—There is established a National Advisory Council on Indian Education (hereafter in this section referred to as the 'Council'), which shall—

"(1) consist of 15 Indian members, who shall be appointed by the President from lists of nominees furnished, from time-to-time, by Indian tribes and organizations; and

"(2) represent different geographic areas of the United States.

"(b) DUTIES.—The Council shall—

"(1) advise the Secretary concerning the funding and administration (including the development of regulations and administrative policies and practices) of any program, including any program established under this part—

"(A) with respect to which the Secretary has jurisdiction; and

"(B)(i) that includes Indian children or adults as participants; or

"(ii) that may benefit Indian children or adults;

"(2) make recommendations to the Secretary for filling the position of Director of Indian Education whenever a vacancy occurs; and

"(3) submit to the Congress, not later than June 30 of each year, a report on the activities of the Council, including—

"(A) any recommendations that the Council considers appropriate for the improvement of Federal education programs that include Indian children or adults as participants, or that may benefit Indian children or adults; and

"(B) recommendations concerning the funding of any program described in subparagraph (A).

"SEC. 9152. PEER REVIEW.

"The Secretary may use a peer review process to review applications submitted to the Secretary under subpart 2 or 3.

"SEC. 9153. PREFERENCE FOR INDIAN APPLICANTS.

"In making grants under subpart 2 or 3, the Secretary shall give a preference to Indian tribes, organizations, and institutions of higher education under any program with respect to which Indian tribes, organizations, and institutions are eligible to apply for grants.

"SEC. 9154. MINIMUM GRANT CRITERIA.

"The Secretary may not approve an application for a grant under subpart 2 unless the application is for a grant that is—

"(1) of sufficient size, scope, and quality to achieve the purpose or objectives of such grant; and

"(2) based on relevant research findings.

"Subpart 5—Definitions; Authorizations of Appropriations

"SEC. 9161. DEFINITIONS.

"For the purposes of this part:

"(1) ADULT.—The term 'adult' means an individual who—

"(A) has attained the age of 16 years; or

"(B) has attained an age that is greater than the age of compulsory school attendance under an applicable State law.

"(2) FREE PUBLIC EDUCATION.—The term 'free public education' means education that is—

"(A) provided at public expense, under public supervision and direction, and without tuition charge; and

"(B) provided as elementary or secondary education in the applicable State or to preschool children.

"(3) INDIAN.—The term 'Indian' means an individual who is—

"(A) a member of an Indian tribe or band, as membership is defined by the tribe or band, including—

"(i) any tribe or band terminated since 1940; and

"(ii) any tribe or band recognized by the State in which the tribe or band resides;

"(B) a descendant, in the first or second degree, of an individual described in subparagraph (A);

"(C) considered by the Secretary of the Interior to be an Indian for any purpose;

"(D) an Eskimo, Aleut, or other Alaska Native; or

"(E) a member of an organized Indian group that received a grant under the Indian Education Act of 1988 as it was in effect the day preceding the date of the enactment of the Improving America's Schools Act of 1994.

"SEC. 9162. AUTHORIZATIONS OF APPROPRIATIONS.

"(a) SUBPART 1.—For the purpose of carrying out subpart 1 of this part, there are authorized to be appropriated $62,000,000 for fiscal year 2000, and such sums as may be necessary for each of fiscal years 2001 through 2004.

"(b) SUBPARTS 2 AND 3.—For the purpose of carrying out subparts 2 and 3 of this part, there are authorized to be appropriated $4,000,000 for fiscal year 2000, and such sums as may be necessary for each of the fiscal years 2001 through 2004.".

(2) NATIVE HAWAIIAN EDUCATION.—Part B of title IX (20 U.S.C. 7901 et seq.) is repealed.

(3) ALASKA NATIVE EDUCATION.—Part C of title IX (20 U.S.C. 7931 et seq.) is amended—

(A) by repealing sections 9304 through 9306 and inserting the following:

"SEC. 9304. PROGRAM AUTHORIZED.

"(a) GENERAL AUTHORITY.—

"(1) PROGRAM AUTHORIZED.—The Secretary is authorized to make grants to, or enter into contracts with, Alaska Native organizations, educational entities with experience in developing or operating Alaska Native programs or programs of instruction conducted in Alaska Native languages, and consortia of such organizations and entities to carry out programs that meet the purpose of this part.

"(2) PERMISSIBLE ACTIVITIES.—Programs under this part may include—

"(A) the development and implementation of plans, methods, and strategies to improve the education of Alaska Natives;

"(B) the development of curricula and educational programs that address the educational needs of Alaska Native students, including—

"(i) curriculum materials that reflect the cultural diversity or the contributions of Alaska Natives;

"(ii) instructional programs that make use of Native Alaskan languages; and

"(iii) networks that introduce successful programs, materials, and techniques to urban and rural schools;

"(C) professional development activities for educators, including—

"(i) programs to prepare teachers to address the cultural diversity and unique needs of Alaska Native students;

"(ii) in-service programs to improve the ability of teachers to meet the unique needs of Alaska Native students; and

"(iii) recruiting and preparing teachers who are Alaska Natives, reside in communities with high concentrations of Alaska Native students, or are likely to succeed as teachers in isolated, rural communities and engage in cross-cultural instruction;

"(D) the development and operation of home instruction programs for Alaska Native preschool children, the purpose of which is to ensure the active involvement of parents in their children's education from the earliest ages;

"(E) family Literacy Services;

"(F) the development and operation of student enrichment programs in science and mathematics that—

"(i) are designed to prepare Alaska Native students from rural areas, who are preparing to enter high school, to excel in science and math; and

"(ii) provide appropriate support services to the families of such students that are needed to enable such students to benefit from the program;

"(G) research and data collection activities to determine the educational status and needs of Alaska Native children and adults;

"(H) other research and evaluation activities related to programs under this part; and

"(I) other activities, consistent with the purposes of this part, to meet the educational needs of Alaska Native children and adults.

"(3) HOME INSTRUCTION PROGRAMS.—Home instruction programs for Alaska Native preschool children under paragraph (2)(D) may include—

"(A) programs for parents and their infants, from prenatal through age three;

"(B) preschool programs; and

"(C) training, education, and support for parents in such areas as reading readiness, observation, story-telling, and critical thinking.—

"(b) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of funds provided to a grantee under this section for any fiscal year may be used for administrative purposes.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 2000, and such sums as may be necessary for each of the fiscal years 2001 through 2004 to carry out this part.";

(B) in section 9307—

(i) by amending subsection (b) to read as follows:

"(b) APPLICATIONS.—State and local educational agencies may apply for an award under this part only as part of a consortium involving an Alaska Native organization. This consortium may include other eligible applicants.";

(ii) by amending subsection (d) to read as follows:

"(d) LOCAL EDUCATIONAL AGENCY COORDINATION.—Each applicant for an award under this part shall

inform each local educational agency serving students who would participate in the project about its application.''; and

(iii) by striking subsection (e); and

(C) by redesignating sections 9307 and 9308 as sections 9305 and 9306, respectively.

(4) REPEALS, TRANSFERS, AND REDESIGNATIONS.—Title III (20 U.S.C 6801 et seq.) is further amended—

(A) by transferring title IX (20 U.S.C. 7801 et seq.) (as amended by this subsection) to title III and inserting such title IX after part B (as inserted by section 302(a)(2)); and

(B) by redesignating the heading for title IX (as transferred by subparagraph (A)) as the heading for part C, and redesignating accordingly the references within and to such title as references within and to such part, respectively.

(b) AMENDMENTS TO THE EDUCATION AMENDMENTS OF 1978.—Part B of title XI of the Education Amendments of 1978 (25 U.S.C. 2001 et seq.) is amended to read as follows:

"PART B—BUREAU OF INDIAN AFFAIRS PROGRAMS

"SEC. 1120. FINDING AND POLICY.

''(a) FINDING.—Congress finds and recognizes that the Federal Government has the sole responsibility for the operation and financial support of the Bureau of Indian Affairs funded school system that it has established on or near Indian reservations and Indian trust lands throughout the Nation for Indian children.

''(b) POLICY.—It is the policy of the United States to work in full cooperation with Indian tribes toward the goal of assuring that the programs of the Bureau of Indian Affairs funded school system are of the highest quality and meet the unique educational and cultural needs of Indian children.

"SEC. 1121. ACCREDITATION AND STANDARDS FOR THE BASIC EDUCATION OF INDIAN CHILDREN IN BUREAU OF INDIAN AFFAIRS SCHOOLS.

''(a) PURPOSE; DECLARATIONS OF PURPOSES.—

''(1) PURPOSE.—The purpose of the standards implemented under this section shall be to afford Indian students being served by a school funded by the Bureau of Indian Affairs the same opportunities as all other students in the United States to achieve the same challenging State performance standards expected of all students.

"(2) DECLARATIONS OF PURPOSES.—Local school boards for schools operated by the Bureau of Indian Affairs, in cooperation and consultation with their tribal governing bodies and their communities, are encouraged to adopt declarations of purposes of education for their communities taking into account the implications of such purposes on education in their communities and for their schools. In adopting such declarations of purpose, the school boards shall consider the effect those declarations may have on the motivation of students and faculties. Such declarations shall represent the aspirations of the community for the kinds of people the community would like its children to become, and shall include assurances that all learners will become accomplished in things and ways important to them and respected by their parents and communities, shaping worthwhile and satisfying lives for themselves, exemplifying the best values of the community and humankind, and becoming increasingly effective in shaping the character and quality of the world all learners share. These declarations of purpose shall influence the standards for accreditation to be accepted by the schools.

"(b) STUDIES AND SURVEYS RELATING TO STANDARDS.—Not later than 1 year after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Secretary, in consultation with the Secretary of Education, consortia of education organizations, and Indian organizations and tribes, and making the fullest use possible of other existing studies, surveys, and plans, shall carry out by contract with an Indian organization, studies and surveys to establish and revise standards for the basic education of Indian children attending Bureau funded schools. Such studies and surveys shall take into account factors such as academic needs, local cultural differences, type and level of language skills, geographic isolation, and appropriate teacher-student ratios for such children, and shall be directed toward the attainment of equal educational opportunity for such children.

"(c) REVISION OF MINIMUM ACADEMIC STANDARDS.—

"(1) IN GENERAL.—Not later than 2 years after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Secretary shall—

"(A) propose revisions to the minimum academic standards published in the Federal

Register on September 9, 1995 (50 Fed. Reg. 174) for the basic education of Indian children attending Bureau funded schools in accordance with the purpose described in subsection (a) and the findings of the studies and surveys conducted under subsection (b);

"(B) publish such proposed revisions to such standards in the Federal Register for the purpose of receiving comments from the tribes, tribal school boards, Bureau funded schools, and other interested parties; and

"(C) consistent with the provisions of this section and section 1131, take such actions as are necessary to coordinate standards implemented under this section with the Comprehensive School Reform Plan developed by the Bureau and—

"(i) with the standards of the improvement plans for the States in which any school operated by the Bureau of Indian Affairs is located; or

"(ii) in the case where schools operated by the Bureau are within the boundaries of reservation land of one tribe but within the boundaries of more than one

State, with the standards of the State improvement plan of one such State selected by the tribe.

"(2) FURTHER REVISIONS.—Not later that 6 months after the close of the comment period, the Secretary shall establish final standards, distribute such standards to all tribes and publish such final standards in the Federal Register. The Secretary shall revise such standards periodically as necessary. Prior to any revision of such final standards, the Secretary shall distribute such proposed revision to all the tribes, and publish such proposed revision in the Federal Register, for the purpose of receiving comments from the tribes and other interested parties.

"(3) APPLICABILITY OF STANDARDS.—Except as provided in subsection (e), the final standards published under paragraph (2) shall apply to all Bureau funded schools not accredited under subsection (f), and may also serve as a model for educational programs for Indian children in public schools.

"(4) CONSIDERATIONS WHEN ESTABLISHING AND REVISING STANDARDS.—In establishing and revising such standards, the Secretary shall take into account the unique needs of Indian students and

support and reinforcement of the specific cultural heritage of each tribe.

"(d) ALTERNATIVE OR MODIFIED STANDARDS.—The Secretary shall provide alternative or modified standards in lieu of the standards established under subsection (c), where necessary, so that the programs of each school are in compliance with the minimum accreditation standards required for schools in the State or region where the school is located.

"(e) WAIVER OF STANDARDS; ALTERNATIVE STANDARDS.—A tribal governing body, or the local school board so designated by the tribal governing body, shall have the local authority to waive, in part or in whole, the standards established under subsections (c) and (d) if such standards are deemed by such body to be inappropriate. The tribal governing body or designated school board shall, not later than 60 days after a waiver under this subsection, submit to the Secretary a proposal for alternative standards that take into account the specific needs of the tribe's children. Such alternative standards shall be established by the Secretary unless specifically rejected by the Secretary for good cause and in writing to the affected tribes or local school board, which rejection shall be final and not subject to review.

"(f) ACCREDITATION AND IMPLEMENTATION OF STANDARDS.—

"(1) DEADLINE FOR MEETING STANDARDS.—Not later than the second academic year after publication of the standards, to the extent necessary funding is provided, all Bureau funded schools shall meet the standards established under subsections (c) and (d) or shall be accredited—

"(A) by a tribal accrediting body, if the accreditation standards of the tribal accrediting body have been accepted by formal action of the tribal governing body and are equal to or exceed the accreditation standards of the State or region in which the school is located;

"(B) by a regional accreditation agency; or

"(C) by State accreditation standards for the State in which it is located.

"(2) DETERMINATION OF STANDARDS TO BE APPLIED.—The accreditation type or standards applied for each school shall be determined by the school board of the school, in consultation with the Administrator of the school, provided that in the case where the School Board and the Administrator fail to agree on the type of accreditation and standards to apply, the decision of the school board with

the approval of the tribal governing body shall be final.

"(3) ASSISTANCE TO SCHOOL BOARDS.—The Secretary, through contracts and grants, shall assist school boards of contract or grant schools in implementation of the standards established under subsections (c) and (d), if the school boards request that such standards, in part or in whole, be implemented.

"(4) FISCAL CONTROL AND FUND ACCOUNTING STANDARDS.—The Bureau shall, either directly or through contract with an Indian organization, establish a consistent system of reporting standards for fiscal control and fund accounting for all contract and grant schools. Such standards shall provide data comparable to those used by Bureau operated schools.

"(g) ANNUAL PLAN FOR MEETING OF STANDARDS.—Except as provided in subsections (e) and (f), the Secretary shall begin to implement the standards established under this section immediately upon the date of their establishment. On an annual basis, the Secretary shall submit to the appropriate committees of Congress, all Bureau funded schools, and the tribal governing bodies of such schools a detailed plan to bring all Bureau schools

and contract or grant schools up to the level required by the applicable standards established under this section. Such plan shall include detailed information on the status of each school's educational program in relation to the applicable standards established under this section, specific cost estimates for meeting such standards at each school and specific timelines for bringing each school up to the level required by such standards.

"(h) CLOSURE OR CONSOLIDATION OF SCHOOLS.—

"(1) IN GENERAL.—Except as specifically required by statute, no school or peripheral dormitory operated by the Bureau on or after January 1, 1992, may be closed or consolidated or have its program substantially curtailed unless done according to the requirements of this subsection.

"(2) EXCEPTIONS.—This subsection shall not apply—

"(A) in those cases where the tribal governing body, or the local school board concerned (if so designated by the tribal governing body), requests closure or consolidation; or

"(B) when a temporary closure, consolidation, or substantial curtailment is required by plant conditions which constitute an immediate hazard to health and safety.

"(3) REGULATIONS.—The Secretary shall, by regulation, promulgate standards and procedures for the closure, transfer to another authority, consolidation, or substantial curtailment of Bureau schools, in accordance with the requirements of this subsection.

"(4) NOTICE.—Whenever closure, transfer to another authority, consolidation, or substantial curtailment of a school is under active consideration or review by any division of the Bureau or the Department of the Interior, the affected tribe, tribal governing body, and designated local school board, will be notified immediately, kept fully and currently informed, and afforded an opportunity to comment with respect to such consideration or review. When a formal decision is made to close, transfer to another authority, consolidate, or substantially curtail a school, the affected tribe, tribal governing body, and designated school board shall be notified at least 6 months prior to the end of the school year preceding the proposed closure date. Copies of any such notices and information shall be transmitted promptly to the appropriate committees of Congress and published in the Federal Register.

"(5) REPORT.—The Secretary shall make a report to the appropriate committees of Congress, the

affected tribe, and the designated school board describing the process of the active consideration or review referred to in paragraph (4). The report shall include a study of the impact of such action on the student population, identify those students with particular educational and social needs, and ensure that alternative services are available to such students. Such report shall include the description of the consultation conducted between the potential service provider, current service provider, parents, tribal representatives and the tribe or tribes involved, and the Director of the Office of Indian Education Programs within the Bureau regarding such students.

"(6) LIMITATION ON CERTAIN ACTIONS.—No irrevocable action may be taken in furtherance of any such proposed school closure, transfer to another authority, consolidation or substantial curtailment (including any action which would prejudice the personnel or programs of such school) prior to the end of the first full academic year after such report is made.

"(7) TRIBAL GOVERNING BODY APPROVAL REQUIRED FOR CERTAIN ACTIONS.—The Secretary may terminate, contract, transfer to any other authority,

consolidate, or substantially curtail the operation or facilities of—

"(A) any Bureau funded school that is operated on or after of January 1, 1999;

"(B) any program of such a school that is operated on or after January 1, 1999; or

"(C) any school board of a school operated under a grant under the Tribally Controlled Schools Act of 1988,

only if the tribal governing body approves such action.

"(i) APPLICATION FOR CONTRACTS OR GRANTS FOR NON-BUREAU FUNDED SCHOOLS OR EXPANSION OF BUREAU FUNDED SCHOOLS.—

"(1) IN GENERAL.—(A)(i) The Secretary shall only consider the factors described in subparagraph (B) in reviewing—

"(I) applications from any tribe for the awarding of a contract or grant for a school that is not a Bureau funded school; and

"(II) applications from any tribe or school board of any Bureau funded school for—

"(aa) a school which is not a Bureau funded school; or

"(bb) the expansion of a Bureau funded school which would increase the amount of funds received by the Indian tribe or school board under section 1127.

"(ii) With respect to applications described in this subparagraph, the Secretary shall give consideration to all the factors described in subparagraph (B), but no such application shall be denied based primarily upon the geographic proximity of comparable public education.

"(B) With respect to applications described in subparagraph (A) the Secretary shall consider the following factors relating to the program and services that are the subject of the application:

"(i) The adequacy of the facilities or the potential to obtain or provide adequate facilities.

"(ii) Geographic and demographic factors in the affected areas.

"(iii) The adequacy of the applicant's program plans or, in the case of a Bureau funded school, of projected needs analysis done either by the tribe or the Bureau.

"(iv) Geographic proximity of comparable public education.

"(v) The stated needs of all affected parties, including students, families, tribal governments at both the central and local levels, and school organizations.

"(vi) Adequacy and comparability of programs already available.

"(vii) Consistency of available programs with tribal educational codes or tribal legislation on education.

"(viii) The history and success of these services for the proposed population to be served, as determined from all factors, including but not limited to standardized examination performance.

"(2) DETERMINATION ON APPLICATION.—(A) The Secretary shall make a determination of whether to approve any application described in paragraph (1)(A) not later than 180 days after such application is submitted to the Secretary.

"(B) If the Secretary fails to make the determination with respect to an application by the date described in subparagraph (A), the application shall be treated a having been approved by the Secretary.

"(3) REQUIREMENTS FOR APPLICATIONS.—(A) Notwithstanding paragraph (2)(B), an application

described in paragraph (1)(A) may be approved by the Secretary only if—

"(i) the application has been approved by the tribal governing body of the students served by (or to be served by) the school or program that is the subject of the application; and

"(ii) written evidence of such approval is submitted with the application.

"(B) Each application described in paragraph (1)(A) shall provide information concerning each of the factors described in paragraph (1)(B).

"(4) DENIAL OF APPLICATIONS.—Whenever the Secretary makes a determination to deny approval of any application described in paragraph (1)(A), the Secretary shall—

"(A) state the objections in writing to the applicant not later 180 days after the application is submitted to the Secretary;

"(B) provide assistance to the applicant to overcome stated objections; and

"(C) provide the applicant a hearing, under the same rules and regulations pertaining to the Indian Self-Determination and Education Assistance Act and an opportunity to appeal the objections raised by the Secretary.

"(5) EFFECTIVE DATE OF A SUBJECT APPLICATION.—(A) Except as otherwise provided in this paragraph, the action which is the subject of any application described in paragraph (1)(A) that is approved by the Secretary shall become effective at the beginning of the academic year following the fiscal year in which the application is approved, or at an earlier date determined by the Secretary.

"(B) If an application is treated as having been approved by the Secretary under paragraph (2)(B), the action that is the subject of the application shall become effective on the date that is 18 months after the date on which the application is submitted to the Secretary, or at an earlier date determined by the Secretary.

"(6) STATUTORY CONSTRUCTION.—Nothing in this section shall be read so as to preclude the expansion of grades and related facilities at a Bureau funded school where such expansion and the maintenance of such expansion is occasioned or paid for with non-Bureau funds.

"(j) GENERAL USE OF FUNDS.—Funds received by Bureau funded schools from the Bureau of Indian Affairs and under any program from the Department of Education or any other Federal agency for the purpose of pro-

viding education or related services may be used for schoolwide projects to improve the educational program for all Indian students.

"(k) STUDY ON ADEQUACY OF FUNDS AND FORMULAS.—The Comptroller General shall conduct a study, in consultation with Indian tribes and local school boards, to determine the adequacy of funding, and formulas used by the Bureau to determine funding, for programs operated by Bureau funded schools, taking into account unique circumstances applicable to Bureau funded schools, as well as expenditures for comparable purposes in public schools nationally. Upon completion of the study, the Secretary of the Interior shall take such action as necessary to ensure distribution of the findings of the study to all affected Indian tribes, local school boards, and associations of local school boards.

"SEC. 1122. NATIONAL CRITERIA FOR HOME LIVING SITUATIONS.

"(a) IN GENERAL.—The Secretary, in consultation with the Secretary of Education, Indian organizations and tribes, and Bureau funded schools, shall revise the national standards for home-living (dormitory) situations to include such factors as heating, lighting, cooling, adult-child ratios, needs for counselors (including special needs related to off-reservation home-living (dormitory) situa-

tions), therapeutic programs, space, and privacy. Such standards shall be implemented in Bureau operated schools, and shall serve as minimum standards for contract or grant schools. Once established, any revisions of such standards shall be developed according to the requirements established under section 1138A.

"(b) IMPLEMENTATION.—The Secretary shall implement the revised standards established under this section immediately upon their completion.

"(c) PLAN.—At the time of each annual budget submission for Bureau educational services is presented, the Secretary shall submit to the appropriate committees of Congress, the tribes, and the affected schools, and publish in the Federal Register, a detailed plan to bring all Bureau funded schools that provide home-living (dormitory) situations up to the standards established under this section. Such plan shall include a statement of the relative needs of each Bureau funded home-living (dormitory) school, projected future needs of each Bureau funded home-living (dormitory) school, detailed information on the status of each school in relation to the standards established under this section, specific cost estimates for meeting each standard for each such school, aggregate cost estimates for bringing all such schools into compliance with the criteria established under this section, and

specific timelines for bringing each school into compliance with such standards.

"(d) WAIVER.—The criteria established under this section may be waived in the same manner as the standards provided under section 1121(c) may be waived.

"(e) CLOSURE FOR FAILURE TO MEET STANDARDS PROHIBITED.—No school in operation on or before January 1, 1987 (regardless of compliance or noncompliance with the criteria established under this section), may be closed, transferred to another authority, consolidated, or have its program substantially curtailed for failure to meet the criteria.

"SEC. 1123. CODIFICATION OF REGULATIONS.

"(a) PART 32 OF TITLE 25 OF CODE OF FEDERAL REGULATIONS.—The provisions of part 32 of title 25 of the Code of Federal Regulations, as in effect on January 1, 1987, are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection. Such provisions may be altered only by means of an Act of Congress. To the extent that such provisions of part 32 do not conform with this Act or any statutory provision of law enacted before November 1, 1978, the provisions of this Act and the provisions of such other statutory law shall govern.

"(b) REGULATION DEFINED.—For purposes of this part, the term 'regulation' means any rules, regulations, guidelines, interpretations, orders, or requirements of general applicability prescribed by any officer or employee of the executive branch.

"SEC. 1124. SCHOOL BOUNDARIES.

"(a) ESTABLISHMENT BY SECRETARY.—The Secretary shall establish, by regulation, separate geographical attendance areas for each Bureau funded school.

"(b) ESTABLISHMENT BY TRIBAL BODY.——In any case where there is more than one Bureau funded school located on an Indian reservation, at the direction of the tribal governing body, the relevant school boards of the Bureau funded schools on the reservation may, by mutual consent, establish the relevant attendance areas for such schools, subject to the approval of the tribal governing body. Any such boundaries so established shall be accepted by the Secretary.

"(c) BOUNDARY REVISIONS.—

"(1) IN GENERAL.—On or after July 1, 1999, no geographical attendance area shall be revised or established with respect to any Bureau funded school unless the tribal governing body or the local school board concerned (if so designated by the tribal governing body) has been afforded—

"(A) at least 6 months notice of the intention of the Bureau to revise or establish such attendance area; and

"(B) the opportunity to propose alternative boundaries.

Any tribe may petition the Secretary for revision of existing attendance area boundaries. The Secretary shall accept such proposed alternative or revised boundaries unless the Secretary finds, after consultation with the affected tribe or tribes, that such revised boundaries do not reflect the needs of the Indian students to be served or do not provide adequate stability to all of the affected programs. The Secretary shall cause such revisions to be published in the Federal Register.

"(2) TRIBAL RESOLUTION DETERMINATION.—Nothing in this section shall be interpreted as denying a tribal governing body the authority, on a continuing basis, to adopt a tribal resolution allowing parents the choice of the Bureau funded school their children may attend, regardless of the attendance boundaries established under this section.

"(d) FUNDING RESTRICTIONS.—The Secretary shall not deny funding to a Bureau funded school for any eligible Indian student attending the school solely because that

student's home or domicile is outside of the geographical attendance area established for that school under this section. No funding shall be made available without tribal authorization to enable a school to provide transportation for any student to or from the school and a location outside the approved attendance area of the school.

"(e) RESERVATION AS BOUNDARY.—In any case where there is only one Bureau funded program located on an Indian reservation, the attendance area for the program shall be the boundaries (established by treaty, agreement, legislation, court decisions, or executive decisions and as accepted by the tribe) of the reservation served, and those students residing near the reservation shall also receive services from such program.

"(f) OFF-RESERVATION HOME-LIVING (DORMITORY) SCHOOLS.—Notwithstanding any geographical attendance areas, attendance at off-reservation home-living (dormitory) schools shall include students requiring special emphasis programs to be implemented at each off-reservation home-living (dormitory) school. Such attendance shall be coordinated between education line officers, the family, and the referring and receiving programs.

"SEC. 1125. FACILITIES CONSTRUCTION.

"(a) COMPLIANCE WITH HEALTH AND SAFETY STANDARDS.—The Secretary shall immediately begin to

bring all schools, dormitories, and other Indian education-related facilities operated by the Bureau or under contract or grant with the Bureau into compliance with all applicable tribal, Federal, or State health and safety standards, whichever provides greater protection (except that the tribal standards to be applied shall be no greater than any otherwise applicable Federal or State standards), with section 504 of the Rehabilitation Act of 1973, and with the Americans with Disabilities Act of 1990. Nothing in this section shall require termination of the operations of any facility which does not comply with such provisions and which is in use on the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(b) COMPLIANCE PLAN.—At the time that the annual budget request for Bureau educational services is presented, the Secretary shall submit to the appropriate committees of Congress a detailed plan to bring all facilities covered under subsection (a) of this section into compliance with the standards referred to in subsection (a). Such plan shall include detailed information on the status of each facility's compliance with such standards, specific cost estimates for meeting such standards at each school, and specific timelines for bringing each school into compliance with such standards.

"(c) CONSTRUCTION PRIORITIES.—

"(1) SYSTEM TO ESTABLISH PRIORITIES.—On an annual basis the Secretary shall submit to the appropriate committees of Congress and cause to be published in the Federal Register, the system used to establish priorities for replacement and construction projects for Bureau funded schools and home-living schools, including boarding schools and dormitories. At the time any budget request for education is presented, the Secretary shall publish in the Federal Register and submit with the budget request the current list of all Bureau funded school construction priorities.

"(2) LONG-TERM CONSTRUCTION AND REPLACEMENT LIST.—In addition to the plan submitted under subsection (b), the Secretary shall—

"(A) not later than 18 months after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), establish a long-term construction and replacement list for all Bureau funded schools;

"(B) using the list prepared under subparagraph (A), propose a list for the orderly replacement of all Bureau funded education-re-

lated facilities over a period of 40 years to enable planning and scheduling of budget requests;

"(C) cause the list prepared under subsection (B) to be published in the Federal Register and allow a period of not less than 120 days for public comment;

"(D) make such revisions to the list prepared under subparagraph (B) as are appropriate based on the comments received; and

"(E) cause the final list to be published in the Federal Register.

"(3) EFFECT ON OTHER LIST.—Nothing in this section shall be construed as interfering with or changing in any way the construction priority list as it exists on the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(d) HAZARDOUS CONDITION AT BUREAU SCHOOL.—

"(1) CLOSURE OR CONSOLIDATION.—A Bureau funded school may be closed or consolidated, and the programs of a Bureau funded school may be substantially curtailed by reason of plant conditions that constitute an immediate hazard to health and

safety only if a health and safety officer of the Bureau determines that such conditions exist at the Bureau funded school.

''(2) INSPECTION.—(A) After making a determination described in paragraph (1), the Bureau health and safety officer shall conduct an inspection of the condition of such plant accompanied by an appropriate tribal, county, municipal, or State health and safety officer in order to determine whether conditions at such plant constitute an immediate hazard to health and safety. Such inspection shall be completed by not later than the date that is 30 days after the date on which the action described in paragraph (1) is taken. No further negative action may be taken unless the findings are concurred in by the second, non-Bureau of Indian Affairs inspector.

''(B) If the health and safety officer conducting the inspection of a plant required under subparagraph (A) determines that conditions at the plant do not constitute an immediate hazard to health and safety, any consolidation or curtailment that was made under paragraph (1) shall immediately cease and any school closed by reason of conditions at the plant shall be reopened immediately.

"(C) If a Bureau funded school is temporarily closed or consolidated or the programs of a Bureau funded school are substantially curtailed under this subsection and the Secretary determines that the closure, consolidation, or curtailment will exceed 1 year, the Secretary shall submit to the Congress, by not later than 6 months after the date on which the closure, consolidation, or curtailment was initiated, a report which sets forth the reasons for such temporary actions, the actions the Secretary is taking to eliminate the conditions that constitute the hazard, and an estimated date by which such actions will be concluded.

"(e) FUNDING REQUIREMENT.—

"(1) DISTRIBUTION OF FUNDS.—Beginning with the fiscal year following the year of the date of the enactment of the Student Results Act of 1999 (Three R's), all funds appropriated for the operations and maintenance of Bureau funded schools shall be distributed by formula to the schools. No funds from this account may be retained or segregated by the Bureau to pay for administrative or other costs of any facilities branch or office, at any level of the Bureau.

"(2) REQUIREMENTS FOR CERTAIN USES.—No funds shall be withheld from the distribution to the budget of any school operated under contract or grant by the Bureau for maintenance or any other facilities or road related purpose, unless such school has consented, as a modification to the contract or in writing for grants schools, to the withholding of such funds, including the amount thereof, the purpose for which the funds will be used, and the timeline for the services to be provided. The school may, at the end of any fiscal year, cancel an agreement under this paragraph upon giving the Bureau 30 days notice of its intent to do so.

"(f) NO REDUCTION IN FEDERAL FUNDING.—Nothing in this section shall be construed to diminish any Federal funding due to the receipt by the school of funding for facilities improvement or construction from a State or any other source.

"SEC. 1126. BUREAU OF INDIAN AFFAIRS EDUCATION FUNCTIONS.

"(a) FORMULATION AND ESTABLISHMENT OF POLICY AND PROCEDURE; SUPERVISION OF PROGRAMS AND EXPENDITURES.—The Secretary shall vest in the Assistant Secretary for Indian Affairs all functions with respect to formulation and establishment of policy and procedure

and supervision of programs and expenditures of Federal funds for the purpose of Indian education administered by the Bureau. The Assistant Secretary shall carry out such functions through the Director of the Office of Indian Education Programs.

"(b) DIRECTION AND SUPERVISION OF PERSONNEL OPERATIONS.—Not later than 6 months after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Director of the Office of Indian Education Programs shall direct and supervise the operations of all personnel directly and substantially involved in the provision of education services by the Bureau, including school or institution custodial or maintenance personnel, facilities management, contracting, procurement, and finance personnel. The Assistant Secretary for Indian Affairs shall coordinate the transfer of functions relating to procurement, contracts, operation, and maintenance of schools and other support functions to the Director.

"(c) EVALUATION OF PROGRAMS; SERVICES AND SUPPORT FUNCTIONS; TECHNICAL AND COORDINATING ASSISTANCE.—Education personnel who are under the direction and supervision of the Director of the Office of Indian Education Programs in accordance with the first sentence of subsection (b) shall—

"(1) monitor and evaluate Bureau education programs;

"(2) provide all services and support functions for education programs with respect to personnel matters involving staffing actions and functions; and

"(3) provide technical and coordinating assistance in areas such as procurement, contracting, budgeting, personnel, curriculum, and operation and maintenance of school facilities.

"(d) CONSTRUCTION, IMPROVEMENT, OPERATION, AND MAINTENANCE OF FACILITIES.—

"(1) PLAN FOR CONSTRUCTION.—The Assistant Secretary shall submit in the annual budget a plan—

"(A) for school facilities to be constructed under section 1125(c);

"(B) for establishing priorities among projects and for the improvement and repair of educational facilities, which together shall form the basis for the distribution of appropriated funds; and

"(C) for capital improvements to be made over the five succeeding years.

"(2) PROGRAM FOR OPERATION AND MAINTENANCE.—

"(A) IN GENERAL.—The Assistant Secretary shall establish a program, including the distribution of appropriated funds, for the operation and maintenance of education facilities. Such program shall include—

"(i) a method of computing the amount necessary for each educational facility;

"(ii) similar treatment of all Bureau funded schools;

"(iii) a notice of an allocation of appropriated funds from the Director of the Office of Indian Education Programs directly to the education line officers and appropriate school officials;

"(iv) a method for determining the need for, and priority of, facilities repair and maintenance projects, both major and minor. In making such determination, the Assistant Secretary shall cause to be conducted a series of meetings at the agency and area level with representatives of the Bureau funded schools in those areas and agencies to receive comment on the lists and prioritization of such projects; and

"(v) a system for the conduct of routine preventive maintenance.

"(B) The appropriate education line officers shall make arrangements for the maintenance of education facilities with the local supervisors of the Bureau maintenance personnel. The local supervisors of Bureau maintenance personnel shall take appropriate action to implement the decisions made by the appropriate education line officers, except that no funds under this chapter may be authorized for expenditure unless such appropriate education line officer is assured that the necessary maintenance has been, or will be, provided in a reasonable manner.

"(3) IMPLEMENTATION.—The requirements of this subsection shall be implemented as soon as practicable after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(e) ACCEPTANCE OF GIFTS AND BEQUESTS.—Notwithstanding any other provision of law, the Director shall promulgate guidelines for the establishment of mechanisms for the acceptance of gifts and bequests for the use and benefit of particular schools or designated Bureau op-

erated education programs, including, where appropriate, the establishment and administration of trust funds. When a Bureau operated program is the beneficiary of such a gift or bequest, the Director shall make provisions for monitoring its use and shall report to the appropriate committees of Congress the amount and terms of such gift or bequest, the manner in which such gift or bequest shall be used, and any results achieved by such action.

''(f) FUNCTIONS CLARIFIED.—For the purpose of this section, the term 'functions' includes powers and duties.

"SEC. 1127. ALLOTMENT FORMULA.

''(a) FACTORS CONSIDERED; REVISION TO REFLECT STANDARDS.—

''(1) FORMULA.—The Secretary shall establish, by regulation adopted in accordance with section 1138A, a formula for determining the minimum annual amount of funds necessary to sustain each Bureau funded school. In establishing such formula, the Secretary shall consider—

''(A) the number of eligible Indian students served and total student population of the school;

''(B) special cost factors, such as—

''(i) the isolation of the school;

"(ii) the need for special staffing, transportation, or educational programs;

"(iii) food and housing costs;

"(iv) maintenance and repair costs associated with the physical condition of the educational facilities;

"(v) special transportation and other costs of isolated and small schools;

"(vi) the costs of home-living (dormitory) arrangements, where determined necessary by a tribal governing body or designated school board;

"(vii) costs associated with greater lengths of service by education personnel;

"(viii) the costs of therapeutic programs for students requiring such programs; and

"(ix) special costs for gifted and talented students;

"(C) the cost of providing academic services which are at least equivalent to those provided by public schools in the State in which the school is located; and

"(D) such other relevant factors as the Secretary determines are appropriate.

"(2) REVISION OF FORMULA.—Upon the establishment of the standards required in sections 1121 and 1122, the Secretary shall revise the formula established under this subsection to reflect the cost of funding such standards. Not later than January 1, 2001, the Secretary shall review the formula established under this section and shall take such steps as are necessary to increase the availability of counseling and therapeutic programs for students in off-reservation home-living (dormitory) schools and other Bureau operated residential facilities. Concurrent with such action, the Secretary shall review the standards established under section 1122 to be certain that adequate provision is made for parental notification regarding, and consent for, such counseling and therapeutic programs.

"(b) PRO RATA ALLOTMENT.—Notwithstanding any other provision of law, Federal funds appropriated for the general local operation of Bureau funded schools shall be allotted pro rata in accordance with the formula established under subsection (a).

"(c) ANNUAL ADJUSTMENT; RESERVATION OF AMOUNT FOR SCHOOL BOARD ACTIVITIES.—

"(1) ANNUAL ADJUSTMENT.—For fiscal year 2001, and for each subsequent fiscal year, the Sec-

retary shall adjust the formula established under subsection (a) to—

"(A) use a weighted unit of 1.2 for each eligible Indian student enrolled in the seventh and eighth grades of the school in considering the number of eligible Indian students served by the school;

"(B) consider a school with an enrollment of less than 50 eligible Indian students as having an average daily attendance of 50 eligible Indian students for purposes of implementing the adjustment factor for small schools;

"(C) take into account the provision of residential services on less than a 9-month basis at a school when the school board and supervisor of the school determine that a less than 9-month basis will be implemented for the school year involved;

"(D) use a weighted unit of 2.0 for each eligible Indian student that—

"(i) is gifted and talented; and

"(ii) is enrolled in the school on a full-time basis,

in considering the number of eligible Indian students served by the school; and

"(E) use a weighted unit of 0.25 for each eligible Indian student who is enrolled in a yearlong credit course in an Indian or Native language as part of the regular curriculum of a school, in considering the number of eligible Indian students served by such school.

The adjustment required under subparagraph (E) shall be used for such school after—

"(i) the certification of the Indian or Native language curriculum by the school board of such school to the Secretary, together with an estimate of the number of full-time students expected to be enrolled in the curriculum in the second school year for which the certification is made; and

(ii) the funds appropriated for allotment under this section are designated by the appropriations Act appropriating such funds as the amount necessary to implement such adjustment at such school without reducing allotments made under this section to any school by virtue of such adjustment.

"(2) RESERVATION OF AMOUNT.—

"(A) IN GENERAL.—From the funds allotted in accordance with the formula established

under subsection (a) for each Bureau school, the local school board of such school may reserve an amount which does not exceed the greater of—

"(i) $8,000; or

"(ii) the lesser of—

"(I) $15,000; or

"(II) 1 percent of such allotted funds,

for school board activities for such school, including (notwithstanding any other provision of law) meeting expenses and the cost of membership in, and support of, organizations engaged in activities on behalf of Indian education.

"(B) TRAINING.—Each school board shall see that each new member of the school board receives, within 12 months of the individual's assuming a position on the school board, 40 hours of training relevant to that individual's service on the board. Such training may include legal issues pertaining to schools funded by the Bureau, legal issues pertaining to school boards, ethics, and other topics deemed appropriate by the school board.

"(d) RESERVATION OF AMOUNT FOR EMERGENCIES.—The Secretary shall reserve from the funds available for distribution for each fiscal year under this section an amount which, in the aggregate, shall equal 1 percent of the funds available for such purpose for that fiscal year. Such funds shall be used, at the discretion of the Director of the Office of Indian Education Programs, to meet emergencies and unforeseen contingencies affecting the education programs funded under this section. Funds reserved under this subsection may only be expended for education services or programs, including emergency repairs of educational facilities, at a schoolsite (as defined by section 5204(c)(2) of the Tribally Controlled Schools Act of 1988). Funds reserved under this subsection shall remain available without fiscal year limitation until expended. However, the aggregate amount available from all fiscal years may not exceed 1 percent of the current year funds. Whenever, the Secretary makes funds available under this subsection, the Secretary shall report such action to the appropriate committees of Congress within the annual budget submission.

"(e) SUPPLEMENTAL APPROPRIATIONS.—Supplemental appropriations enacted to meet increased pay costs attributable to school level personnel shall be distributed under this section.

"(f) ELIGIBLE INDIAN STUDENT DEFINED.—For the purpose of this section, the term 'eligible Indian student' means a student who—

"(1) is a member of or is at least one-fourth degree Indian blood descendant of a member of an Indian tribe which is eligible for the special programs and services provided by the United States through the Bureau because of their status as Indians; and

"(2) resides on or near an Indian reservation or meets the criteria for attendance at a Bureau off-reservation home-living (dormitory) school.

"(g) TUITION.—

"(1) IN GENERAL.—An eligible Indian student may not be charged tuition for attendance at a Bureau school or contract or grant school. A student attending a Bureau school under paragraph (2)(C) may not be charged tuition for attendance at such a school.

"(2) ATTENDANCE OF NON-INDIAN STUDENTS AT BUREAU SCHOOLS.—The Secretary may permit the attendance at a Bureau school of a student who is not an eligible Indian student if—

"(A) the Secretary determines that the student's attendance will not adversely affect the school's program for eligible Indian stu-

dents because of cost, overcrowding, or violation of standards or accreditation;

"(B) the school board consents;

"(C) the student is a dependent of a Bureau, Indian Health Service, or tribal government employee who lives on or near the school site; or

"(D) a tuition is paid for the student that is not more than that charged by the nearest public school district for out-of-district students, and shall be in addition to the school's allocation under this section.

"(3) ATTENDANCE OF NON-INDIAN STUDENTS AT CONTRACT AND GRANT SCHOOLS.—The school board of a contract or grant school may permit students who are not eligible Indian students under this subsection to attend its contract school or grant school and any tuition collected for those students shall be in addition to funding received under this section.

"(h) FUNDS AVAILABLE WITHOUT FISCAL YEAR LIMITATION.—Notwithstanding any other provision of law, at the election of the school board of a Bureau school made at any time during the fiscal year, a portion equal to not more than 15 percent of the funds allocated with

respect to a school under this section for any fiscal year shall remain available to the school for expenditure without fiscal year limitation. The Assistant Secretary shall take steps as may be necessary to implement this provision.

"(i) STUDENTS AT RICHFIELD DORMITORY, RICHFIELD, UTAH.—Tuition for out-of-State Indian students in home-living (dormitory) arrangements at the Richfield dormitory in Richfield, Utah, who attend Sevier County high schools in Richfield, Utah, shall be paid from the Indian school equalization program funds authorized in this section and section 1130 at a rate not to exceed the amounts per weighted student unit for that year for the instruction of such students. No additional administrative cost funds shall be added to the grant.

"SEC. 1128. ADMINISTRATIVE COST GRANTS.

"(a) GRANTS; EFFECT UPON APPROPRIATED AMOUNTS.—

"(1) GRANTS.—Subject to the availability of appropriated funds, the Secretary shall provide grants to each tribe or tribal organization operating a contract school or grant school in the amount determined under this section with respect to the tribe or tribal organization for the purpose of paying the administrative and indirect costs incurred in oper-

ating contract or grant schools, provided that no school operated as a stand-alone institution shall receive less than $200,000.00 per year for these purposes, in order to—

"(A) enable tribes and tribal organizations operating such schools, without reducing direct program services to the beneficiaries of the program, to provide all related administrative overhead services and operations necessary to meet the requirements of law and prudent management practice; and

"(B) carry out other necessary support functions which would otherwise be provided by the Secretary or other Federal officers or employees, from resources other than direct program funds, in support of comparable Bureau operated programs.

"(2) EFFECT UPON APPROPRIATED AMOUNTS.—Amounts appropriated to fund the grants provided under this section shall be in addition to, and shall not reduce, the amounts appropriated for the program being administered by the contract or grant school.

"(b) DETERMINATION OF GRANT AMOUNT.—

"(1) IN GENERAL.—The amount of the grant provided to each tribe or tribal organization under this section for each fiscal year shall be determined by applying the administrative cost percentage rate of the tribe or tribal organization to the aggregate of the Bureau elementary and secondary functions operated by the tribe or tribal organization for which funds are received from or through the Bureau. The administrative cost percentage rate determined under subsection (c) does not apply to other programs operated by the tribe or tribal organization.

"(2) DIRECT COST BASE FUNDS.—The Secretary shall—

"(A) reduce the amount of the grant determined under paragraph (1) to the extent that payments for administrative costs are actually received by an Indian tribe or tribal organization under any Federal education program included in the direct cost base of the tribe or tribal organization; and

"(B) take such actions as may be necessary to be reimbursed by any other department or agency of the Federal Government for the portion of grants made under this section for the costs of administering any program for

Indians that is funded by appropriations made to such other department or agency.

"(c) ADMINISTRATIVE COST PERCENTAGE RATE.—

"(1) IN GENERAL.—For purposes of this section, the administrative cost percentage rate for a contract or grant school for a fiscal year is equal to the percentage determined by dividing—

"(A) the sum of—

"(i) the amount equal to—

"(I) the direct cost base of the tribe or tribal organization for the fiscal year, multiplied by

"(II) the minimum base rate; plus

"(ii) the amount equal to—

"(I) the standard direct cost base; multiplied by

"(II) the maximum base rate; by

"(B) the sum of—

"(i) the direct cost base of the tribe or tribal organization for the fiscal year; plus

"(ii) the standard direct cost base.

"(2) ROUNDING.—The administrative cost percentage rate shall be determined to the 1/100 of a decimal point.

"(d) COMBINING FUNDS.—

"(1) IN GENERAL.—Funds received by a tribe or contract or grant school as grants under this section for tribal elementary or secondary educational programs may be combined by the tribe or contract or grant school into a single administrative cost account without the necessity of maintaining separate funding source accounting.

"(2) INDIRECT COST FUNDS.—Indirect cost funds for programs at the school which share common administrative services with tribal elementary or secondary educational programs may be included in the administrative cost account described in paragraph (1).

"(e) AVAILABILITY OF FUNDS.—Funds received as grants under this section with respect to tribal elementary or secondary education programs shall remain available to the contract or grant school without fiscal year limitation and without diminishing the amount of any grants otherwise payable to the school under this section for any fiscal year beginning after the fiscal year for which the grant is provided.

"(f) TREATMENT OF FUNDS.—Funds received as grants under this section for Bureau funded programs operated by a tribe or tribal organization under a contract

or agreement shall not be taken into consideration for purposes of indirect cost underrecovery and overrecovery determinations by any Federal agency for any other funds, from whatever source derived.

"(g) TREATMENT OF ENTITY OPERATING OTHER PROGRAMS.—In applying this section and section 105 of the Indian Self-Determination and Education Assistance Act with respect to an Indian tribe or tribal organization that—

"(1) receives funds under this section for administrative costs incurred in operating a contract or grant school or a school operated under the Tribally Controlled Schools Act of 1988; and

"(2) operates one or more other programs under a contract or grant provided under the Indian Self-Determination and Education Assistance Act,

the Secretary shall ensure that the Indian tribe or tribal organization is provided with the full amount of the administrative costs that are associated with operating the contract or grant school, and of the indirect costs, that are associated with all of such other programs, provided that funds appropriated for implementation of this section shall be used only to supply the amount of the grant required to be provided by this section.

"(h) DEFINITIONS.—For purposes of this section:

"(1) ADMINISTRATIVE COST.—(A) The term 'administrative cost' means the costs of necessary administrative functions which—

"(i) the tribe or tribal organization incurs as a result of operating a tribal elementary or secondary educational program;

"(ii) are not customarily paid by comparable Bureau operated programs out of direct program funds; and

"(iii) are either—

"(I) normally provided for comparable Bureau programs by Federal officials using resources other than Bureau direct program funds; or

"(II) are otherwise required of tribal self-determination program operators by law or prudent management practice.

"(B) The term 'administrative cost' may include—

"(i) contract or grant (or other agreement) administration;

"(ii) executive, policy, and corporate leadership and decisionmaking;

"(iii) program planning, development, and management;

"(iv) fiscal, personnel, property, and procurement management;

"(v) related office services and record keeping; and

"(vi) costs of necessary insurance, auditing, legal, safety and security services.

"(2) BUREAU ELEMENTARY AND SECONDARY FUNCTIONS.—The term 'Bureau elementary and secondary functions' means—

"(A) all functions funded at Bureau schools by the Office;

"(B) all programs—

"(i) funds for which are appropriated to other agencies of the Federal Government; and

"(ii) which are administered for the benefit of Indians through Bureau schools; and

"(C) all operation, maintenance, and repair funds for facilities and government quarters used in the operation or support of elementary and secondary education functions for the benefit of Indians, from whatever source derived.

"(3) DIRECT COST BASE.—(A) Except as otherwise provided in subparagraph (B), the direct cost

base of a tribe or tribal organization for the fiscal year is the aggregate direct cost program funding for all tribal elementary or secondary educational programs operated by the tribe or tribal organization during—

"(i) the second fiscal year preceding such fiscal year; or

"(ii) if such programs have not been operated by the tribe or tribal organization during the two preceding fiscal years, the first fiscal year preceding such fiscal year.

"(B) In the case of Bureau elementary or secondary education functions which have not previously been operated by a tribe or tribal organization under contract, grant, or agreement with the Bureau, the direct cost base for the initial year shall be the projected aggregate direct cost program funding for all Bureau elementary and secondary functions to be operated by the tribe or tribal organization during that fiscal year.

"(4) MAXIMUM BASE RATE.—The term 'maximum base rate' means 50 percent.

"(5) MINIMUM BASE RATE.—The term 'minimum base rate' means 11 percent.

"(6) STANDARD DIRECT COST BASE.—The term 'standard direct cost base' means $600,000.

"(7) TRIBAL ELEMENTARY OR SECONDARY EDUCATIONAL PROGRAMS.—The term 'tribal elementary or secondary educational programs' means all Bureau elementary and secondary functions, together with any other Bureau programs or portions of programs (excluding funds for social services that are appropriated to agencies other than the Bureau and are expended through the Bureau, funds for major subcontracts, construction, and other major capital expenditures, and unexpended funds carried over from prior years) which share common administrative cost functions, that are operated directly by a tribe or tribal organization under a contract, grant, or agreement with the Bureau.

"(i) STUDIES FOR DETERMINATION OF FACTORS AFFECTING COSTS; BASE RATES LIMITS; STANDARD DIRECT COST BASE; REPORT TO CONGRESS.—

"(1) STUDIES.—Not later than 120 days after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Director of the Office of Indian Education Programs shall—

"(A) conduct such studies as may be needed to establish an empirical basis for determining relevant factors substantially affecting required administrative costs of tribal elementary and secondary education programs, using the formula set forth in subsection (c); and

"(B) conduct a study to determine—

"(i) a maximum base rate which ensures that the amount of the grants provided under this section will provide adequate (but not excessive) funding of the administrative costs of the smallest tribal elementary or secondary educational programs;

"(ii) a minimum base rate which ensures that the amount of the grants provided under this section will provide adequate (but not excessive) funding of the administrative costs of the largest tribal elementary or secondary educational programs; and

"(iii) a standard direct cost base which is the aggregate direct cost funding level for which the percentage determined under subsection (c) will—

"(I) be equal to the median between the maximum base rate and the minimum base rate; and

"(II) ensure that the amount of the grants provided under this section will provide adequate (but not excessive) funding of the administrative costs of tribal elementary or secondary educational programs closest to the size of the program.

"(2) GUIDELINES.—The studies required under paragraph (1) shall—

"(A) be conducted in full consultation (in accordance with section 1131) with—

"(i) the tribes and tribal organizations that are affected by the application of the formula set forth in subsection (c); and

"(ii) all national and regional Indian organizations of which such tribes and tribal organizations are typically members;

"(B) be conducted onsite with a representative statistical sample of the tribal elementary or secondary educational programs under a contract entered into with a nationally reputable public accounting and business consulting firm;

"(C) take into account the availability of skilled labor; commodities, business and automatic data processing services, related Indian preference and Indian control of education requirements, and any other market factors found substantially to affect the administrative costs and efficiency of each such tribal elementary or secondary educational program studied in order to assure that all required administrative activities can reasonably be delivered in a cost effective manner for each such program, given an administrative cost allowance generated by the values, percentages, or other factors found in the studies to be relevant in such formula;

"(D) identify, and quantify in terms of percentages of direct program costs, any general factors arising from geographic isolation, or numbers of programs administered, independent of program size factors used to compute a base administrative cost percentage in such formula; and

"(E) identify any other incremental cost factors substantially affecting the costs of required administrative cost functions at any of the tribal elementary or secondary educational

programs studied and determine whether the factors are of general applicability to other such programs, and (if so) how the factors may effectively be incorporated into such formula.

"(3) CONSULTATION WITH INSPECTOR GENERAL.—In carrying out the studies required under this subsection, the Director shall obtain the input of, and afford an opportunity to participate to, the Inspector General of the Department of the Interior.

"(4) CONSIDERATION OF DELIVERY OF ADMINISTRATIVE SERVICES.—Determinations described in paragraph (2)(C) shall be based on what is practicable at each location studied, given prudent management practice, irrespective of whether required administrative services were actually or fully delivered at these sites, or whether other services were delivered instead, during the period of the study.

"(5) REPORT.—Upon completion of the studies conducted under paragraph (1), the Director shall submit to Congress a report on the findings of the studies, together with determinations based upon such studies that would affect the definitions set forth under subsection (e) that are used in the formula set forth in subsection (c).

"(6) PROJECTION OF COSTS.—The Secretary shall include in the Bureau's justification for each appropriations request beginning in the first fiscal year after the completion of the studies conducted under paragraph (1), a projection of the overall costs associated with the formula set forth in subsection (c) for all tribal elementary or secondary education programs which the Secretary expects to be funded in the fiscal year for which the appropriations are sought.

"(7) DETERMINATION OF PROGRAM SIZE.—For purposes of this subsection, the size of tribal elementary or secondary educational programs is determined by the aggregate direct cost program funding level for all Bureau funded programs which share common administrative cost functions.

"(j) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated such sums as necessary to carry out this section.

"(2) REDUCTIONS.—If the total amount of funds necessary to provide grants to tribes and tribal organizations in the amounts determined under subsection (b) for a fiscal year exceeds the amount of funds appropriated to carry out this section for

such fiscal year, the Secretary shall reduce the amount of each grant determined under subsection (b) for such fiscal year by an amount that bears the same relationship to such excess as the amount of such grants determined under subsection (b) bears to the total of all grants determined under subsection (b) section for all tribes and tribal organizations for such fiscal year.

''(k) APPLICABILITY TO SCHOOLS OPERATING UNDER TRIBALLY CONTROLLED SCHOOLS ACT OF 1988.—The provisions of this section shall also apply to those schools operating under the Tribally Controlled Schools Act of 1988.

''SEC. 1129. DIVISION OF BUDGET ANALYSIS.

''(a) ESTABLISHMENT.—Not later than 12 months after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Secretary shall establish within the Office of Indian Education Programs a Division of Budget Analysis (hereinafter referred to as the 'Division'). Such Division shall be under the direct supervision and control of the Director of the Office.

''(b) FUNCTIONS.—In consultation with the tribal governing bodies and tribal school boards, the Director of the Office, through the Division, shall conduct studies,

surveys, or other activities to gather demographic information on Bureau funded schools and project the amount necessary to provide Indian students in such schools the educational program set forth in this part.

"(c) ANNUAL REPORTS.—Not later than the date that the Assistant Secretary for Indian Affairs makes the annual budget submission, for each fiscal year after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Director of the Office shall submit to the appropriate committees of Congress (including the Appropriations committees), all Bureau funded schools, and the tribal governing bodies of such schools, a report which shall contain—

"(1) projections, based upon the information gathered pursuant to subparagraph (b) and any other relevant information, of amounts necessary to provide Indian students in Bureau funded schools the educational program set forth in this part;

"(2) a description of the methods and formulas used to calculate the amounts projected pursuant to paragraph (1); and

"(3) such other information as the Director of the Office considers appropriate.

"(d) USE OF REPORTS.—The Director of the Office and the Assistant Secretary for Indian Affairs shall use the annual report required by subsection (c) when preparing their annual budget submissions.

"SEC. 1130. UNIFORM DIRECT FUNDING AND SUPPORT.

"(a) ESTABLISHMENT OF SYSTEM AND FORWARD FUNDING.—

"(1) IN GENERAL.—The Secretary shall establish, by regulation adopted in accordance with section 1138, a system for the direct funding and support of all Bureau funded schools. Such system shall allot funds in accordance with section 1127. All amounts appropriated for distribution under this section may be made available under paragraph (2).

"(2) TIMING FOR USE OF FUNDS.—(A) For the purposes of affording adequate notice of funding available pursuant to the allotments made under section 1127, amounts appropriated in an appropriations Act for any fiscal year shall become available for obligation by the affected schools on July 1 of the fiscal year in which such amounts are appropriated without further action by the Secretary, and shall remain available for obligation through the succeeding fiscal year.

"(B) The Secretary shall, on the basis of the amount appropriated in accordance with this paragraph—

"(i) publish, not later than July 1 of the fiscal year for which the funds are appropriated, allotments to each affected school made under section 1127 of 85 percent of such appropriation; and

"(ii) publish, not later than September 30 of such fiscal year, the allotments to be made under section 1127 of the remaining 15 percent of such appropriation, adjusted to reflect the actual student attendance.

"(3) LIMITATION.—(A) Notwithstanding any other provision of law or regulation, the supervisor of a Bureau funded school may expend an aggregate of not more than $50,000 of the amount allotted the school under section 1127 to acquire materials, supplies, equipment, services, operation, and maintenance for the school without competitive bidding if—

"(i) the cost for any single item purchased does not exceed $15,000;

"(ii) the school board approves the procurement;

"(iii) the supervisor certifies that the cost is fair and reasonable;

"(iv) the documents relating to the procurement executed by the supervisor or other school staff cite this paragraph as authority for the procurement; and

"(v) the transaction is documented in a journal maintained at the school clearly identifying when the transaction occurred, what was acquired and from whom, the price paid, the quantities acquired, and any other information the supervisor or school board considers relevant.

"(B) Not later than 6 months after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Secretary shall cause to be sent to each supervisor of a Bureau operated program and school board chairperson, the education line officer or officers of each agency and area, and the Bureau Division in charge of procurement, at both the local and national levels, notice of this paragraph.

"(C) The Director shall be responsible for determining the application of this paragraph, including the authorization of specific individuals to carry

out this paragraph, and shall be responsible for the provision of guidelines on the use of this paragraph and adequate training on such guidelines.

"(4) EFFECT OF SEQUESTRATION ORDER.—If a sequestration order issued under the Balanced Budget and Emergency Deficit Control Act of 1985 reduces the amount of funds available for allotment under section 1127 for any fiscal year by more than 7 percent of the amount of funds available for allotment under such section during the preceding fiscal year—

"(A) to fund allotments under section 1127, the Secretary, notwithstanding any other law, may use—

"(i) funds appropriated for the operation of any Bureau school that is closed or consolidated; and

"(ii) funds appropriated for any program that has been curtailed at any Bureau school; and

"(B) the Secretary may waive the application of the provisions of section 1121(h) with respect to the closure or consolidation of a school, or the curtailment of a program at a school, during such fiscal year if the funds de-

scribed in clauses (i) and (ii) of subparagraph (A) with respect to such school are used to fund allotments made under section 1127 for such fiscal year.

"(b) LOCAL FINANCIAL PLANS FOR EXPENDITURE OF FUNDS.—

"(1) PLAN REQUIRED.—(A) In the case of all Bureau operated schools, allotted funds shall be expended on the basis of local financial plans which ensure meeting the accreditation requirements or standards for the school established pursuant to section 1121 and which shall be prepared by the local school supervisor in active consultation with the local school board for each school. The local school board for each school shall have the authority to ratify, reject, or amend such financial plan, and expenditures thereunder, and, on its own determination or in response to the supervisor of the school, to revise such financial plan to meet needs not foreseen at the time of preparation of the financial plan.

"(B) The supervisor—

"(i) shall put into effect the decisions of the school board;

"(ii) shall provide the appropriate local union representative of the education employees

with copies of proposed draft financial plans and all amendments or modifications thereto, at the same time such copies are submitted to the local school board; and

"(iii) may appeal any such action of the local school board to the appropriate education line officer of the Bureau agency by filing a written statement describing the action and the reasons the supervisor believes such action should be overturned. A copy of such statement shall be submitted to the local school board and such board shall be afforded an opportunity to respond, in writing, to such appeal. After reviewing such written appeal and response, the appropriate education line officer may, for good cause, overturn the action of the local school board. The appropriate education line officer shall transmit the determination of such appeal in the form of a written opinion to such board and to such supervisor identifying the reasons for overturning such action.

"(c) USE OF SELF-DETERMINATION GRANTS FUNDS.—Funds for self-determination grants under section 103(a)(2) of the Indian Self-Determination and Education Assistance Act shall not be used for providing tech-

nical assistance and training in the field of education by the Bureau unless such services are provided in accordance with a plan, agreed to by the tribe or tribes affected and the Bureau, under which control of education programs is intended to be transferred to such tribe or tribes within a specific period of time negotiated under such agreement. The Secretary may approve applications for funding tribal divisions of education and development of tribal codes of education from funds appropriated pursuant to section 104(a) of such Act.

"(d) TECHNICAL ASSISTANCE AND TRAINING.—In the exercise of its authority under this section, a local school board may request technical assistance and training from the Secretary, and the Secretary shall, to the greatest extent possible, provide such services, and make appropriate provisions in the budget of the Office for such services.

"(e) SUMMER PROGRAM OF ACADEMIC AND SUPPORT SERVICES.—

"(1) IN GENERAL.—A financial plan under subsection (b) for a school may include, at the discretion of the local administrator and the school board of such school, a provision for a summer program of academic and support services for students of the school. Any such program may include activities re-

lated to the prevention of alcohol and substance abuse. The Assistant Secretary for Indian Affairs shall provide for the utilization of any such school facility during any summer in which such utilization is requested.

"(2) USE OF OTHER FUNDS.—Notwithstanding any other provision of law, funds authorized under the Act of April 16, 1934, and this Act may be used to augment the services provided in each summer program at the option, and under the control, of the tribe or Indian controlled school receiving such funds.

"(3) TECHNICAL ASSISTANCE AND PROGRAM COORDINATION.—The Assistant Secretary for Indian Affairs, acting through the Director of the Office, shall provide technical assistance and coordination for any program described in paragraph (1) and shall, to the extent possible, encourage the coordination of such programs with any other summer programs that might benefit Indian youth, regardless of the funding source or administrative entity of any such program.

"(f) COOPERATIVE AGREEMENTS.—

"(1) IN GENERAL.—From funds allotted to a Bureau school under section 1127, the Secretary

shall, if specifically requested by the tribal governing body (as defined in section 1141), implement any cooperative agreement entered into between the tribe, the Bureau school board, and the local public school district which meets the requirements of paragraph (2) and involves the school. The tribe, the Bureau school board, and the local public school district shall determine the terms of the agreement. Such agreement may encompass coordination of all or any part of the following:

"(A) Academic program and curriculum, unless the Bureau school is currently accredited by a State or regional accrediting entity and would not continue to be so accredited.

"(B) Support services, including procurement and facilities maintenance.

"(C) Transportation.

"(2) EQUAL BENEFIT AND BURDEN.—Each agreement entered into pursuant to the authority provided in paragraph (1) shall confer a benefit upon the Bureau school commensurate with the burden assumed, though this requirement shall not be construed so as to require equal expenditures or an exchange of similar services.

"(g) PRODUCT OR RESULT OF STUDENT PROJECTS.—Notwithstanding any other provision of law, where there is agreement on action between the superintendent and the school board of a Bureau funded school, the product or result of a project conducted in whole or in major part by a student may be given to that student upon the completion of such project.

"(h) NOT CONSIDERED FEDERAL FUNDS FOR MATCHING REQUIREMENTS.—Notwithstanding any other provision of law, funds received by a Bureau funded school under this title shall not be considered Federal funds for the purposes of meeting a matching funds requirement for any Federal program.

"SEC. 1131. POLICY FOR INDIAN CONTROL OF INDIAN EDUCATION.

"(a) FACILITATION OF INDIAN CONTROL.—It shall be the policy of the Secretary and the Bureau, in carrying out the functions of the Bureau, to facilitate tribal control of Indian affairs in all matters relating to education.

"(b) CONSULTATION WITH TRIBES.—

"(1) IN GENERAL.—All actions under this Act shall be done with active consultation with tribes.

"(2) REQUIREMENTS.—The consultation required under paragraph (1) means a process involving the open discussion and joint deliberation of all

options with respect to potential issues or changes between the Bureau and all interested parties. During such discussions and joint deliberations, interested parties (including tribes and school officials) shall be given an opportunity to present issues including proposals regarding changes in current practices or programs which will be considered for future action by the Bureau. All interested parties shall be given an opportunity to participate and discuss the options presented or to present alternatives, with the views and concerns of the interested parties given effect unless the Secretary determines, from information available from or presented by the interested parties during one or more of the discussions and deliberations, that there is a substantial reason for another course of action. The Secretary shall submit to any Member of Congress, within 18 days of the receipt of a written request by such Member, a written explanation of any decision made by the Secretary which is not consistent with the views of the interested parties.

"SEC. 1132. INDIAN EDUCATION PERSONNEL.

"(a) IN GENERAL.—Chapter 51, subchapter III of chapter 53, and chapter 63 of title 5, United States Code, relating to classification, pay and leave, respectively, and

the sections of such title relating to the appointment, promotion, hours of work, and removal of civil service employees, shall not apply to educators or to education positions (as defined in subsection (p)).

"(b) REGULATIONS.—Not later than 60 days after the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the Secretary shall prescribe regulations to carry out this section. Such regulations shall include—

"(1) the establishment of education positions;

"(2) the establishment of qualifications for educators and education personnel;

"(3) the fixing of basic compensation for educators and education positions;

"(4) the appointment of educators;

"(5) the discharge of educators;

"(6) the entitlement of educators to compensation;

"(7) the payment of compensation to educators;

"(8) the conditions of employment of educators;

"(9) the leave system for educators;

"(10) the annual leave and sick leave for educators; and

"(11) such matters as may be appropriate.

"(c) QUALIFICATIONS OF EDUCATORS.—

"(1) REQUIREMENTS.—In prescribing regulations to govern the qualifications of educators, the Secretary shall require—

"(A)(i) that lists of qualified and interviewed applicants for education positions be maintained in each agency and area office of the Bureau from among individuals who have applied at the agency or area level for an education position or who have applied at the national level and have indicated in such application an interest in working in certain areas or agencies; and

"(ii) that a list of qualified and interviewed applicants for education positions be maintained in the Office from among individuals who have applied at the national level for an education position and who have expressed interest in working in an education position anywhere in the United States;

"(B) that a local school board shall have the authority to waive on a case-by-case basis, any formal education or degree qualifications established by regulation pursuant to subsection (b)(2), in order for a tribal member to be hired in an education position to teach courses on

tribal culture and language and that subject to subsection (e)(2), a determination by a school board that such a person be hired shall be instituted supervisor; and

"(C) that it shall not be a prerequisite to the employment of an individual in an education position at the local level that such individual's name appear on the national list maintained pursuant to subparagraph (A)(ii) or that such individual has applied at the national level for an education position.

"(2) EXCEPTION FOR CERTAIN TEMPORARY EMPLOYMENT.—The Secretary may authorize the temporary employment in an education position of an individual who has not met the certification standards established pursuant to regulations, if the Secretary determines that failure to do so would result in that position remaining vacant.

"(d) HIRING OF EDUCATORS.—

"(1) REQUIREMENTS.—In prescribing regulations to govern the appointment of educators, the Secretary shall require—

"(A)(i) that educators employed in a Bureau operated school (other than the supervisor of the school) shall be hired by the supervisor

of the school. In cases where there are no qualified applicants available, such supervisor may consult the national list maintained pursuant to subsection (c)(1)(A)(ii);

''(ii) each school supervisor shall be hired by the education line officer of the agency office of the Bureau in which the school is located;

''(iii) educators employed in an agency office of the Bureau shall be hired by the superintendent for education of the agency office; and

''(iv) each education line officer and educators employed in the Office of the Director of Indian Education Programs shall be hired by the Director;

''(B) that before an individual is employed in an education position in a school by the supervisor of a school (or with respect to the position of supervisor, by the appropriate agency education line officer), the local school board for the school shall be consulted. A determination by such school board that such individual should or should not be so employed shall be instituted by the supervisor (or with respect to

the position of supervisor, by the agency superintendent for education);

"(C) that before an individual may be employed in an education position at the agency level, the appropriate agency school board shall be consulted, and that a determination by such school board that such individual should or should not be employed shall be instituted by the agency superintendent for education; and

"(D) that before an individual may be employed in an education position in the Office of the Director (other than the position of Director), the national school boards representing all Bureau schools shall be consulted.

"(2) INFORMATION REGARDING APPLICATION AT NATIONAL LEVEL.—Any individual who applies at the local level for an education position shall state on such individual's application whether or not such individual has applied at the national level for an education position in the Bureau. If such individual is employed at the local level, such individual's name shall be immediately forwarded to the Secretary, who shall, as soon as practicable but in no event in more than 30 days, ascertain the accuracy of the statement made by such individual pursuant to the

first sentence of this paragraph. Notwithstanding subsection (e), if the individual's statement is found to have been false, such individual, at the Secretary's discretion, may be disciplined or discharged. If the individual has applied at the national level for an education position in the Bureau, the appointment of such individual at the local level shall be conditional for a period of 90 days, during which period the Secretary may appoint a more qualified individual (as determined by the Secretary) from the list maintained at the national level pursuant to subsection (c)(1)(A)(ii) to the position to which such individual was appointed.

"(3) STATUTORY CONSTRUCTION.—Except as expressly provided, nothing in this section shall be construed as conferring upon local school boards authority over, or control of, educators at Bureau funded schools or the authority to issue management decisions.

"(e) DISCHARGE AND CONDITIONS OF EMPLOYMENT OF EDUCATORS.—

"(1) REGULATIONS.—In prescribing regulations to govern the discharge and conditions of employment of educators, the Secretary shall require—

"(A) that procedures be established for the rapid and equitable resolution of grievances of educators;

"(B) that no educator may be discharged without notice of the reasons therefore and opportunity for a hearing under procedures that comport with the requirements of due process; and

"(C) that educators employed in Bureau schools be notified 30 days prior to the end of the school year whether their employment contract will be renewed for the following year.

"(2) PROCEDURES FOR DISCHARGE.—The supervisor of a Bureau school may discharge (subject to procedures established under paragraph (1)(B)) for cause (as determined under regulations prescribed by the Secretary) any educator employed in such school. Upon giving notice of proposed discharge to an educator, the supervisor involved shall immediately notify the local school board for the school of such action. A determination by the local school board that such educator shall not be discharged shall be followed by the supervisor. The supervisor shall have the right to appeal such action to the education line officer of the appropriate agen-

cy office of the Bureau. Upon such an appeal, the agency education line officer may, for good cause and in writing to the local school board, overturn the determination of the local school board with respect to the employment of such individual.

"(3) RECOMMENDATIONS OF SCHOOL BOARDS FOR DISCHARGE.—Each local school board for a Bureau school shall have the right—

"(A) to recommend to the supervisor of such school that an educator employed in the school be discharged; and

"(B) to recommend to the education line officer of the appropriate agency office of the Bureau and to the Director of the Office, that the supervisor of the school be discharged.

"(f) APPLICABILITY OF INDIAN PREFERENCE LAWS.—

"(1) IN GENERAL.—Notwithstanding any provision of the Indian preference laws, such laws shall not apply in the case of any personnel action under this section respecting an applicant or employee not entitled to Indian preference if each tribal organization concerned grants a written waiver of the application of such laws with respect to such personnel action and states that such waiver is necessary. This

paragraph shall not relieve the Bureau's responsibility to issue timely and adequate announcements and advertisements concerning any such personnel action if such action is intended to fill a vacancy (no matter how such vacancy is created).

"(2) TRIBAL ORGANIZATION DEFINED.—For purposes of this subsection, the term 'tribal organization' means—

"(A) the recognized governing body of any Indian tribe, band, nation, pueblo, or other organized community, including a Native village (as defined in section 3(c) of the Alaska Native Claims Settlement Act); or

"(B) in connection with any personnel action referred to in this subsection, any local school board as defined in section 1141 which has been delegated by such governing body the authority to grant a waiver under this subsection with respect to personnel action.

"(3) INDIAN PREFERENCE LAW DEFINED.—The term 'Indian preference laws' means section 12 of the Act of June 18, 1934 or any other provision of law granting a preference to Indians in promotions and other personnel actions. Such term shall not in-

clude section 7(b) of the Indian Self-Determination and Education Assistance Act.

"(g) COMPENSATION OR ANNUAL SALARY.—

"(1) IN GENERAL.—(A) Except as otherwise provided in this section, the Secretary shall fix the basic compensation for educators and education positions at rates in effect under the General Schedule for individuals with comparable qualifications, and holding comparable positions, to whom chapter 51 of title 5, United States Code, is applicable or on the basis of the Federal Wage System schedule in effect for the locality, and for the comparable positions, the rates of compensation in effect for the senior executive service.

"(B) The Secretary shall establish the rate of basic compensation, or annual salary rates, for the positions of teachers and counselors (including dormitory counselors and home-living counselors) at the rates of basic compensation applicable (on the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's) and thereafter) to comparable positions in the overseas schools under the Defense Department Overseas Teachers Pay Act. The Secretary shall allow the local school boards authority to implement

only the aspects of the Defense Department Overseas Teacher pay provisions that are considered essential for recruitment and retention. Implementation of such provisions shall not be construed to require the implementation of the Act in its entirety.

"(C)(i) Beginning with the fiscal year following the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), each school board may set the rate of compensation or annual salary rate for teachers and counselors (including academic counselors) who are new hires at the school and who have not worked at the school on the date of implementation of this provision, at rates consistent with the rates paid for individuals in the same positions, with the same tenure and training, in any other school within whose boundaries the Bureau school lies. In instances where the adoption of such rates cause a reduction in the payment of compensation from that which was in effect for the fiscal year following the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the new rate may be applied to the compensation of employees of the school who worked at the school on of the date of the enactment of that Act

by applying those rates to each contract renewal such that the reduction takes effect in three equal installments. Where adoption of such rates lead to an increase in the payment of compensation from that which was in effect for the fiscal year following the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the school board may make such rates applicable at the next contract renewal such that either—

"(I) the increase occurs in its entirety; or

"(II) the increase is applied in three equal installments.

"(ii) The establishment of rates of basic compensation and annual salary rates under subparagraphs (B) and (C) shall not preclude the use of regulations and procedures used by the Bureau prior to April 28, 1988, in making determinations regarding promotions and advancements through levels of pay that are based on the merit, education, experience, or tenure of the educator.

"(D) The establishment of rates of basic compensation and annual salary rates under subparagraphs (B) and (C) shall not affect the continued employment or compensation of an educator who

was employed in an education position on October 31, 1979, and who did not make an election under subsection (p) as in effect on January 1, 1990.

"(2) POST-DIFFERENTIAL RATES.—(A) The Secretary may pay a post-differential rate not to exceed 25 percent of the rate of basic compensation, on the basis of conditions of environment or work which warrant additional pay as a recruitment and retention incentive.

"(B)(i) Upon the request of the supervisor and the local school board of a Bureau school, the Secretary shall grant the supervisor of the school authorization to provide one or more post-differentials under subparagraph (A) unless the Secretary determines for clear and convincing reasons (and advises the board in writing of those reasons) that certain of the requested post-differentials should be disapproved or decreased because there is no disparity of compensation for the involved employees or positions in the Bureau school, as compared with the nearest public school, that is either—

"(I) at least 5 percent; or

"(II) less than 5 percent and affects the recruitment or retention of employees at the school.

"(ii) A request under clause (i) shall be deemed granted at the end of the 60th day after the request is received in the Central Office of the Bureau unless before that time the request is approved, approved with modification, or disapproved by the Secretary.

"(iii) The Secretary or the supervisor of a Bureau school may discontinue or decrease a post-differential authorized under this subparagraph at the beginning of a school year if—

"(I) the local school board requests that such differential be discontinued or decreased; or

"(II) the Secretary or the supervisor determines for clear and convincing reasons (and advises the board in writing of those reasons) that there is no disparity of compensation that would affect the recruitment or retention of employees at the school after the differential is discontinued or decreased.

"(iv) On or before February 1 of each year, the Secretary shall submit to Congress a report describing the requests and grants of authority under this subparagraph during the previous year and listing

the positions contracted under those grants of authority.

"(h) LIQUIDATION OF REMAINING LEAVE UPON TERMINATION.—Upon termination of employment with the Bureau, any annual leave remaining to the credit of an individual within the purview of this section shall be liquidated in accordance with sections 5551(a) and 6306 of title 5, United States Code, except that leave earned or accrued under regulations prescribed pursuant to subsection (b)(10) of this section shall not be so liquidated.

"(i) TRANSFER OF REMAINING SICK LEAVE UPON TRANSFER, PROMOTION, OR REEMPLOYMENT.—In the case of any educator who is transferred, promoted, or reappointed, without break in service, to a position in the Federal Government under a different leave system, any remaining leave to the credit of such person earned or credited under the regulations prescribed pursuant to subsection (b)(10) shall be transferred to such person's credit in the employing agency on an adjusted basis in accordance with regulations which shall be prescribed by the Office of Personnel Management.

"(j) INELIGIBILITY FOR EMPLOYMENT OF VOLUNTARILY TERMINATED EDUCATORS.—An educator who voluntarily terminates employment with the Bureau before the expiration of the existing employment contract be-

tween such educator and the Bureau shall not be eligible to be employed in another education position in the Bureau during the remainder of the term of such contract.

"(k) DUAL COMPENSATION.—In the case of any educator employed in an education position described in subsection (l)(1)(A) who—

"(1) is employed at the close of a school year;

"(2) agrees in writing to serve in such position for the next school year; and

"(3) is employed in another position during the recess period immediately preceding such next school year, or during such recess period receives additional compensation referred to in section 5533 of title 5, United States Code, relating to dual compensation, shall not apply to such educator by reason of any such employment during a recess period for any receipt of additional compensation.

"(l) VOLUNTARY SERVICES.—Notwithstanding section 1342 of title 31, United States Code, the Secretary may, subject to the approval of the local school board concerned, accept voluntary services on behalf of Bureau schools. Nothing in this title shall be construed to require Federal employees to work without compensation or to allow the use of volunteer services to displace or replace Federal employees. An individual providing volunteer serv-

ices under this section is a Federal employee only for purposes of chapter 81 of title 5, United States Code, and chapter 171 of title 28, United States Code.

"(m) PRORATION OF PAY.—

"(1) ELECTION OF EMPLOYEE.—Notwithstanding any other provision of law, including laws relating to dual compensation, the Secretary, at the election of the employee, shall prorate the salary of an employee employed in an education position for the academic school year over the entire 12-month period. Each educator employed for the academic school year shall annually elect to be paid on a 12-month basis or for those months while school is in session. No educator shall suffer a loss of pay or benefits, including benefits under unemployment or other Federal or federally assisted programs, because of such election.

"(2) CHANGE OF ELECTION.—During the course of such year the employee may change election once.

"(3) LUMP SUM PAYMENT.—That portion of the employee's pay which would be paid between academic school years may be paid in a lump sum at the election of the employee.

"(4) DEFINITIONS.—For purposes of this subsection, the terms 'educator' and 'education position' have the meanings contained in paragraphs (1) and (2) of subsection (o). This subsection applies to those individuals employed under the provisions of section 1132 of this title or title 5, United States Code.

"(n) EXTRACURRICULAR ACTIVITIES.—

"(1) STIPEND.—Notwithstanding any other provision of law, the Secretary may provide, for each Bureau area, a stipend in lieu of overtime premium pay or compensatory time off. Any employee of the Bureau who performs additional activities to provide services to students or otherwise support the school's academic and social programs may elect to be compensated for all such work on the basis of the stipend. Such stipend shall be paid as a supplement to the employee's base pay.

"(2) ELECTION NOT TO RECEIVE STIPEND.—If an employee elects not to be compensated through the stipend established by this subsection, the appropriate provisions of title 5, United States Code, shall apply.

"(3) APPLICABILITY OF SUBSECTION.—This subsection applies to all Bureau employees, whether

employed under section 1132 of this title or title 5, United States Code.

"(o) DEFINITIONS.—For the purpose of this section—

"(1) EDUCATION POSITION.—The term 'education position' means a position in the Bureau the duties and responsibilities of which—

"(A) are performed on a school-year basis principally in a Bureau school and involve—

"(i) classroom or other instruction or the supervision or direction of classroom or other instruction;

"(ii) any activity (other than teaching) which requires academic credits in educational theory and practice equal to the academic credits in educational theory and practice required for a bachelor's degree in education from an accredited institution of higher education;

"(iii) any activity in or related to the field of education notwithstanding that academic credits in educational theory and practice are not a formal requirement for the conduct of such activity; or

"(iv) support services at, or associated with, the site of the school; or

"(B) are performed at the agency level of the Bureau and involve the implementation of education-related programs other than the position for agency superintendent for education.

"(2) EDUCATOR.—The term 'educator' means an individual whose services are required, or who is employed, in an education position.

"(p) COVERED INDIVIDUALS; ELECTION.—This section shall apply with respect to any educator hired after November 1, 1979 (and to any educator who elected for coverage under that provision after November 1, 1979), and to the position in which such individual is employed. The enactment of this section shall not affect the continued employment of an individual employed on October 31, 1979, in an education position, or such person's right to receive the compensation attached to such position.

"SEC. 1133. COMPUTERIZED MANAGEMENT INFORMATION SYSTEM.

"(a) ESTABLISHMENT OF SYSTEM.—Not later than July 1, 2001, the Secretary shall establish within the Office, a computerized management information system, which shall provide processing and information to the Of-

fice. The information provided shall include information regarding—

"(1) student enrollment;

"(2) curriculum;

"(3) staffing;

"(4) facilities;

"(5) community demographics;

"(6) student assessment information;

"(7) information on the administrative and program costs attributable to each Bureau program, divided into discreet elements;

"(8) relevant reports;

"(9) personnel records;

"(10) finance and payroll; and

"(11) such other items as the Secretary deems appropriate.

"(b) IMPLEMENTATION OF SYSTEM.—Not later than July 1, 2002, the Secretary shall complete implementation of such a system at each field office and Bureau funded school.

"SEC. 1134. UNIFORM EDUCATION PROCEDURES AND PRACTICES.

"The Secretary shall cause the various divisions of the Bureau to formulate uniform procedures and practices with respect to such concerns of those divisions as relate

to education, and shall report such practices and procedures to the Congress.

"SEC. 1135. RECRUITMENT OF INDIAN EDUCATORS.

"The Secretary shall institute a policy for the recruitment of qualified Indian educators and a detailed plan to promote employees from within the Bureau. Such plan shall include opportunities for acquiring work experience prior to actual work assignment.

"SEC. 1136. BIENNIAL REPORT; AUDITS.

"(a) BIENNIAL REPORTS.—The Secretary shall submit to each appropriate committee of Congress, all Bureau funded schools, and the tribal governing bodies of such schools, a detailed biennial report on the state of education within the Bureau and any problems encountered in Indian education during the 2-year period covered by the report. Such report shall contain suggestions for the improvement of the Bureau educational system and for increasing tribal or local Indian control of such system. Such report shall also include the current status of tribally controlled community colleges. The annual budget submission for the Bureau's education programs shall include—

"(1) information on the funds provided to previously private schools under section 208 of the Indian Self-Determination and Education Assistance

Act, and recommendations with respect to the future use of such funds;

"(2) the needs and costs of operations and maintenance of tribally controlled community colleges eligible for assistance under the Tribally Controlled Community College Assistance Act of 1978 and recommendations with respect to meeting such needs and costs; and

"(3) the plans required by sections 1121 (g), 1122(c), and 1125(b).

"(b) FINANCIAL AND COMPLIANCE AUDITS.—The Inspector General of the Department of the Interior shall establish a system to ensure that financial and compliance audits are conducted of each Bureau operated school at least once in every 3 years. Audits of Bureau schools shall be based upon the extent to which such school has complied with its local financial plan under section 1130.

"SEC. 1137. RIGHTS OF INDIAN STUDENTS.

"The Secretary shall prescribe such rules and regulations as are necessary to ensure the constitutional and civil rights of Indian students attending Bureau funded schools, including such students' right to privacy under the laws of the United States, such students' right to freedom of religion and expression, and such students' right

to due process in connection with disciplinary actions, suspensions, and expulsions.

"SEC. 1138. REGULATIONS.

"(a) IN GENERAL.—The Secretary is authorized to issue only such regulations as are necessary to ensure compliance with the specific provision of this Act. The Secretary shall publish proposed regulations in the Federal Register, shall provide a period of not less than 90 days for public comment thereon, and shall place in parentheses after each regulatory section the citation to any statutory provision providing authority to promulgate such regulatory provision.

"(b) MISCELLANEOUS.—

"(1) CONSTRUCTION.—The provisions of this Act shall supersede any conflicting provisions of law (including any conflicting regulations) in effect on the day before the date of the enactment of this Act and the Secretary is authorized to repeal any regulation inconsistent with the provisions of this Act.

"(2) LEGAL AUTHORITY TO BE STATED.—Regulations issued to implement this Act shall contain, immediately following each substantive provision of such regulations, citations to the particular section or sections of statutory law or other legal authority upon which provision is based.

"SEC. 1138A. REGIONAL MEETINGS AND NEGOTIATED RULEMAKING.

''(a) MEETINGS.—

''(1) IN GENERAL.—The Secretary shall obtain tribal involvement in the development of proposed regulations under this part and the Tribally Controlled Schools Act of 1988. The Secretary shall obtain the advice of and recommendations from representatives of Indian tribes with Bureau-funded schools on their reservations, Indian tribes whose children attend Bureau funded off-reservation boarding schools, school boards, administrators or employees of Bureau-funded schools, and parents and teachers of students enrolled in Bureau-funded schools.

''(2) ISSUES.—The Secretary shall provide for a comprehensive discussion and exchange of information concerning the implementation of this part and the Tribally Controlled Schools Act of 1988 through such mechanisms as regional meetings and electronic exchanges of information. The Secretary shall take into account the information received through such mechanisms in the development of proposed regulations and shall publish a summary of such information in the Federal Register together with such proposed regulations.

"(b) DRAFT REGULATIONS.—

"(1) IN GENERAL.—After obtaining the advice and recommendations described in subsection (a)(1) and before publishing proposed regulations in the Federal Register, the Secretary shall prepare draft regulations implementing this part and the Tribally Controlled Schools Act of 1988 and shall submit such regulations to a negotiated rulemaking process. Participants in the negotiations process shall be chosen by the Secretary from individuals nominated by the entities described in subsection (a)(1). To the maximum extent possible, the Secretary shall ensure that the tribal representative membership chosen pursuant to the preceding sentence reflects the proportionate share of students from tribes served by the Bureau-funded school system. The negotiation process shall be conducted in a timely manner in order that the final regulations may issued by the Secretary no later than 18 months after the enactment of this section.

"(2) NOTIFICATION TO CONGRESS.—If draft regulations implementing this part and the Tribally Controlled Schools Act of 1988 are not issued in final form by the deadline provided in paragraph (1), the Secretary shall notify the appropriate com-

mittees of Congress of which draft regulations were not issued in final form by the deadline and the reason such final regulations were not issued.

"(3) EXPANSION OF NEGOTIATED RULEMAKING.—All regulations pertaining to this part and the Tribally Controlled Schools Act of 1988 that are promulgated after the date of the enactment of this subsection shall be subject to a negotiated rulemaking (including the selection of the regulations to be negotiated), unless the Secretary determines that applying such a requirement with respect to given regulations is impracticable, unnecessary, or contrary to the public interest (within the meaning of section 553(b)(3)(B) of title 5), and publishes the basis for such determination in the Federal Register at the same time as the proposed regulations in question are first published. All published proposed regulations shall conform to agreements resulting from such negotiated rulemaking unless the Secretary reopens the negotiated rulemaking process or provides a written explanation to the participants in that process why the Secretary has decided to depart from such agreements. Such negotiated rulemaking shall be conducted in accordance with the provisions of subsection (a), and the Secretary shall ensure

that a clear and reliable record of agreements reached during the negotiation process is maintained.

"(c) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act shall apply to activities carried out under this section.

"SEC. 1139. EARLY CHILDHOOD DEVELOPMENT PROGRAM.

"(a) IN GENERAL.—The Secretary shall provide grants to tribes, tribal organizations, and consortia of tribes and tribal organizations to fund early childhood development programs that are operated by such tribes, organizations, or consortia.

"(b) AMOUNT OF GRANTS.—

"(1) IN GENERAL.—The total amount of the grants provided under subsection (a) with respect to each tribe, tribal organization, or consortium of tribes or tribal organizations for each fiscal year shall be equal to the amount which bears the same relationship to the total amount appropriated under the authority of subsection (g) for such fiscal year (less amounts provided under subsection (f)) as—

"(A) the total number of children under 6 years of age who are members of—

"(i) such tribe;

"(ii) the tribe that authorized such tribal organization; or

"(iii) any tribe that—

"(I) is a member of such consortium; or

"(II) authorizes any tribal organization that is a member of such consortium; bears to

"(B) the total number of all children under 6 years of age who are members of any tribe that—

"(i) is eligible to receive funds under subsection (a);

"(ii) is a member of a consortium that is eligible to receive such funds; or

"(iii) authorizes a tribal organization that is eligible to receive such funds.

"(2) LIMITATION.—No grant may be provided under subsection (a)—

"(A) to any tribe that has less than 500 members;

"(B) to any tribal organization which is authorized—

"(i) by only one tribe that has less than 500 members; or

"(ii) by one or more tribes that have a combined total membership of less than 500 members; or

"(C) to any consortium composed of tribes, or tribal organizations authorized by tribes, that have a combined total tribal membership of less than 500 members.

"(c) APPLICATION.—

"(1) IN GENERAL.—A grant may be provided under subsection (a) to a tribe, tribal organization, or consortia of tribes and tribal organizations only if the tribe, organization, or consortia submits to the Secretary an application for the grant at such time and in such form as the Secretary shall prescribe.

"(2) CONTENTS.—Applications submitted under paragraph (1) shall set forth the early childhood development program that the applicant desires to operate.

"(d) REQUIREMENT OF PROGRAMS FUNDED.—The early childhood development programs that are funded by grants provided under subsection (a)—

"(1) shall coordinate existing programs and may provide services that meet identified needs of parents and children under 6 years of age which are not being met by existing programs, including—

"(A) prenatal care;

"(B) nutrition education;

"(C) health education and screening;

"(D) family literacy services;

"(E) educational testing; and

"(F) other educational services;

"(2) may include instruction in the language, art, and culture of the tribe; and

"(3) shall provide for periodic assessment of the program.

"(e) COORDINATION OF FAMILY LITERACY PROGRAMS.—Family literacy programs operated under this section or other similar programs operated by the Bureau shall coordinate with family literacy programs for Indian children under part B of title I of the Elementary and Secondary Education Act of 1965 in order to avoid duplication and to encourage the dissemination of information on quality family literacy programs serving Indians.

"(f) ADMINISTRATIVE COSTS.—The Secretary shall, out of funds appropriated under subsection (g), include in the grants provided under subsection (a) amounts for administrative costs incurred by the tribe, tribal organization, or consortium of tribes in establishing and maintaining the early childhood development program.

"(g) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out the provisions of this section, there are authorized to be appropriated $10,000,000 for fiscal year 2000 and such sums as may be necessary for each of the fiscal years 2001, 2002, 2003, and 2004.

"SEC. 1140. TRIBAL DEPARTMENTS OR DIVISIONS OF EDUCATION.

"(a) IN GENERAL.—Subject to the availability of appropriations, the Secretary shall provide grants and technical assistance to tribes for the development and operation of tribal departments of education for the purpose of planning and coordinating all educational programs of the tribe.

"(b) GRANTS.—Grants provided under this section shall—

"(1) be based on applications from the governing body of the tribe;

"(2) reflect factors such as geographic and population diversity;

"(3) facilitate tribal control in all matters relating to the education of Indian children on Indian reservations (and on former Indian reservations in Oklahoma);

"(4) provide for the development of coordinated educational programs on Indian reservations (and on

former Indian reservations in Oklahoma) (including all preschool, elementary, secondary, and higher or vocational educational programs funded by tribal, Federal, or other sources) by encouraging tribal administrative support of all Bureau funded educational programs as well as encouraging tribal cooperation and coordination with all educational programs receiving financial support from State agencies, other Federal agencies, or private entities;

"(5) provide for the development and enforcement of tribal educational codes, including tribal educational policies and tribal standards applicable to curriculum, personnel, students, facilities, and support programs; and

"(6) otherwise comply with regulations for grants under section 103(a) of the Indian Self-Determination and Educational Assistance Act that are in effect on the date that application for such grants are made.

"(c) PRIORITIES.—

"(1) IN GENERAL.—In making grants under this section, the Secretary shall give priority to any application that—

"(A) includes assurances from the majority of Bureau funded schools located within the

boundaries of the reservation of the applicant that the tribal department of education to be funded under this section will provide coordinating services and technical assistance to all of such schools, including the submission to each applicable agency of a unified application for funding for all of such schools which provides that—

"(i) no administrative costs other than those attributable to the individual programs of such schools will be associated with the unified application; and

"(ii) the distribution of all funds received under the unified application will be equal to the amount of funds provided by the applicable agency to which each of such schools is entitled under law;

"(B) includes assurances from the tribal governing body that the tribal department of education funded under this section will administer all contracts or grants (except those covered by the other provisions of this title and the Tribally Controlled Community College Assistance Act of 1978) for education programs ad-

ministered by the tribe and will coordinate all of the programs to the greatest extent possible;

"(C) includes assurances for the monitoring and auditing by or through the tribal department of education of all education programs for which funds are provided by contract or grant to ensure that the programs meet the requirements of law; and

"(D) provides a plan and schedule for—

"(i) the assumption over the term of the grant by the tribal department of education of all assets and functions of the Bureau agency office associated with the tribe, insofar as those responsibilities relate to education; and

"(ii) the termination by the Bureau of such operations and office at the time of such assumption,

except that when mutually agreeable between the tribal governing body and the Assistant Secretary, the period in which such assumption is to occur may be modified, reduced, or extended after the initial year of the grant.

"(2) TIME PERIOD OF GRANT.—Subject to the availability of appropriated funds, grants provided

under this section shall be provided for a period of 3 years and the grant may, if performance by the grantee is satisfactory to the Secretary, be renewed for additional 3-year terms.

''(d) TERMS, CONDITIONS, OR REQUIREMENTS.—The Secretary shall not impose any terms, conditions, or requirements on the provision of grants under this section that are not specified in this section.

''(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out the provisions of this section, there are authorized to be appropriated $2,000,000 for fiscal year 2000 and such sums as may be necessary for each of the fiscal years 2001, 2002, 2003, and 2004.

''SEC. 1141. DEFINITIONS.

''For the purposes of this part, unless otherwise specified:

''(1) AGENCY SCHOOL BOARD.—The term 'agency school board' means a body, the members of which are appointed by all of the school boards of the schools located within an agency, including schools operated under contract or grant, and the number of such members shall be determined by the Secretary in consultation with the affected tribes, except that, in agencies serving a single school, the school board of such school shall fulfill these duties,

and in agencies having schools or a school operated under contract or grant, one such member at least shall be from such a school.

"(2) BUREAU.—The term 'Bureau' means the Bureau of Indian Affairs of the Department of the Interior.

"(3) BUREAU FUNDED SCHOOL.—The term 'Bureau funded school' means—

"(A) a Bureau school;

"(B) a contract or grant school; or

"(C) a school for which assistance is provided under the Tribally Controlled Schools Act of 1988.

"(4) BUREAU SCHOOL.—The term 'Bureau school' means a Bureau operated elementary or secondary day or boarding school or a Bureau operated dormitory for students attending a school other than a Bureau school.

"(5) CONTRACT OR GRANT SCHOOL.—The term 'contract or grant school' means an elementary or secondary school or dormitory which receives financial assistance for its operation under a contract, grant or agreement with the Bureau under section 102, 103(a), or 208 of the Indian Self-Determina-

tion and Education Assistance Act, or under the Tribally Controlled Schools Act of 1988.

"(6) EDUCATION LINE OFFICER.—The term 'education line officer' means education personnel under the supervision of the Director, whether located in the central, area, or agency offices.

"(7) FINANCIAL PLAN.—The term 'financial plan' means a plan of services provided by each Bureau school.

"(8) INDIAN ORGANIZATION.—the term 'Indian organization' means any group, association, partnership, corporation, or other legal entity owned or controlled by a federally recognized Indian tribe or tribes, or a majority of whose members are members of federally recognized tribes.

"(9) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' means a board of education or other legally constituted local school authority having administrative control and direction of free public education in a county, township, independent, or other school district located within a State, and includes any State agency which directly operates and maintains facilities for providing free public education.

"(10) LOCAL SCHOOL BOARD.—The term 'local school board', when used with respect to a Bureau school, means a body chosen in accordance with the laws of the tribe to be served or, in the absence of such laws, elected by the parents of the Indian children attending the school, except that in schools serving a substantial number of students from different tribes, the members shall be appointed by the governing bodies of the tribes affected, and the number of such members shall be determined by the Secretary in consultation with the affected tribes.

"(11) OFFICE.—The term 'Office' means the Office of Indian Education Programs within the Bureau.

"(12) SECRETARY.—The term 'Secretary' means the Secretary of the Interior.

"(13) SUPERVISOR.—The term 'supervisor' means the individual in the position of ultimate authority at a Bureau school.

"(14) TRIBAL GOVERNING BODY.—The term 'tribal governing body' means, with respect to any school, the tribal governing body, or tribal governing bodies, that represent at least 90 percent of the students served by such school.

"(15) TRIBE.—The term 'tribe' means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.".

(c) TRIBALLY CONTROLLED SCHOOLS ACT OF 1988.—Sections 5202 through 5212 of Public Law 100–297 (25 U.S.C. 2501 et seq.) are amended to read as follows:

"SEC. 5202. FINDINGS.

"Congress, after careful review of the Federal Government's historical and special legal relationship with, and resulting responsibilities to, Indians, finds that—

"(1) the Indian Self-Determination and Education Assistance Act, which was a product of the legitimate aspirations and a recognition of the inherent authority of Indian nations, was and is a crucial positive step towards tribal and community control;

"(2) the Bureau of Indian Affairs' administration and domination of the contracting process under such Act has not provided the full opportunity

to develop leadership skills crucial to the realization of self-government and has denied Indians an effective voice in the planning and implementation of programs for the benefit of Indians which are responsive to the true needs of Indian communities;

''(3) Indians will never surrender their desire to control their relationships both among themselves and with non-Indian governments, organizations, and persons;

''(4) true self-determination in any society of people is dependent upon an educational process which will ensure the development of qualified people to fulfill meaningful leadership roles;

''(5) the Federal administration of education for Indian children has not effected the desired level of educational achievement or created the diverse opportunities and personal satisfaction that education can and should provide;

''(6) true local control requires the least possible Federal interference; and

''(7) the time has come to enhance the concepts made manifest in the Indian Self-Determination and Education Assistance Act.

"SEC. 5203. DECLARATION OF POLICY.

"(a) RECOGNITION.—Congress recognizes the obligation of the United States to respond to the strong expression of the Indian people for self-determination by assuring maximum Indian participation in the direction of educational services so as to render such services more responsive to the needs and desires of those communities.

"(b) COMMITMENT.—Congress declares its commitment to the maintenance of the Federal Government's unique and continuing trust relationship with and responsibility to the Indian people through the establishment of a meaningful Indian self-determination policy for education which will deter further perpetuation of Federal bureaucratic domination of programs.

"(c) NATIONAL GOAL.—Congress declares that a major national goal of the United States is to provide the resources, processes, and structure which will enable tribes and local communities to effect the quantity and quality of educational services and opportunities which will permit Indian children to compete and excel in the life areas of their choice and to achieve the measure of self-determination essential to their social and economic well-being.

"(d) EDUCATIONAL NEEDS.—Congress affirms the reality of the special and unique educational needs of Indian peoples, including the need for programs to meet the linguistic and cultural aspirations of Indian tribes and

communities. These may best be met through a grant process.

"(e) FEDERAL RELATIONS.—Congress declares its commitment to these policies and its support, to the full extent of its responsibility, for Federal relations with the Indian Nations.

"(f) TERMINATION.—Congress hereby repudiates and rejects House Resolution 108 of the 83d Congress and any policy of unilateral termination of Federal relations with any Indian Nation.

"SEC. 5204. GRANTS AUTHORIZED.

"(a) IN GENERAL.—

"(1) ELIGIBILITY.—The Secretary shall provide grants to Indian tribes, and tribal organizations that—

"(A) operate contract schools under title XI of the Education Amendments of 1978 and notify the Secretary of their election to operate the schools with assistance under this part rather than continuing as contract school;

"(B) operate other tribally controlled schools eligible for assistance under this part and submit applications (which are approved by their tribal governing bodies) to the Secretary for such grants; or

"(C) elect to assume operation of Bureau funded schools with the assistance under this part and submit applications (which are approved by their tribal governing bodies) to the Secretary for such grants.

"(2) DEPOSIT OF FUNDS.—Grants provided under this part shall be deposited into the general operating fund of the tribally controlled school with respect to which the grant is made.

"(3) USE OF FUNDS.—(A) Except as otherwise provided in this paragraph, grants provided under this part shall be used to defray, at the discretion of the school board of the tribally controlled school with respect to which the grant is provided, any expenditures for education related activities for which any funds that compose the grant may be used under the laws described in section 5205(a), including, but not limited to, expenditures for—

"(i) school operations, academic, educational, residential, guidance and counseling, and administrative purposes; and

"(ii) support services for the school, including transportation.

"(B) Grants provided under this part may, at the discretion of the school board of the tribally con-

trolled school with respect to which such grant is provided, be used to defray operations and maintenance expenditures for the school if any funds for the operation and maintenance of the school are allocated to the school under the provisions of any of the laws described in section 5205(a).

''(b) LIMITATIONS.—

''(1) ONE GRANT PER TRIBE OR ORGANIZATION PER FISCAL YEAR.—Not more than one grant may be provided under this part with respect to any Indian tribe or tribal organization for any fiscal year.

''(2) NONSECTARIAN USE.—Funds provided under any grant made under this part may not be used in connection with religious worship or sectarian instruction.

''(3) ADMINISTRATIVE COSTS LIMITATION.—Funds provided under any grant under this part may not be expended for administrative costs (as defined in section 1128(h)(1) of the Education Amendments of 1978) in excess of the amount generated for such costs under section 1128 of such Act.

''(c) LIMITATION ON TRANSFER OF FUNDS AMONG SCHOOLSITES.—

''(1) IN GENERAL.—In the case of a grantee that operates schools at more than one schoolsite,

the grantee may expend not more than the lesser of—

"(A) 10 percent of the funds allocated for such schoolsite under section 1128 of the Education Amendments of 1978; or

"(B) $400,000 of such funds, at any other schoolsite.

"(2) DEFINITION OF SCHOOLSITE.—For purposes of this subsection, the term 'schoolsite' means the physical location and the facilities of an elementary or secondary educational or residential program operated by, or under contract or grant with, the Bureau for which a discreet student count is identified under the funding formula established under section 1127 of the Education Amendments of 1978.

"(d) NO REQUIREMENT TO ACCEPT GRANTS.—Nothing in this part may be construed—

"(1) to require a tribe or tribal organization to apply for or accept; or

"(2) to allow any person to coerce any tribe or tribal organization to apply for, or accept,

a grant under this part to plan, conduct, and administer all of, or any portion of, any Bureau program. Such applications and the timing of such applications shall be strictly voluntary. Nothing in this part may be construed as allow-

ing or requiring any grant with any entity other than the entity to which the grant is provided.

"(e) NO EFFECT ON FEDERAL RESPONSIBILITY.—Grants provided under this part shall not terminate, modify, suspend, or reduce the responsibility of the Federal Government to provide a program.

"(f) RETROCESSION.—

"(1) IN GENERAL.—Whenever a tribal governing body requests retrocession of any program for which assistance is provided under this part, such retrocession shall become effective upon a date specified by the Secretary that is not later than 120 days after the date on which the tribal governing body requests the retrocession. A later date as may be specified if mutually agreed upon by the Secretary and the tribal governing body. If such a program is retroceded, the Secretary shall provide to any Indian tribe served by such program at least the same quantity and quality of services that would have been provided under such program at the level of funding provided under this part prior to the retrocession.

"(2) STATUS AFTER RETROCESSION.—The tribe requesting retrocession shall specify whether the retrocession is to status as a Bureau operated school

or as a school operated under contract under title XI of the Education Amendments of 1978.

"(3) TRANSFER OF EQUIPMENT AND MATERIALS.—Except as otherwise determined by the Secretary, the tribe or tribal organization operating the program to be retroceded must transfer to the Secretary (or to the tribe or tribal organization which will operate the program as a contract school) the existing equipment and materials which were acquired—

"(A) with assistance under this part; or

"(B) upon assumption of operation of the program under this part if the school was a Bureau funded school under title XI of the Education Amendments of 1978 before receiving assistance under this part.

"(g) PROHIBITION OF TERMINATION FOR ADMINISTRATIVE CONVENIENCE.—Grants provided under this part may not be terminated, modified, suspended, or reduced solely for the convenience of the administering agency.

"SEC. 5205. COMPOSITION OF GRANTS.

"(a) IN GENERAL.—The grant provided under this part to an Indian tribe or tribal organization for any fiscal year shall consist of—

"(1) the total amount of funds allocated for such fiscal year under sections 1127 and 1128 of the Education Amendments of 1978 with respect to the tribally controlled schools eligible for assistance under this part which are operated by such Indian tribe or tribal organization, including, but not limited to, funds provided under such sections, or under any other provision of law, for transportation costs;

"(2) to the extent requested by such Indian tribe or tribal organization, the total amount of funds provided from operations and maintenance accounts and, notwithstanding section 105 of the Indian Self-Determination Act, or any other provision of law, other facilities accounts for such schools for such fiscal year (including but not limited to those referenced under section 1126(d) of the Education Amendments of 1978 or any other law); and

"(3) the total amount of funds that are allocated to such schools for such fiscal year under—

"(A) title I of the Elementary and Secondary Education Act of 1965;

"(B) the Individuals with Disabilities Education Act; and

"(C) any other Federal education law, that are allocated to such schools for such fiscal year.

"(b) SPECIAL RULES.—

"(1) IN GENERAL.—(A) Funds allocated to a tribally controlled school by reason of paragraph (1) or (2) of subsection (a) shall be subject to the provisions of this part and shall not be subject to any additional restriction, priority, or limitation that is imposed by the Bureau with respect to funds provided under—

"(i) title I of the Elementary and Secondary Education Act of 1965;

"(ii) the Individuals with Disabilities Education Act; or

"(iii) any Federal education law other than title XI of the Education Amendments of 1978.

"(B) Indian tribes and tribal organizations to which grants are provided under this part, and tribally controlled schools for which such grants are provided, shall not be subject to any requirements, obligations, restrictions, or limitations imposed by the Bureau that would otherwise apply solely by reason of the receipt of funds provided under any law re-

ferred to in clause (i), (ii), or (iii) of subparagraph (A).

"(2) SCHOOLS CONSIDERED CONTRACT SCHOOLS.—Tribally controlled schools for which grants are provided under this part shall be treated as contract schools for the purposes of allocation of funds under sections 1126(d), 1127, and 1128 of the Education Amendments of 1978.

"(3) SCHOOLS CONSIDERED BUREAU SCHOOLS.—Tribally controlled schools for which grants are provided under this chapter shall be treated as Bureau schools for the purposes of allocation of funds provided under—

"(A) title I of the Elementary and Secondary Education Act of 1965;

"(B) the Individuals with Disabilities Education Act; and

"(C) any other Federal education law, that are distributed through the Bureau.

"(4) ACCOUNTS; USE OF CERTAIN FUNDS.—(A) Notwithstanding section 5204(a)(2), with respect to funds from facilities improvement and repair, alteration and renovation (major or minor), health and safety, or new construction accounts included in the grant under section 5204(a), the grantee shall main-

tain a separate account for such funds. At the end of the period designated for the work covered by the funds received, the grantee shall submit to the Secretary a separate accounting of the work done and the funds expended to the Secretary. Funds received from these accounts may only be used for the purpose for which they were appropriated and for the work encompassed by the application or submission under which they were received.

''(B) Notwithstanding subparagraph (A), a school receiving a grant under this part for facilities improvement and repair may use such grant funds for new construction if the tribal government or other organization provides funding for the new construction equal to at least 25 percent of the total cost of such new construction.

''(C) Where the appropriations measure or the application submission does not stipulate a period for the work covered by the funds so designated, the Secretary and the grantee shall consult and determine such a period prior to the transfer of the funds. A period so determined may be extended upon mutual agreement of the Secretary and the grantee.

"(5) ENFORCEMENT OF REQUEST TO INCLUDE FUNDS.—If the Secretary fails to carry out a request made under subsection (a)(2) within 180 days of a request filed by an Indian tribe or tribal organization to include in such tribe or organization's grant the funds described in subsection (a)(2), the Secretary shall be deemed to have approved such request and the Secretary shall immediately amend the grant accordingly. Such tribe or organization may enforce its rights under subsection (a)(2) and this paragraph, including any denial or failure to act on such tribe or organization's request, pursuant to the disputes authority described in section 5209(e).

"SEC. 5206. ELIGIBILITY FOR GRANTS.

"(a) RULES.—

"(1) IN GENERAL.—A tribally controlled school is eligible for assistance under this part if the school—

"(A) on April 28, 1988, was a contract school under title XI of the Education Amendments of 1978 and the tribe or tribal organization operating the school submits to the Secretary a written notice of election to receive a grant under this part;

"(B) was a Bureau operated school under title XI of the Education Amendments of 1978 and has met the requirements of subsection (b);

"(C) is a school for which the Bureau has not provided funds, but which has met the requirements of subsection (c); or

"(D) is a school with respect to which an election has been made under paragraph (2) and which has met the requirements of subsection (b).

"(2) NEW SCHOOLS.—Any application which has been submitted under the Indian Self-Determination and Education Assistance Act by an Indian tribe for a school which is not in operation on the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's) shall be reviewed under the guidelines and regulations for applications submitted under the Indian Self-Determination and Education Assistance Act that were in effect at the time the application was submitted, unless the Indian tribe or tribal organization elects to have the application reviewed under the provisions of subsection (b).

"(b) ADDITIONAL REQUIREMENTS FOR BUREAU FUNDED SCHOOLS AND CERTAIN ELECTING SCHOOLS.—

"(1) BUREAU FUNDED SCHOOLS.—A school that was a Bureau funded school under title XI of the Education Amendments of 1978 on the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), and any school with respect to which an election is made under subsection (a)(2), meets the requirements of this subsection if—

"(A) the Indian tribe or tribal organization that operates, or desires to operate, the school submits to the Secretary an application requesting that the Secretary—

"(i) transfer operation of the school to the Indian tribe or tribal organization, if the Indian tribe or tribal organization is not already operating the school; and

"(ii) make a determination as to whether the school is eligible for assistance under this part; and

"(B) the Secretary makes a determination that the school is eligible for assistance under this part.

"(2) CERTAIN ELECTING SCHOOLS.—(A) By not later than the date that is 120 days after the date on which an application is submitted to the

Secretary under paragraph (1)(A), the Secretary shall determine—

"(i) in the case of a school which is not being operated by the Indian tribe or tribal organization, whether to transfer operation of the school to the Indian tribe or tribal organization; and

"(ii) whether the school is eligible for assistance under this part.

"(B) In considering applications submitted under paragraph (1)(A), the Secretary—

"(i) shall transfer operation of the school to the Indian tribe or tribal organization, if the tribe or tribal organization is not already operating the school; and

"(ii) shall determine that the school is eligible for assistance under this part, unless the Secretary finds by clear and convincing evidence that the services to be provided by the Indian tribe or tribal organization will be deleterious to the welfare of the Indians served by the school.

"(C) In considering applications submitted under paragraph (1)(A), the Secretary shall consider whether the Indian tribe or tribal organization would be deficient in operating the school with respect to—

"(i) equipment;

"(ii) bookkeeping and accounting procedures;

"(iii) ability to adequately manage a school; or

"(iv) adequately trained personnel.

"(c) ADDITIONAL REQUIREMENTS FOR A SCHOOL WHICH IS NOT A BUREAU FUNDED SCHOOL.—

"(1) IN GENERAL.—A school which is not a Bureau funded school under title XI of the Education Amendments of 1978 meets the requirements of this subsection if—

"(A) the Indian tribe or tribal organization that operates, or desires to operate, the school submits to the Secretary an application requesting a determination by the Secretary as to whether the school is eligible for assistance under this part; and

"(B) the Secretary makes a determination that a school is eligible for assistance under this part.

"(2) DEADLINE FOR DETERMINATION BY SECRETARY.—(A) By not later than the date that is 180 days after the date on which an application is submitted to the Secretary under paragraph (1)(A),

the Secretary shall determine whether the school is eligible for assistance under this part.

"(B) In making the determination under subparagraph (A), the Secretary shall give equal consideration to each of the following factors:

"(i) with respect to the applicant's proposal—

"(I) the adequacy of facilities or the potential to obtain or provide adequate facilities;

"(II) geographic and demographic factors in the affected areas;

"(III) adequacy of the applicant's program plans;

"(IV) geographic proximity of comparable public education; and

"(V) the needs as expressed by all affected parties, including but not limited to students, families, tribal governments at both the central and local levels, and school organizations; and

"(ii) with respect to all education services already available—

"(I) geographic and demographic factors in the affected areas;

"(II) adequacy and comparability of programs already available;

"(III) consistency of available programs with tribal education codes or tribal legislation on education; and

"(IV) the history and success of these services for the proposed population to be served, as determined from all factors including, if relevant, standardized examination performance.

"(C) The Secretary may not make a determination under this paragraph that is primarily based upon the geographic proximity of comparable public education.

"(D) Applications submitted under paragraph (1)(A) shall include information on the factors described in subparagraph (B)(i), but the applicant may also provide the Secretary such information relative to the factors described in subparagraph (B)(ii) as the applicant considers appropriate.

"(E) If the Secretary fails to make a determination under subparagraph (A) with respect to an application within 180 days after the date on which the Secretary received the application, the Secretary shall be treated as having made a determination that

the tribally controlled school is eligible for assistance under the title and the grant shall become effective 18 months after the date on which the Secretary received the application, or on an earlier date, at the Secretary's discretion.

"(d) FILING OF APPLICATIONS AND REPORTS.—

"(1) IN GENERAL.—All applications and reports submitted to the Secretary under this part, and any amendments to such applications or reports, shall be filed with the education line officer designated by the Director of the Office of Indian Education Programs of the Bureau of Indian Affairs. The date on which such filing occurs shall, for purposes of this part, be treated as the date on which the application or amendment was submitted to the Secretary.

"(2) SUPPORTING DOCUMENTATION.—Any application that is submitted under this chapter shall be accompanied by a document indicating the action taken by the tribal governing body in authorizing such application.

"(e) EFFECTIVE DATE FOR APPROVED APPLICATIONS.—Except as provided by subsection (c)(2)(E), a grant provided under this part, and any transfer of the operation of a Bureau school made under subsection (b), shall become effective beginning the academic year suc-

ceeding the fiscal year in which the application for the grant or transfer is made, or at an earlier date determined by the Secretary.

"(f) DENIAL OF APPLICATIONS.—

"(1) IN GENERAL.—Whenever the Secretary refuses to approve a grant under this chapter, to transfer operation of a Bureau school under subsection (b), or determines that a school is not eligible for assistance under this part, the Secretary shall—

"(A) state the objections in writing to the tribe or tribal organization within the allotted time;

"(B) provide assistance to the tribe or tribal organization to overcome all stated objections.

"(C) at the request of the tribe or tribal organization, provide the tribe or tribal organization a hearing on the record under the same rules and regulations that apply under the Indian Self-Determination and Education Assistance Act; and

"(D) provide an opportunity to appeal the objection raised.

"(2) TIMELINE FOR RECONSIDERATION OF AMENDED APPLICATIONS.—The Secretary shall reconsider any amended application submitted under this part within 60 days after the amended application is submitted to the Secretary.

"(g) REPORT.—The Bureau shall submit an annual report to the Congress on all applications received, and actions taken (including the costs associated with such actions), under this section at the same time that the President is required to submit to Congress the budget under section 1105 of title 31, United States Code.

"SEC. 5207. DURATION OF ELIGIBILITY DETERMINATION.

"(a) IN GENERAL.—If the Secretary determines that a tribally controlled school is eligible for assistance under this part, the eligibility determination shall remain in effect until the determination is revoked by the Secretary, and the requirements of subsection (b) or (c) of section 5206, if applicable, shall be considered to have been met with respect to such school until the eligibility determination is revoked by the Secretary.

"(b) ANNUAL REPORTS.—

"(1) IN GENERAL.—Each recipient of a grant provided under this part shall complete an annual report which shall be limited to—

"(A) an annual financial statement reporting revenue and expenditures as defined by the cost accounting established by the grantee;

"(B) an annual financial audit conducted pursuant to the standards of the Single Audit Act of 1984;

"(C) an annual submission to the Secretary of the number of students served and a brief description of programs offered under the grant; and

"(D) a program evaluation conducted by an impartial evaluation review team, to be based on the standards established for purposes of subsection (c)(1)(A)(ii).

"(2) EVALUATION REVIEW TEAMS.—Where appropriate, other tribally controlled schools and representatives of tribally controlled community colleges shall make up members of the evaluation review teams.

"(3) EVALUATIONS.—In the case of a school which is accredited, evaluations will be conducted at intervals under the terms of accreditation.

"(4) SUBMISSION OF REPORT.—

"(A) TO TRIBALLY GOVERNING BODY.—Upon completion of the report required under

paragraph (a), the recipient of the grant shall send (via first class mail, return receipt requested) a copy of such annual report to the tribal governing body (as defined in section 1132(f) of the Education Amendments of 1978) of the tribally controlled school.

"(B) TO SECRETARY.—Not later than 30 days after receiving written confirmation that the tribal governing body has received the report send pursuant to subsection (A), the recipient of the grant shall send a copy of the report to the Secretary.

"(c) REVOCATION OF ELIGIBILITY.—

"(1) IN GENERAL.—(A) The Secretary shall not revoke a determination that a school is eligible for assistance under this part if—

"(i) the Indian tribe or tribal organization submits the reports required under subsection (b) with respect to the school; and

"(ii) at least one of the following subclauses applies with respect to the school:

"(I) The school is certified or accredited by a State or regional accrediting association or is a candidate in good standing for such accreditation under the rules

of the State or regional accrediting association, showing that credits achieved by the students within the education programs are, or will be, accepted at grade level by a State certified or regionally accredited institution.

''(II) A determination made by the Secretary that there is a reasonable expectation that the accreditation described in subclause (I), or the candidacy in good standing for such accreditation, will be reached by the school within 3 years and that the program offered by the school is beneficial to the Indian students.

''(III) The school is accredited by a tribal department of education if such accreditation is accepted by a generally recognized regional or State accreditation agency.

''(IV) The schools accept the standards promulgated under section 1121 of the Education Amendments of 1978 and an evaluation of performance is conducted under this section in conformance with the regulations pertaining to Bureau operated

schools by an impartial evaluator chosen by the grantee, but no grantee shall be required to comply with these standards to a higher degree than a comparable Bureau operated school.

"(V) A positive evaluation of the school is conducted by an impartial evaluator agreed upon by the Secretary and the grantee every 2 years under standards adopted by the contractor under a contract for a school entered into under the Indian Self-Determination and Education Assistance Act (or revisions of such standards agreed to by the Secretary and the grantee) prior to the date of the enactment of this Act. If the Secretary and the grantee other than the tribal governing body fail to agree on such an evaluator, the tribal governing body shall choose the evaluator or perform the evaluation. If the Secretary and a grantee which is the tribal governing body fail to agree on such an evaluator, this subclause shall not apply.

"(B) The choice of standards employed for the purpose of subparagraph (A)(ii) shall be consistent

with section 1121(e) of the Education Amendments of 1978.

"(2) NOTICE REQUIREMENTS FOR REVOCATION.—The Secretary shall not revoke a determination that a school is eligible for assistance under this part, or reassume control of a school that was a Bureau school prior to approval of an application submitted under section 5206(b)(1)(A) until the Secretary—

"(A) provides notice to the tribally controlled school and the tribal governing body (within the meaning of section 1141(14) of the Education Amendments of 1978) of the tribally controlled school which states—

"(i) the specific deficiencies that led to the revocation or resumption determination; and

"(ii) the actions that are needed to remedy such deficiencies; and

"(B) affords such authority an opportunity to effect the remedial actions.

"(3) TECHNICAL ASSISTANCE.—The Secretary shall provide such technical assistance as is practicable to effect such remedial actions. Such notice and technical assistance shall be in addition to a

hearing and appeal to be conducted pursuant to the regulations described in section 5206(f)(1)(C).

"(d) APPLICABILITY OF SECTION PURSUANT TO ELECTION UNDER SECTION 5209(b).—With respect to a tribally controlled school which receives assistance under this part pursuant to an election made under section 5209(b)—

"(1) subsection (b) of this section shall apply; and

"(2) the Secretary may not revoke eligibility for assistance under this part except in conformance with subsection (c) of this section.

"SEC. 5208. PAYMENT OF GRANTS; INVESTMENT OF FUNDS.

"(a) PAYMENTS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall make payments to grantees under this part in two payments, of which—

"(A) the first payment shall be made not later than July 15 of each year in an amount equal to 85 percent of the amount which the grantee was entitled to receive during the preceding academic year; and

"(B) the second payment, consisting of the remainder to which the grantee is entitled for

the academic year, shall be made not later than December 1 of each year.

"(2) NEWLY FUNDED SCHOOLS.—For any school for which no payment under this part was made from Bureau funds in the preceding academic year, full payment of the amount computed for the first academic year of eligibility under this part shall be made not later than December 1 of the academic year.

"(3) LATE FUNDING.—With regard to funds for grantees that become available for obligation on October 1 of the fiscal year for which such funds are appropriated, the Secretary shall make payments to grantees not later than December 1 of the fiscal year.

"(4) APPLICABILITY OF CERTAIN TITLE 31 PROVISIONS.—The provisions of chapter 39 of Title 31, United States Code, shall apply to the payments required to be made by paragraphs (1), (2), and (3).

"(5) RESTRICTIONS.—Paragraphs (1), (2), and (3) shall be subject to any restriction on amounts of payments under this part that are imposed by a continuing resolution or other Act appropriating the funds involved.

"(b) INVESTMENT OF FUNDS.—

"(1) TREATMENT OF INTEREST AND INVESTMENT INCOME.—Notwithstanding any other provision of law, any interest or investment income that accrues to any funds provided under this part after such funds are paid to the Indian tribe or tribal organization and before such funds are expended for the purpose for which such funds were provided under this part shall be the property of the Indian tribe or tribal organization and shall not be taken into account by any officer or employee of the Federal Government in determining whether to provide assistance, or the amount of assistance, under any provision of Federal law. Such interest income shall be spent on behalf of the school.

"(2) PERMISSIBLE INVESTMENTS.—Funds provided under this part may be invested by the Indian tribe or tribal organization before such funds are expended for the purposes of this part so long as such funds are—

"(A) invested by the Indian tribe or tribal organization only in obligations of the United States, or in obligations or securities that are guaranteed or insured by the United States, or mutual (or other) funds registered with the Securities and Exchange Commission and which

only invest in obligations of the United States, or securities that are guaranteed or insured by the United States; or

"(B) deposited only into accounts that are insure by and agency or instrumentality of the United States, or are fully collateralized to ensure protection of the funds, even in the event of a bank failure.

"(c) RECOVERIES.—For the purposes of underrecovery and overrecovery determinations by any Federal agency for any other funds, from whatever source derived, funds received under this part shall not be taken into consideration.

"SEC. 5209. APPLICATION WITH RESPECT TO INDIAN SELF-DETERMINATION AND EDUCATION ASSISTANCE ACT.

"(a) CERTAIN PROVISIONS TO APPLY TO GRANTS.—The following provisions of the Indian Self-Determination and Education Assistance Act (and any subsequent revisions thereto or renumbering thereof), shall apply to grants provided under this part:

"(1) Section 5(f) (relating to single agency audit).

"(2) Section 6 (relating to criminal activities; penalties).

"(3) Section 7 (relating to wage and labor standards).

"(4) Section 104 (relating to retention of Federal employee coverage).

"(5) Section 105(f) (relating to Federal property).

"(6) Section 105(k) (relating to access to Federal sources of supply).

"(7) Section 105(l) (relating to lease of facility used for administration and delivery of services).

"(8) Section 106(e) (relating to limitation on remedies relating to cost allowances).

"(9) Section 106(i) (relating to use of funds for matching or cost participation requirements).

"(10) Section 106(j) (relating to allowable uses of funds).

"(11) Section 108(c) (Model Agreements provisions (1)(a)(5) (relating to limitations of costs), (1)(a)(7) (relating to records and monitoring), (1)(a)(8) (relating to property), and (a)(1)(9) (relating to availability of funds).

"(12) Section 109 (relating to reassumption).

"(13) Section 111 (relating to sovereign immunity and trusteeship rights unaffected).

"(b) ELECTION FOR GRANT IN LIEU OF CONTRACT.—

"(1) IN GENERAL.—Contractors for activities to which this part applies who have entered into a contract under the Indian Self-Determination and Education Assistance Act that is in effect upon the date of the enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's) may, by giving notice to the Secretary, elect to have the provisions of this part apply to such activity in lieu of such contract.

"(2) EFFECTIVE DATE OF ELECTION.—Any election made under paragraph (1) shall take effect on the later of—

"(A) October 1 of the fiscal year succeeding the fiscal year in which such election is made; or

"(B) 60 days after the date of such election.

"(3) EXCEPTION.—In any case in which the 60-day period referred to in paragraph (2)(B) is less than 60 days before the beginning of the succeeding fiscal year, such election shall not take effect until the fiscal year after the fiscal year succeeding the election.

"(c) NO DUPLICATION.—No funds may be provided under any contract entered into under the Indian Self-Determination and Education Assistance Act to pay any expenses incurred in providing any program or services if a grant has been made under this part to pay such expenses.

"(d) TRANSFERS AND CARRYOVERS.—

"(1) BUILDINGS, EQUIPMENT, SUPPLIES, MATERIALS.—A tribe or tribal organization assuming the operation of—

"(A) a Bureau school with assistance under this part shall be entitled to the transfer or use of buildings, equipment, supplies, and materials to the same extent as if it were contracting under the Indian Self-Determination and Education Assistance Act; or

"(B) a contract school with assistance under this part shall be entitled to the transfer or use of buildings, equipment, supplies and materials that were used in the operation of the contract school to the same extent as if it were contracting under the Indian Self-Determination and Education Assistance Act.

"(2) FUNDS.—Any tribe or tribal organization which assumes operation of a Bureau school with as-

sistance under this part and any tribe or tribal organization which elects to operate a school with assistance under this part rather that to continue as a contract school shall be entitled to any funds which would carryover from the previous fiscal year as if such school were operated as a contract school.

''(e) EXCEPTIONS, PROBLEMS, AND DISPUTES.—Any exception or problem cited in an audit conducted pursuant to section 5207(b)(2), any dispute regarding a grant authorized to be made pursuant to this part or any amendment to such grant, and any dispute involving an administrative cost grant under section 1128 of the Education Amendments of 1978 shall be administered under the provisions governing such exceptions, problems, or disputes in the case of contracts under the Indian Self-Determination and Education Assistance Act of 1975. The Equal Access to Justice Act shall apply to administrative appeals filed after September 8, 1988, by grantees regarding a grant under this part, including an administrative cost grant.

''SEC. 5210. ROLE OF THE DIRECTOR.

''Applications for grants under this part, and all application modifications, shall be reviewed and approved by personnel under the direction and control of the Director of the Office of Indian Education Programs. Required re-

ports shall be submitted to education personnel under the direction and control of the Director of such Office.

"SEC. 5211. REGULATIONS.

"The Secretary is authorized to issue regulations relating to the discharge of duties specifically assigned to the Secretary by this part. In all other matters relating to the details of planning, development, implementing, and evaluating grants under this part, the Secretary shall not issue regulations. Regulations issued pursuant to this part shall not have the standing of a Federal statute for the purposes of judicial review.

"SEC. 5212. THE TRIBALLY CONTROLLED GRANT SCHOOL ENDOWMENT PROGRAM.

"(a) IN GENERAL.—

"(1) Each school receiving grants under this part may establish, at a Federally insured banking and savings institution, a trust fund for the purposes of this section.

"(2) The school may provide—

"(A) for the deposit into the trust fund, only funds from non-Federal sources, except that the interest on funds received from grants under this part may be used for this purpose;

"(B) for the deposit in the account of any earnings on funds deposited in the account; and

"(C) for the sole use of the school any noncash, in-kind contributions of real or personal property, such property may at any time be converted to cash.

"(b) INTEREST.—Interest from the fund established under subsection (a) may periodically be withdrawn and used, at the discretion of the school, to defray any expenses associated with the operation of the school.

"SEC. 5213. DEFINITIONS.

"For the purposes of this part:

"(1) BUREAU.—The term 'Bureau' means the Bureau of Indian Affairs of the Department of the Interior.

"(2) ELIGIBLE INDIAN STUDENT.—The term 'eligible Indian student' has the meaning of such term in section 1127(f) of the Education Amendments of 1978.

"(3) INDIAN TRIBE.—The term 'Indian tribe' means any Indian tribe, band, nation, or other organized group or community, including Alaska Native Village or regional corporations (as defined in or established pursuant to the Alaskan Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the

United States to Indians because of their status as Indians.

"(4) LOCAL EDUCATIONAL AGENCY.—The term a 'local educational agency' means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.

"(5) SECRETARY.—The term 'Secretary' means the Secretary of the Interior.

"(6) TRIBAL ORGANIZATION.—(A) The term 'tribal organization' means—

"(i) the recognized governing body of any Indian tribe; or

"(ii) any legally established organization of Indians which—

"(I) is controlled, sanctioned, or chartered by such governing body or is democratically elected by the adult members of the Indian community to be served by such organization; and

"(II) includes the maximum participation of Indians in all phases of its activities.

"(B) In any case in which a grant is provided under this part to an organization to provide services benefiting more than one Indian tribe, the approval of the governing bodies of Indian tribes representing 80 percent of those students attending the tribally controlled school shall be considered a sufficient tribal authorization for such grant.

"(7) TRIBALLY CONTROLLED SCHOOL.—The term 'tribally controlled school' means a school operated by a tribe or a tribal organization, enrolling students in kindergarten through grade 12, including preschools, which is not a local educational agency and which is not directly administered by the Bureau of Indian Affairs.".

TITLE IV—PUBLIC SCHOOL CHOICE

SEC. 401. PUBLIC SCHOOL CHOICE.

(a) MAGNET SCHOOLS AMENDMENTS.—Part A of title V (20 U.S.C. 7201 et seq.) is amended to read as follows:

"PART A—MAGNET SCHOOL ASSISTANCE

"SEC. 5101. FINDINGS.

''The Congress finds that—

''(1) magnet schools are a significant part of our Nation's effort to achieve voluntary desegregation in our Nation's schools;

''(2) the use of magnet schools has increased dramatically since the date of the enactment of the Magnet Schools Assistance program, with approximately 2,000,000 students nationwide now attending such schools, of which more than 65 percent of the students are nonwhite;

''(3) magnet schools offer a wide range of distinctive programs that have served as models for school improvement efforts;

''(4) in administering the Magnet Schools Assistance program, the Federal Government has learned that—

"(A) where magnet programs are implemented for only a portion of a school's student body, special efforts must be made to discourage the isolation of—

"(i) magnet school students from other students in the school; and

"(ii) students by racial characteristics;

"(B) local educational agencies can maximize their effectiveness in achieving the purposes of the Magnet Schools Assistance program if such agencies have more flexibility in the administration of such program in order to serve students attending a school who are not enrolled in the magnet school program;

"(C) local educational agencies must be creative in designing magnet schools for students at all academic levels, so that school districts do not select only the highest achieving students to attend the magnet schools;

"(D) consistent with desegregation guidelines, local educational agencies must seek to enable participation in magnet school programs by students who reside in the neighborhoods where the programs operate; and

"(E) in order to ensure that magnet schools are sustained after Federal funding ends, the Federal Government must assist school districts to improve their capacity to continue to operate magnet schools at a high level of performance; and

"(5) it is in the best interest of the Federal Government to—

"(A) continue the Federal Government's support of school districts implementing court-ordered desegregation plans and school districts voluntarily seeking to foster meaningful interaction among students of different racial and ethnic backgrounds, beginning at the earliest stage of such students' education;

"(B) ensure that all students have equitable access to quality education that will prepare such students to function well in a technologically oriented society and a highly competitive economy;

"(C) maximize the ability of local educational agencies to plan, develop, implement and continue effective and innovative magnet schools that contribute to State and local systemic reform; and

"(D) ensure that grant recipients provide adequate data which demonstrates an ability to improve student achievement.

"SEC. 5102. STATEMENT OF PURPOSE.

"The purpose of this part is to assist in the desegregation of schools served by local educational agencies by providing financial assistance to eligible local educational agencies for—

"(1) the elimination, reduction, or prevention of minority group isolation in elementary and secondary schools with substantial proportions of minority students;

"(2) the development and implementation of magnet school projects that will assist local educational agencies in achieving systemic reforms and providing all students the opportunity to meet challenging State content standards and challenging State student performance standards;

"(3) the development and design of innovative educational methods and practices that promote diversity and increase choices in public elementary and secondary schools and educational programs; and

"(4) courses of instruction within magnet schools that will substantially strengthen the knowledge of academic subjects and the grasp of tangible

and marketable vocational and technical skills of students attending such schools.

"SEC. 5103. PROGRAM AUTHORIZED.

''The Secretary, in accordance with this part, is authorized to make grants to eligible local educational agencies, and consortia of such agencies where appropriate, to carry out the purpose of this part for magnet schools that are—

''(1) part of an approved desegregation plan; and

''(2) designed to bring students from different social, economic, ethnic, and racial backgrounds together.

"SEC. 5104. DEFINITION.

''For the purpose of this part, the term 'magnet school' means a public elementary or secondary school or public elementary or secondary education center that offers a special curriculum capable of attracting substantial numbers of students of different racial backgrounds.

"SEC. 5105. ELIGIBILITY.

''A local educational agency, or consortium of such agencies where appropriate, is eligible to receive assistance under this part to carry out the purposes of this part if such agency or consortium—

"(1) is implementing a plan undertaken pursuant to a final order issued by a court of the United States, or a court of any State, or any other State agency or official of competent jurisdiction, that requires the desegregation of minority-group-segregated children or faculty in the elementary and secondary schools of such agency; or

"(2) without having been required to do so, has adopted and is implementing, or will, if assistance is made available to such local educational agency or consortium of such agencies under this part, adopt and implement a plan that has been approved by the Secretary as adequate under title VI of the Civil Rights Act of 1964 for the desegregation of minority-group-segregated children or faculty in such schools.

"SEC. 5106. APPLICATIONS AND REQUIREMENTS.

"(a) APPLICATIONS.—An eligible local educational agency or consortium of such agencies desiring to receive assistance under this part shall submit an application to the Secretary at such time, in such manner, and containing such information and assurances as the Secretary may reasonably require.

"(b) INFORMATION AND ASSURANCES.—Each such application shall include—

"(1) a description of—

"(A) how assistance made available under this part will be used to promote desegregation, including how the proposed magnet school project will increase interaction among students of different social, economic, ethnic, and racial backgrounds;

"(B) the manner and extent to which the magnet school project will increase student achievement in the instructional area or areas offered by the school;

"(C) how an applicant will continue the magnet school project after assistance under this part is no longer available, including, if applicable, an explanation of why magnet schools established or supported by the applicant with funds under this part cannot be continued without the use of funds under this part;

"(D) how funds under this part will be used to improve student academic performance for all students attending the magnet schools; and

"(E) the criteria to be used in selecting students to attend the proposed magnet school projects; and

"(2) assurances that the applicant will—

"(A) use funds under this part for the purposes specified in section 5102;

"(B) employ fully qualified teachers (as defined in section 2002) in the courses of instruction assisted under this part;

"(C) not engage in discrimination based on race, religion, color, national origin, sex, or disability in—

"(i) the hiring, promotion, or assignment of employees of the agency or other personnel for whom the agency has any administrative responsibility;

"(ii) the assignment of students to schools, or to courses of instruction within the school, of such agency, except to carry out the approved plan; and

"(iii) designing or operating extracurricular activities for students;

"(D) carry out a high-quality education program that will encourage greater parental decisionmaking and involvement; and

"(E) give students residing in the local attendance area of the proposed magnet school

projects equitable consideration for placement in those projects.

"SEC. 5107. PRIORITY.

"In approving applications under this part, the Secretary shall give priority to applicants that—

"(1) demonstrate the greatest need for assistance, based on the expense or difficulty of effectively carrying out an approved desegregation plan and the projects for which assistance is sought;

"(2) propose to carry out new magnet school projects, or significantly revise existing magnet school projects; and

"(3) propose to select students to attend magnet school projects by methods such as lottery, rather than through academic examination.

"SEC. 5108. USE OF FUNDS.

"(a) IN GENERAL.—Grant funds made available under this part may be used by an eligible local educational agency or consortium of such agencies—

"(1) for planning and promotional activities directly related to the development, expansion, continuation, or enhancement of academic programs and services offered at magnet schools;

"(2) for the acquisition of books, materials, and equipment, including computers and the mainte-

nance and operation thereof, necessary for the conduct of programs in magnet schools;

"(3) for the payment, or subsidization of the compensation, of elementary and secondary school teachers who are fully qualified (as defined in section 1119), and instructional staff where applicable, who are necessary for the conduct of programs in magnet schools;

"(4) with respect to a magnet school program offered to less than the entire student population of a school, for instructional activities that—

"(A) are designed to make available the special curriculum that is offered by the magnet school project to students who are enrolled in the school but who are not enrolled in the magnet school program; and

"(B) further the purposes of this part; and

"(5) for activities, which may include professional development, that will build the recipient's capacity to operate magnet school programs once the grant period has ended.

"(b) SPECIAL RULE.—Grant funds under this part may be used in accordance with paragraphs (2) and (3) of subsection (a) only if the activities described in such paragraphs are directly related to improving the students'

academic performance based on the State's challenging content standards and challenging student performance standards or directly related to improving the students' reading skills or knowledge of mathematics, science, history, geography, English, foreign languages, art, or music, or to improving vocational and technical skills.

"SEC. 5109. PROHIBITIONS.

''(a) TRANSPORTATION.—Grants under this part may not be used for transportation or any activity that does not augment academic improvement.

''(b) PLANNING.—A local educational agency shall not expend funds under this part after the third year that such agency receives funds under this part for such project.

"SEC. 5110. LIMITATIONS.

''(a) DURATION OF AWARDS.—A grant under this part shall be awarded for a period that shall not exceed three fiscal years.

''(b) LIMITATION ON PLANNING FUNDS.—A local educational agency may expend for planning not more than 50 percent of the funds received under this part for the first year of the project, 15 percent of such funds for the second such year, and 10 percent of such funds for the third such year.

"(c) AMOUNT.—No local educational agency or consortium awarded a grant under this part shall receive more than $4,000,000 under this part in any one fiscal year.

"(d) TIMING.—To the extent practicable, the Secretary shall award grants for any fiscal year under this part not later than July 1 of the applicable fiscal year.

"SEC. 5111. EVALUATIONS.

"(a) RESERVATION.—The Secretary may reserve not more than 2 percent of the funds appropriated under section 5112(a) for any fiscal year to carry out evaluations, technical assistance, and dissemination projects with respect to magnet school projects and programs assisted under this part.

"(b) CONTENTS.—Each evaluation described in subsection (a), at a minimum, shall address—

"(1) how and the extent to which magnet school programs lead to educational quality and improvement;

"(2) the extent to which magnet school programs enhance student access to quality education;

"(3) the extent to which magnet school programs lead to the elimination, reduction, or prevention of minority group isolation in elementary and

secondary schools with substantial proportions of minority students; and

"(4) the extent to which magnet school programs differ from other school programs in terms of the organizational characteristics and resource allocations of such magnet school programs.

"SEC. 5112. AUTHORIZATION OF APPROPRIATIONS; RESERVATION.

"(a) AUTHORIZATION.—For the purpose of carrying out this part, there are authorized to be appropriated $130,000,000 for fiscal year 2002 and such sums as may be necessary for the next 4 years.

"(b) AVAILABILITY OF FUNDS FOR GRANTS TO AGENCIES NOT PREVIOUSLY ASSISTED.—In any fiscal year for which the amount appropriated pursuant to subsection (a) exceeds $75,000,000, the Secretary shall give priority to using such amounts in excess of $75,000,000 to award grants to local educational agencies or consortia of such agencies that did not receive a grant under this part in the preceding fiscal year.

(b) CHARTER SCHOOLS AMENDMENTS.—Section 10311 (20 U.S.C. 8067) is amended.—

(A) by striking "$100,000,000" and inserting "$200,000,000"; and

(B) by striking ''1999'' and inserting ''2002''.

(c) REPEALS, TRANSFERS AND REDESIGNATIONS.—The Act (20 U.S.C. 6301 et seq.) is amended—

(1) by amending the heading for title IV (20 U.S.C. 7101 et seq.) to read as follows:

''TITLE IV—PUBLIC SCHOOL CHOICE;

(2) by amending section 4001 to read as follows:

''SEC. 4001. FINDINGS, POLICY, AND PURPOSE.

''(a) FINDINGS.—Congress makes the following findings:

''(1)(A) Charter schools are an integral part of the educational system in the United States.

''(B) Thirty-six States and the District of Columbia have passed lands authorizing charter schools.

''(C) A Department of Education evaluation of charter schools shows that 59 percent of charter schools reported that lack of start-up funds posed a difficult or very difficult challenge for the school.

''(2) State educational agencies and local educational agencies should hold all schools accountable for the improved performance of all students, includ-

ing students attending charter schools, under State standards and student assessment measures.

"(3) School report cards constitute the key informational component used by parents for effective public school choice.

"(b) POLICY.—Congress declares it to be the policy of the United States—

"(1) to support and stimulate improved public school performance through increased public elementary school and secondary school competition and increased Federal financial assistance; and

"(2) to provide parents with more choices among public school options.

"(c) PURPOSES.—The purposes of this title are as follows:

"(1) To consolidate public school choice programs into 1 title.

"(2) To increase Federal assistance for charter schools.

"(3) To help parents make better and more informed choices by—

"(A) providing continued support and expansion of charter schools and charter school districts; and

"(B) providing financial assistance to States and local educational agencies for the development of local educational agency and school report cards.";

(3) by repealing sections 4002 through 4004 (20 U.S.C. 7102, 7104), and part A (20 U.S.C. 7111 et seq.), of title IV;

(4) by transferring part A of title V (20 U.S.C. 7201 et seq.) (as amended by subsection (a)) to title IV and inserting such part A after section 4001;

(5) by redesignating sections 5101 through 5112 (20 U.S.C. 7201, 7212) (as transferred by paragraph (4)) as sections 4101 through 4112, respectively, and by redesignating accordingly the references to such sections in part A of title IV (as so transferred);

(6) by transferring part C of title X (20 U.S.C. 8061 et seq.) (as amended by subsection (b)) to title IV and inserting such part C after part A of title IV (as transferred by paragraph (4));

(7) by redesignating part C of title IV (as transferred by paragraph (6)) as part B of title IV; and

(8) by redesignating sections 10301 through 10311 (20 U.S.C. 8061, 8067) (as transferred by

paragraph (6)) as sections 4201 through 4211, respectively, and by redesignating accordingly the references to such sections in such part B of title IV (as so transferred and redesignated).

SEC. 402. DEVELOPMENT OF PUBLIC SCHOOL CHOICE PROGRAMS; REPORT CARDS.

Title IV (20 U.S.C. 7101 et seq.) is further amended by adding at the end the following:

"PART C—DEVELOPMENT OF PUBLIC SCHOOL CHOICE PROGRAMS

"SEC. 4301. GRANTS AUTHORIZED.

''(a) IN GENERAL.—From amounts made available to carry out this part for a fiscal year under section 4305, and not reserved under subsection (b), the Secretary is authorized to award grants, on a competitive basis, to local educational agencies to enable the local educational agencies to develop local public school choice programs.

''(b) RESERVATION FOR EVALUATION, TECHNICAL ASSISTANCE, AND DISSEMINATION.—From the amount appropriated under section 4305 for any fiscal year, the Secretary may reserve not more than 5 percent to carry out evaluations under subsection (c), to provide technical assistance, and to disseminate information.

''(c) EVALUATIONS.—The Secretary may use funds reserved under subsection (b) to carry out 1 or more eval-

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

"(1) how, and the extent to which, the programs supported with funds under this part promote educational equity and excellence; and

"(2) the extent to which public schools of choice supported with funds under this part are—

"(A) held accountable to the public;

"(B) effective in improving public education; and

"(C) open and accessible to all students.

"(d) DURATION.—Grants under this part may be awarded for a period not to exceed 3 years.

"SEC. 4302. DEFINITION OF HIGH-POVERTY LOCAL EDUCATIONAL AGENCY.

"In this part, the term 'high-poverty local educational agency' means a local educational agency in which the percentage of children, ages 5 to 17, from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved for the most recent fiscal year for which satisfactory data are available is 20 percent or greater.

"SEC. 4303. USES OF FUNDS.

"(a) IN GENERAL.—

"(1) PUBLIC SCHOOL CHOICE.—Funds under this part may be used to demonstrate, develop, implement, evaluate, and disseminate information on innovative approaches to promote public school choice, including the design and development of new public school choice options, the development of new strategies for overcoming barriers to effective public school choice, and the design and development of public school choice systems that promote high standards for all students and the continuous improvement of all public schools.

"(2) INNOVATIVE APPROACHES.—Such approaches at the school, local educational agency, and State levels may include—

"(A) inter-district or intra-district approaches to public school choice, including approaches that increase equal access to high-quality educational programs and diversity in schools;

"(B) public elementary and secondary programs that involve partnerships with institutions of higher education and that are located on the campuses of those institutions;

"(C) programs that allow students in public secondary schools to enroll in postsecondary courses and to receive both secondary and postsecondary academic credit;

"(D) worksite satellite schools, in which State or local educational agencies form partnerships with public or private employers, to create public schools at parents' places of employment; and

"(E) approaches to school desegregation that provide students and parents choice through strategies other than magnet schools.

"(b) LIMITATIONS.—Funds under this part—

"(1) shall supplement, and not supplant, non-Federal funds expended for existing public school choice programs; and

"(2) may be used for providing transportation services or costs, except that not more than 10 percent of the funds received under this part shall be used by the local educational agency to provide such services or costs.

"SEC. 4304. GRANT APPLICATION; PRIORITIES.

"(a) APPLICATION REQUIRED.—A State or local educational agency desiring to receive a grant under this part shall submit an application to the Secretary.

"(b) APPLICATION CONTENTS.—Each application shall include—

"(1) a description of the program for which funds are sought and the goals for such program;

"(2) a description of how the program funded under this part will be coordinated with, and will complement and enhance, programs under other related Federal and non-Federal projects;

"(3) if the program includes partners, the name of each partner and a description of the partner's responsibilities;

"(4) a description of the policies and procedures the applicant will use to ensure—

"(A) its accountability for results, including its goals and performance indicators; and

"(B) that the program is open and accessible to, and will promote high academic standards for, all students; and

"(5) such other information as the Secretary may require.

"(c) PRIORITIES.—

"(1) LOW-PERFORMING LOCAL EDUCATIONAL AGENCIES.—First, the Secretary shall give priority to low performing local educational agencies.

"(2) HIGH-POVERTY AGENCIES.—Second, the Secretary shall give priority to applications for projects that serve high-poverty local educational agencies.

"(3) PARTNERSHIPS.—The Secretary may give a priority to applications demonstrating that the applicant will carry out the applicant's project in partnership with 1 or more public and private agencies, organizations, and institutions, including institutions of higher education and public and private employers.

"SEC. 4305. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $200,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"PART D—REPORT CARDS

"SEC. 4401. REPORT CARDS.

"(a) GRANTS AUTHORIZED.—The Secretary shall award a grant, from allotments under subsection (b), to each State having a State report card meeting the requirements described in subsection (g), to enable the State annually to publish report cards for each elementary school and secondary school that receives funding under this Act and is served by the State.

"(b) RESERVATIONS AND ALLOTMENTS.—

"(1) RESERVATIONS.—From the amount appropriated under subsection (e) to carry out this part for each fiscal year, the Secretary shall reserve—

"(A) ½ of 1 percent of such amount for payments to the Secretary of the Interior for activities approved by the Secretary, consistent with this part, in schools operated or supported by the Bureau of Indian Affairs, on the basis of their respective needs for assistance under this part; and

"(B) ½ of 1 percent of such amount for payments to outlying areas, to be allotted in accordance with their respective needs for assistance under this part, as determined by the Secretary, for activities, approved by the Secretary, consistent with this part.

"(2) STATE ALLOTMENTS.—From the amount appropriated under subsection (e) for a fiscal year and remaining after the Secretary makes reservations under paragraph (1), the Secretary shall allot to each State having a State report card meeting the requirements described in subsection (g) an amount that bears the same relationship to the remainder as the number of public school students enrolled in ele-

mentary schools and secondary schools in the State bears to the number of such students so enrolled in all States.

"(c) WITHIN-STATE ALLOCATIONS.—Each State educational agency receiving a grant under subsection (a) shall allocate the grant funds that remain after making the reservation described in subsection (d) to each local educational agency in the State in an amount that bears the same relationship to the remainder as the number of public school students enrolled in elementary schools and secondary schools served by the local educational agency bears to the number of such students so enrolled in all local educational agencies within the State.

"(d) STATE RESERVATION OF FUNDS.—Each State educational agency receiving a grant under subsection (a) may reserve—

"(1) not more than 10 percent of the grant funds to carry out activities described under subsections (f) and (g), and (i)(1) for fiscal year 2002; and

"(2) not more than 5 percent of the grant funds to carry out activities described under subsections (f) and (g), and (i)(1) for fiscal year 2003 and each of the 3 succeeding fiscal years.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part $5,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(f) ANNUAL STATE REPORT.—

"(1) REPORTS REQUIRED.—

"(A) IN GENERAL.—Except as provided in paragraph (3), not later than the beginning of the 2002–2003 school year, a State that receives assistance under this Act shall prepare and disseminate an annual report on all public elementary schools and secondary schools within the State that receive funds under this Act.

"(B) STATE REPORT CARDS ON EDUCATION.—In the case of a State that publishes State report cards on education, the State shall include in such report cards the information described in subsection (g).

"(C) REPORT CARDS ON ALL PUBLIC SCHOOLS.—In the case of a State that publishes a report card on all public elementary schools and secondary schools in the State, the State shall include, at a minimum, the information described in subsection (g) for all public schools that receive funds under this Act.

"(2) IMPLEMENTATION; REQUIREMENTS.—

"(A) IMPLEMENTATION.—The State shall ensure implementation at all levels of the report cards described in paragraph (1).

"(B) REQUIREMENTS.—Annual report cards under this part shall be—

"(i) concise; and

"(ii) presented in a format and manner that parents can understand including, to the extent practicable, in a language the parents can understand.

"(3) PUBLICATION THROUGH OTHER MEANS.—In the event that the State provides no such report card, the State shall, not later than the beginning of the 2002–2003 school year, publicly report the information described in subsection (g) for all public schools that receive funds under this Act.

"(g) CONTENT OF ANNUAL STATE REPORTS.—

"(1) REQUIRED INFORMATION.—Each State described in subsection (f)(1)(A), at a minimum, shall include in the annual State report information on each local educational agency and public school that receives funds under this Act, including information regarding—

"(A) student performance on statewide assessments for the year for which the annual State report is made, and the preceding year, in at least English language arts and mathematics, including—

"(i) a comparison of the proportions of students who performed at the basic, proficient, and advanced levels in each subject area, for each grade level at which assessments are required under title I, with proportions in each of the same 3 levels at the same grade levels in the previous school year;

"(ii) a statement on the 3-year trend in the percentage of students performing at the basic, proficient, and advanced levels in each subject area, for each grade level for which assessments are required under title I; and

"(iii) a statement of the percentage of students not tested and a listing of categories of the reasons why such students were not tested;

"(B) student retention rates in grades, the number of students completing advanced placement courses, and 4-year graduation rates;

"(C) the professional qualifications of teachers in the aggregate, including the percentage of teachers teaching with emergency or provisional credentials, the percentage of class sections not taught by fully qualified teachers, and the percentage of teachers who are fully qualified; and

"(D) the professional qualifications of paraprofessionals in the aggregate, the number of paraprofessionals in the aggregate, and the ratio of paraprofessionals to teachers in the classroom.

"(2) STUDENT DATA.—Student data in each report shall contain disaggregated results for the following categories:

"(A) Racial and ethnic groups.

"(B) Gender.

"(C) Economically disadvantaged students, as compared to students who are not economically disadvantaged.

"(D) Students with limited English proficiency, as compared to students who are proficient in English.

"(E) migrant status; and

"(F) students who are disabled, as compared to students who are not disabled.

"(3) OPTIONAL INFORMATION.—A State may include in the State annual report any other information the State determines appropriate to reflect school quality and school achievement, including by grade level information on average class size and information on school safety, such as the incidence of school violence and drug and alcohol abuse, and the incidence of student suspensions and expulsions.

"(4) WAIVER.—The Secretary may grant a waiver to a State seeking a waiver of the requirements of this subsection if the State demonstrates to the Secretary that—

"(A) the content of existing State report cards meets the goals of this part; and

"(B) the State is taking identifiable steps to meet the requirements of this subsection.

"(h) LOCAL EDUCATIONAL AGENCY AND SCHOOL REPORT CARDS.—

"(1) REPORT REQUIRED.—

"(A) IN GENERAL.—The State shall ensure that each local educational agency, public elementary school, or public secondary school that receives funds under this Act, collects appropriate data and publishes an annual report card consistent with this subsection.

"(B) REQUIRED INFORMATION.—Each local educational agency, elementary school, and secondary school described in subparagraph (A), at a minimum, shall include in its annual report card—

"(i) the information described in subsections (g)(1) and (2) for each local educational agency and school;

"(ii) in the case of a local educational agency—

"(I) information regarding the number and percentage of schools identified for school improvement, including schools identified under section 1116 of this Act, served by the local educational agency;

"(II) information on the 3-year trend in the number and percentage of elementary schools and secondary

schools identified for school improvement; and

"(III) information that shows how students in the schools served by the local educational agency perform on the statewide assessment compared to students in the State as a whole;

"(iii) in the case of an elementary school or a secondary school—

"(I) information regarding whether the school has been identified for school improvement; and

"(II) information that shows how the school's students performed on the statewide assessment compared to students in schools served by the same local educational agency and to all students in the State; and

"(iii) other appropriate information, whether or not the information is included in the annual State report.

"(2) SPECIAL RULE.—A local educational agency that issues report cards for all public elementary schools and secondary schools served by the agency shall include, at a minimum, the information de-

scribed in subsection (g) for all public schools that receive funds under this Act.

"(i) DISSEMINATION AND ACCESSIBILITY OF REPORTS AND REPORT CARDS.—

"(1) STATE REPORTS.—State annual reports under subsection (g) shall be disseminated to all elementary schools, secondary schools, and local educational agencies in the State, and made broadly available to the public through means such as posting on the Internet and distribution to the media, and through public agencies.

"(2) LOCAL REPORT CARDS.—Local educational agency report cards under subsection (h) shall be disseminated to all elementary schools and secondary schools served by the local educational agency and to all parents of students attending such schools, and made broadly available to the public through means such as posting on the Internet and distribution to the media, and through public agencies.

"(3) SCHOOL REPORT CARDS.—Elementary school and secondary school report cards under subsection (h) shall be disseminated to all parents of students attending that school, and made broadly available to the public, through means such as post-

ing on the Internet and distribution to the media, and through public agencies.

"(j) PARENTS RIGHT-TO-KNOW.—

"(1) QUALIFICATIONS.—A local educational agency that receives funds part A of title I or part A of title II shall provide, upon request, in an understandable and uniform format, to any parent of a student attending any school receiving funds under part A of title I or part A of title II, information regarding the professional qualifications of the student's classroom teachers, including, at a minimum—

"(A) whether the teacher is fully qualified as defined in section 2002(1) for the grade levels and subject areas in which the teacher provides instruction;

"(B) whether the teacher is teaching under emergency or other provisional status through which State certification or licensing criteria are waived;

"(C) the baccalaureate degree major of the teacher, any other graduate certification or degree held by the teacher, and the field of discipline of each such certification or degree; and

"(D) whether the student is provided services by paraprofessionals, and the qualifications of any such paraprofessional.

"(2) ADDITIONAL INFORMATION.—In addition to the information that parents may request under paragraph (1), and the information provided in report cards under this part, a school that receives funds under part A of title I or part A of title II shall provide, to the extent practicable, to each individual parent or guardian—

"(A) information on the level of performance of the individual student, for whom they are the parent or guardian, in each of the State assessments as required under part A of title I; and

"(B) timely notice that the student, for whom they are the parent or guardian, was assigned or taught for 2 or more consecutive weeks by a substitute teacher or by a teacher not fully qualified.

"(k) COORDINATION OF STATE PLAN CONTENT.—A State shall include in its plan under part A of title I or part A of title II, an assurance that the State has in effect a policy that meets the requirements of this section.

"(l) PRIVACY.—Information collected under this section shall be collected and disseminated in a manner that protects the privacy of individuals.

"(m) DEFINITION.—The term 'State' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

TITLE V—IMPACT AID

SEC. 501. PAYMENTS RELATING TO FEDERAL ACQUISITION OF REAL PROPERTY.

Section 8002 (20 U.S.C. 7702), as amended by section 1803 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106–398), is amended—

(1) in subsection (h)(4), by striking subparagraph (B) and inserting the following:

"(B) the Secretary shall make a payment to each local educational agency that is eligible to receive a payment under this section for the fiscal year involved in an amount that bears the same relation to 75 percent of the remainder as a percentage share determined for the local educational agency (as determined by dividing the maximum amount that such agency is eligible to receive under subsection (b)(1)(C) by the total maximum amounts that all such local edu-

cational agencies are eligible to receive under such subsection) bears to the percentage share determined (in the same manner) for all local educational agencies eligible to receive a payment under this section for the fiscal year involved, except that for purposes of calculating a local educational agency's maximum payment, data from the most current fiscal year shall be used.''; and

(2) by adding at the end the following:

''(n) LOSS OF ELIGIBILITY.—

''(1) IN GENERAL.—Notwithstanding any other provision of this section, the Secretary shall make the following minimum payments for each fiscal year to each local educational agency described in paragraph (2):

''(A) For the first fiscal year following the loss of eligibility (as described in paragraph (2)), an amount equal to 90 percent of the amount received in the final fiscal year of eligibility.

''(B) For the second fiscal year following the loss of eligibility (as described in paragraph (2)), an amount equal to 75 percent of the

amount received in the final fiscal year of eligibility.

"(C) For the third fiscal year following the loss of eligibility (as described in paragraph (2)), an amount equal to 50 percent of the amount received in the final fiscal year of eligibility.

"(2) ELIGIBLE LOCAL EDUCATIONAL AGENCIES.—A local educational agency described in this paragraph is an agency that—

"(A) was eligible for, and received, a payment under this section for fiscal year 2002; and

"(B) beginning in fiscal year 2003, is no longer eligible for payments under this section as provided for in subsection (a)(1)(C) as a result of the transfer of the Federal property involved to a non-Federal entity.".

SEC. 502. REPEAL OF SPECIAL RULE RELATING TO THE COMPUTATION OF PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN.

Section 8003(a) (20 U.S.C. 7703(a)) is amended by striking paragraph (3).

SEC. 503. EXTENSION OF AUTHORIZATION OF APPROPRIATIONS.

Section 8014 (20 U.S.C. 7714), as amended by section 1817 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106–398), is amended—

(1) in subsection (a), by striking ''three succeeding'' and inserting ''six succeeding'';

(2) in subsection (b), by striking ''three succeeding'' and inserting ''six succeeding'';

(3) in subsection (c), by striking ''three succeeding'' and inserting ''six succeeding'';

(4) in subsection (e), by striking ''three succeeding'' and inserting ''six succeeding'';

(5) in subsection (f), by striking ''three succeeding'' and inserting ''six succeeding''; and

(6) in subsection (g), by striking ''three succeeding'' and inserting ''six succeeding''.

SEC. 504. REPEALS, TRANSFERS, AND REDESIGNATIONS.

The Act (20 U.S.C. 6301 et seq.) is amended—

(1) by repealing title V (20 U.S.C. 7201 et seq.);

(2) by redesignating title VIII (20 U.S.C. 7701 et seq.) as title V, and transferring the title to follow title IV (as amended by section 402);

(3) by redesignating references to title VIII as references to title V (as redesignated and transferred by paragraph (2)); and

(4) by redesignating sections 8001 through 8005, and 8007 through 8014 (20 U.S.C. 7701, 7714) (as transferred by paragraph (2)) as sections 5001 through 5001, and 5007 through 5014, respectively, and redesignating accordingly the references to such sections 8001 through 8005 and 8007 through 8014.

TITLE VI—HIGH PERFORMANCE AND QUALITY EDUCATION INITIATIVES

SEC. 601. HIGH PERFORMANCE AND QUALITY EDUCATION INITIATIVES.

Title VI (20 U.S.C. 7301 et seq.) is amended to read as follows:

"TITLE VI—HIGH PERFORMANCE AND QUALITY EDUCATION INITIATIVES

"SEC. 6001. FINDINGS, POLICY, AND PURPOSE.

"(a) FINDINGS.—Congress makes the following findings:

"(1)(A) Congress embraces the view that educators most familiar with schools, including school

superintendents, principals, teachers, and school support personnel, have a critical role in knowing what is needed and how best to meet the educational needs of students.

''(B) Local educational agencies should therefore have primary responsibility for deciding how to implement funds.

''(2)(A) Since the Elementary and Secondary Education Act was first authorized in 1965, the Federal Government has created numerous grant programs, each of which was created to address 1 among the myriad challenges and problems facing education.

''(B) Only a few of the Federal grant programs established before the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's) can be tied to significant quantitative results.

''(C) Because Federal education dollars are distributed through a patchwork of programs, with each program having its own set of requirements and restrictions, local educational agencies and schools have found it difficult to leverage funds for maximum impact.

"(D) In many cases, Federal education dollars distributed through competitive grant programs are too diffused to provide a true impact at the school level.

"(E) As a result of the Federal elementary and secondary education policies in place before the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's), the focus of Federal, State, and local educational agencies has been diverted from comprehensive student achievement to administrative compliance.

"(3)(A) Every elementary school and secondary school should provide a drug- and violence-free learning environment.

"(B) The widespread illegal use of alcohol and drugs among the Nation's secondary school students, and increasingly among elementary school students, constitutes a grave threat to students' physical and mental well-being, and significantly impedes the learning process.

"(C) Drug and violence prevention programs are essential components of a comprehensive strategy to promote school safety, youth development, and positive school outcomes, and reduce the de-

mand for and illegal use of alcohol, tobacco, and drugs throughout the Nation.

"(D) Schools, local organizations, parents, students, and communities throughout the Nation have a special responsibility to work together to combat the continuing epidemic of violence and illegal drug use, and should measure the success of programs established to address this epidemic against clearly defined goals and objectives.

"(E) Drug and violence prevention programs are most effective when implemented within a research-based, drug and violence prevention framework of proven effectiveness.

"(F) Substance abuse and violence are intricately related, and must be dealt with in a holistic manner.

"(4)(A) Technology can produce far greater opportunities for all students to meet high learning standards, promote efficiency and effectiveness in education, and help immediately and dramatically reform our Nation's educational system.

"(B) Because most Federal and State educational technology programs have focused on acquiring educational technologies, rather than emphasizing the utilization of those technologies in the

classroom and the training and infrastructure required efficiently to support the technologies, the full potential of educational technology has rarely been realized.

"(C) The effective use of technology in education has been inhibited by the inability of many State educational agencies and local educational agencies to invest in and support needed technologies, and to obtain sufficient resources to seek expert technical assistance in developing high-quality professional development activities for teachers and keeping pace with the rapid technological advances.

"(D) To remain competitive in the global economy, which is increasingly reliant on a workforce that is comfortable with technology and able to integrate rapid technological changes into production processes, it is imperative that our Nation maintain a work-ready labor force.

"(b) POLICY.—Congress declares it to be the policy of the United States—

"(1) to facilitate significant innovation in elementary school and secondary school education programs;

"(2) to enrich the learning environment of students and expand learning opportunity for students, including longer school days and school years;

"(3) to provide a safe learning environment for all students;

"(3) to ensure that all students are technologically literate; and

"(4) to assist State educational agencies and local educational agencies in building the agencies' capacity to establish, implement, and sustain innovative programs for public elementary and secondary school students.

"(c) PURPOSES.—The purposes of this title are as follows:

"(1) To provide supplementary assistance for school improvement to elementary schools, secondary schools, and local educational agencies—

"(A) that have been or are at risk of being identified as being in need of improvement, as defined in section 1116 (c) and (d), to carry out activities (as described in such schools' or agencies' improvement plans developed under such section) that are designed to remedy the circumstances that caused such schools or agen-

cies to be identified as in need of improvement; or

"(B) to improve core content curriculum and instructional practices and materials in core subject areas to ensure that all students are at the proficient standard level within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's).

"(2) To provide assistance to local educational agencies and schools for innovative programs and activities that will transform schools into 21st century opportunities for students by—

"(A) creating a challenging learning environment and facilitating academic enrichment through innovative academic programs; or

"(B) providing extra learning, time, and opportunities for students.

"(3) To provide assistance to local educational agencies, schools, and communities to strengthen existing programs or develop and implement new programs based on proven researched-based strategies that create safe learning environments by—

"(A) preventing violence and other high-risk behavior from occurring in and around schools; and

"(B) preventing the illegal use of alcohol, tobacco, and drugs among students.

"(4) To create New Economy Technology Schools (NETs) by providing assistance to local educational agencies and schools for—

"(A) the acquisition, development, interconnection, implementation, improvement, and maintenance of an effective educational technology infrastructure;

"(B) the acquisition and maintenance of technology equipment and the provision of training in the use of such equipment for teachers, school library and media personnel, and administrators;

"(C) the acquisition or development of technology-enhanced curricula and instructional materials that are aligned with challenging State content and student performance standards; and

"(D) the acquisition or development and implementation of high-quality professional development for teachers in the use of technology

and its integration with challenging State content and student performance standards.

"SEC. 6002. DEFINITIONS.

"In this title:

"(1) AUTHENTIC TASK.—The term 'authentic task' means a real world task that—

"(A) is challenging, meaningful, multidisciplinary, and interactive;

"(B) involves reasoning, problem solving, and composition; and

"(C) is not a discrete component skill that has no obvious connection with students' activities outside of school.

"(2) STATE.—The term 'State' means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 6003. PROGRAMS AUTHORIZED.

"(a) GRANTS AUTHORIZED.—From the amount appropriated under section 6009 for a fiscal year, the Secretary shall award a grant to each State educational agency having a State plan approved under section 6005(a)(4) to enable the State educational agency to award grants to local educational agencies in the State.

"(b) RESERVATIONS AND ALLOTMENTS.—

"(1) RESERVATIONS.—From the amount appropriated under section 6009 for a fiscal year, the Secretary shall reserve—

"(A) not more than ½ of 1 percent of such amount for payments to the Bureau of Indian Affairs for activities, approved by the Secretary, consistent with this title;

"(B) not more than ½ of 1 percent of such amounts for payments to outlying areas, to be allotted in accordance with their respective needs for assistance under this title as determined by the Secretary, for activities, approved by the Secretary, consistent with this title; and

"(C) such sums as may be necessary to continue to support any multiyear award made under titles III, IV, V (part B), or X (as such titles were in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)) until the completion of the multiyear award.

"(2) STATE ALLOTMENTS.—

"(A) IN GENERAL.—From the amount appropriated under section 6009 for a fiscal year

and remaining after the Secretary makes reservations under paragraph (1), the Secretary shall allot to each State having a State plan approved under section 6005(a)(4) the sum of—

"(i) an amount that bears the same relationship to 50 percent of the remainder as the amount the State received under part A of title I bears to the amount all States received under such part; and

"(ii) an amount that bears the same relationship to 50 percent of the remainder as the school-age population in the State bears to the school-age population in all States.

"(B) DATA.—For the purposes of determining the school-age population in a State and in all States, the Secretary shall use the latest available Bureau of the Census data.

"(c) STATE MINIMUM.—For any fiscal year, no State shall be allotted under this section an amount that is less than 0.4 percent of the total amount allotted to all States under subsection (b)(2).

"(d) HOLD-HARMLESS AMOUNTS.—For fiscal year 2002, notwithstanding subsection (e), the amount allotted to each State under this section shall be not less than 100

percent of the total amount the State was allotted in formula grants under titles III, IV, and VI (as such titles were in effect on the day preceding the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)) for the preceding fiscal year.

"(e) RATABLE REDUCTIONS.—If the sums made available under subsection (b)(2)(A) for any fiscal year are insufficient to pay the full amounts that all State educational agencies are eligible to receive under that subsection for such year, the Secretary shall ratably reduce such amounts for such year.

"SEC. 6004. WITHIN STATE ALLOCATION.

"(a) SHORT TITLE.—Each State educational agency for a State receiving a grant award under section 6003(b)(2) shall—

"(1) set aside not more than 1 percent of the grant funds for the cost of administering the activities under this title;

"(2) set aside not more than 4 percent of the grant funds to—

"(A) provide for the establishment of high-quality, internationally competitive content and student performance standards and strategies that all students will be expected to meet;

"(B) provide for the establishment of high-quality, rigorous assessments that include multiple measures and demonstrate comprehensive knowledge;

"(C) encourage and enable all State educational agencies and local educational agencies to develop, implement, and strengthen comprehensive education improvement plans that address student achievement, teacher quality, parent involvement, and reliable measurement and evaluation methods; and

"(D) encourage and enable all States to develop and implement value-added assessments, including model value-added assessments identified by the Secretary under section 7004(a)(6); and

"(3) using the remaining 95 percent of the grant funds, make grants by allocating to each local educational agency in the State having a local educational agency plan approved under section 6005(b)(3) the sum of—

"(A) an amount that bears the same relationship to 60 percent of such remainder as the amount the local educational agency received under part A of title I bears to the amount all

local educational agencies in the State received under such part; and

"(B) an amount that bears the same relationship to 40 percent of such remainder as the school-age population in the area served by the local educational agency bears to the school-age population in the area served by all local educational agencies in the State.

"(b) MATCHING REQUIREMENT.—

"(1) IN GENERAL.—Each eligible local educational agency receiving a grant under subsection (a) shall contribute resources with respect to the local authorized activities to be assisted under this title in case or in-kind from non-Federal sources in an amount equal to 25 percent of the Federal funds awarded under the grant.

"(2) WAIVER.—A State educational agency may grant a waiver of the requirements of paragraph (1) to a local educational agency that—

"(A) applies for such a waiver; and

"(B) demonstrates extreme circumstances for being unable to meet such requirements.

"SEC. 6005. PLANS.

"(a) STATE PLANS.—

"(1) IN GENERAL.—The State educational agency for each State desiring a grant under this title shall submit a State plan to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require.

"(2) CONSOLIDATED PLAN.—A State plan submitted under paragraph (1) may be submitted as part of a consolidated plan under section 8302.

"(3) CONTENTS.—Each plan submitted under paragraph (1) shall—

"(A) describe how the State educational agency will assist each local educational agency and school served under this title to comply with the requirements described in section 6006 that are applicable to the local educational agency or school;

"(B) certify that the State has in place the standards and assessments required under section 1111;

"(C) certify that the State educational agency has a system, as required under section 1111, for—

"(i) holding each local educational agency and school accountable for ade-

quate yearly progress (as defined in section 1111(b)(2)(B));

"(ii) identifying local educational agencies and schools that are in need of improvement and corrective action (as required in sections 1116 and 1117);

"(iii) assisting local educational agencies and schools that are identified for improvement with the development of improvement plans; and

"(iv) providing technical assistance, professional development, and other capacity building as needed to get such agencies and schools out of improvement status;

"(D) certify that the State educational agency shall use the disaggregated results of student assessments required under section 1111(b)(4), and other measures or indicators available, to review annually the progress of each local educational agency and school served under this title to determine whether or not each such agency and school is making adequate yearly progress as required under section 1111;

"(E) certify that the State educational agency will take action against a local educational agency that is in corrective action and receiving funds under this title as described in section 6006(d)(1);

"(F) describe what, if any, State and other resources will be provided to local educational agencies and schools served under this title to carry out activities consisted with this title; and

"(G) certify that the State educational agency has a system to hold local educational agencies accountable for meeting the annual performance objectives required under subsection (b)(2)(C).

"(4) APPROVAL.—The Secretary, using a peer review process, shall approve a State plan if the State plan meets the requirements of this subsection.

"(5) DURATION OF THE PLAN.—Each State plan shall remain in effect for the duration of the State's participation under this title.

"(6) REQUIREMENT.—A State shall not be eligible to receive funds under this title unless the State has established the standards and assessments required under section 1111.

"(b) LOCAL PLANS.—

"(1) IN GENERAL.—Each local educational agency shall annually submit a local educational agency plan to the State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may require.

"(2) CONTENTS.—Each local educational agency shall—

"(A) describe the programs for which funds allocated under section 6004(3) will be used and the reasons for the selection of such programs;

"(B) describe the methods the local educational agency will use to measure the annual impact of programs described under subparagraph (A) and the extent to which such programs will increase student academic performance;

"(C) describe the annual, quantifiable, and measurable performance goals and objectives for each program described under subparagraph (A) and the extent to which such goals and objectives are aligned with State content and student performance standards;

"(D) describe how the local educational agency will hold schools accountable for meeting the intended performance objectives for each program described under subparagraph (C);

"(E) provide an assurance that the local educational agency has met the local plan requirements described in section 1112 for—

"(i) holding schools accountable for adequate yearly progress, including meeting annual numerical goals for improving the performance of all groups of students based on the student performance standards set by the State under section 1111(b)(1)(D)(ii);

"(ii) identifying schools for school improvement or corrective action;

"(iii) fulfilling the local educational agency's school improvement responsibilities described in section 1116, including taking corrective actions under section 1116(c)(10); and

"(iv) providing technical assistance, professional development, or other capacity building to schools served by the agency;

"(F) certify that the local educational agency will take action against a school that is in corrective action and receiving funds under this title as described under section 6006(d)(2);

"(G) describe what State and local resources will be contributed to carrying out programs described under subparagraph (A);

"(H) provide assurances that the local educational agency consulted, at a minimum, with parents, school board members, teachers, administrators, business partners, education organizations, and community groups to develop the local educational plan and select the programs to be assisted under this title; and

"(I) provide assurances that the local educational agency will continue such consultation on a regular basis and will provide the State with annual evidence of such consultation.

"(3) APPROVAL.—The State, using a peer review process, shall approve a local educational agency plan if the plan meets the requirements of this subsection.

"(4) DURATION OF THE PLAN.—Each local educational agency plan shall remain in effect for

the duration of the local educational agency's participation under this title.

"(5) PUBLIC REVIEW.—Each State educational agency will make publicly available each local educational agency plan approved under paragraph (3).

"SEC. 6006. LOCAL USES OF FUNDS AND ACCOUNTABILITY.

"(a) ADMINISTRATIVE EXPENSES.—Each local educational agency receiving a grant award under section 6004(3) may use not more than 1 percent of the grant funds for any fiscal year for the cost of administering this title.

"(b) REQUIRED ACTIVITIES.—Each local educational agency receiving a grant award under section 6004(3) shall use the grant funds pursuant to this subsection to establish and carry out programs that are designed to achieve, separately or cumulatively, each of the goals described in the category areas described in paragraphs (1) through (4).

"(1) SCHOOL IMPROVEMENT.—Each local educational agency shall use 30 percent of the grant funds—

"(A) in the case of a school that has been identified as being in need of improvement under section 1116(c), for activities or strategies that are described in section 1116(c) that

focus on removing such school from improvement status; or

"(B) for programs that seek to raise the academic achievement levels of all elementary school and secondary school students based on challenging State content and student performance standards and, to the greatest extent possible—

"(i) incorporate the best practices developed from research-based methods and practices;

"(ii) are aligned with challenging State content and performance standards and focused on reinforcing and boosting the core academic skills and knowledge of students who are struggling academically, as determined by State assessments under section 1111(b)(4) and local evaluations;

"(iii) focus on accelerated learning rather than remediation, so that students will master the high level of skills and knowledge needed to meet the highest State standards or to perform at high levels on all State assessments;

"(iv) offer teachers, principals, and administrators professional development and technical assistance that are aligned with the content of such programs; and

"(v) address local needs, as determined by the local educational agency's evaluation of school and districtwide data.

"(2) 21ST CENTURY OPPORTUNITIES.—Each local educational agency shall use 25 percent of the grant funds for—

"(A) programs that provide for extra learning, time, and opportunities for students so that all students may achieve high levels of learning and meet the State proficient standard level within 10 years of the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's);

"(B) programs to improve higher order thinking skills of all students, especially disadvantaged students;

"(C) promising innovative education reform projects that are consistent with challenging State content and student performance standards; or

"(D) programs that focus on ensuring that disadvantaged students enter elementary school with the basic skills needed to meet the highest State content and student performance standards.

"(3) SAFE LEARNING ENVIRONMENTS.—Each local educational agency shall use 15 percent of the grant funds for programs that help ensure that all elementary school and secondary school students learn in a safe and supportive environment by—

"(A) reducing drugs, violence, and other high-risk behavior in schools;

"(B) providing safe, extended-day opportunities for students;

"(C) providing professional development activities for teachers, principals, mental health professionals, and guidance counselors in dealing with students exhibiting distress (such as substance abuse, disruptive behavior, and suicidal behavior);

"(D) recruiting or retaining high-quality mental health professionals;

"(E) providing character education for students; or

"(F) providing alternative educational opportunity for violent and disruptive students; or

"(G) meeting other objectives that are established under State standards regarding safety or that address local community concerns.

"(4) NEW ECONOMY TECHNOLOGY SCHOOLS.—

"(A) IN GENERAL.—Each local educational agency shall use 30 percent of the grant funds to establish technology programs that will transform schools into New Economy Technology Schools (NETS) and, to the greatest extent possible, will—

"(i) increase student performance related to an authentic task;

"(ii) integrate the use of technology into activities that are a core part of classroom curricula and are available to all students;

"(iii) emphasize how to use technology to accomplish authentic tasks;

"(iv) provide professional development and technical assistance to teachers so that teachers may integrate technology into daily teaching activities that are directly

aligned with State content and student performance standards; and

"(v) enable the local educational agency annually to increase the percentage of classrooms with access to technology, particularly in schools in which not less than 50 percent of the school-age population comes from families with incomes below the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

"(B) LIMITATION.—Each local educational agency shall use not more than 50 percent of the grant funds described in subparagraph (A) to purchase, upgrade, or retrofit computer hardware in schools in which not less than 50 percent of the school-age population comes from families at or below the poverty line, as defined in subparagraph (A)(v).

"(c) TRANSFER OF FUNDS.—Notwithstanding subsection (b)—

"(1) a local educational agency that meets adequate yearly progress requirements for student performance, as established by the State educational agency under section 1111, may allocate, at the local educational agency's discretion, not more than 30 percent of the grant funds received under section 6004(3) among the 4 funding categories described in subsection (b);

"(2) a local educational agency that exceeds the adequate yearly progress requirements described in paragraph (1) by a significant amount, as determined by the State educational agency, may allocate, at the local educational agency's discretion, not more than 50 percent of the grant funds received under section 6004(3) among the 4 funding categories described in subsection (b); and

"(3) a local educational agency that is identified as in need of improvement, as defined under section 1117, may apply not more than 25 percent of the grant funds described in subsection (b) (2), (3), or (4) to school improvement activities described in subsection (b)(1).

"(d) LIMITATIONS FOR SCHOOLS AND LOCAL EDUCATIONAL AGENCIES IN CORRECTIVE ACTION.—

"(1) LOCAL EDUCATIONAL AGENCIES IN CORRECTIVE ACTION.—If a local educational agency is identified for corrective action under section 1116(d), the State educational agency shall—

"(A) notwithstanding any other provision of law, specify how the local educational agency shall spend the grant funds in order to focus the local educational agency on activities that will be the most effective in raising student performance levels; and

"(B) implement corrective action in accordance with the provisions for corrective action described in section 1116(d).

"(2) SCHOOLS IN CORRECTIVE ACTION.—If a school is identified for corrective action under section 1116(c), the local educational agency shall—

"(A) specify how the school shall spend grant funds received under this section in order to focus on activities that will be the most effective in raising student performance levels; and

"(B) implement corrective action in accordance with the provisions for corrective action described in section 1116(c)(10).

"(3) DURATION.—Limitations imposed on schools and local educational agencies in corrective

action under paragraphs (1) and (2) shall remain in effect until such time as the school or local educational agency has made sufficient improvement, as determined by the State educational agency, and is no longer in corrective action.

"SEC. 6007. STATE AND LOCAL RESPONSIBILITIES.

"(a) DATA REVIEW.—

"(1) STATE AND LOCAL REVIEW.—A State educational agency shall jointly review with a local educational agency described in section 6006(d)(1) the local educational agency's data gathered from student assessments and other measures required under section 1111(b)(4), in order to determine how the local educational agency shall spend the grant funds pursuant to section 6006(d)(1)(A) in order to substantially increase student performance levels.

"(1) SCHOOL AND LOCAL REVIEW.—A local educational agency shall jointly review with a school described in section 6006(d)(2) the school's data gathered from student assessments and other measures required under section 1111(b)(4), in order to determine how the school shall spend grant funds pursuant to section 6006(d)(2) in order to substantially increase student performance levels.

"(b) TECHNICAL ASSISTANCE.—

"(1) STATE ASSISTANCE.—

"(A) A State educational agency shall provide, upon request by a local educational agency receiving grant funds under this title, technical assistance to the local educational agency and schools served by the local educational agency, including assistance in analyzing student performance and the impact of programs assisted under this title and identifying the best instructional strategies and methods for carrying out such programs.

"(B) State assistance may be provided by—

"(i) the State educational agency; or

"(ii) with the local educational agency's approval, by an institution of higher education, a private not-for-profit or for-profit organization, an educational service agency, the recipient of a Federal contract or cooperative agreement as described in section 7005, a nontraditional entity such as a corporation or consulting firm, or any other entity with experience in the program area for which the assistance is being sought.

"(2) LOCAL ASSISTANCE.—

"(A) A local educational agency shall provide, upon request by an elementary school or secondary school served by the agency, technical assistance to such school, including assistance in analyzing student performance and the impact of programs assisted under this title, and identifying the best instructional strategies and methods for carrying out such programs.

"(B) Local assistance may be provided by—

"(i) the State educational agency or local educational agency; or

"(ii) with the school's approval, by an institution of higher education, a private not-for-profit or for-profit organization, an educational service agency, the recipient of a Federal contract or cooperative agreement as described in section 7005, a non-traditional entity such as a corporation or consulting firm, or any other entity with experience in the program area for which the assistance is being sought.

"SEC. 6008. LOCAL REPORTS.

''Each local educational agency receiving funds under this title shall annually publish and disseminate to the public in a format and, to the extent practicable, in a language that parents can understand, a report on—

''(1) information describing the use of funds in the 4 category areas described in section 6006(b);

''(2) the impact of such programs and an assessment of such programs' effectiveness; and

''(3) the local educational agency's progress toward attaining the goals and objectives described under section 6005(b), and the extent to which programs assisted under this title have increased student achievement.

"SEC. 6009. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this title $3,500,000,000 for fiscal year 2002, and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

TITLE VII—ACCOUNTABILITY

SEC. 701. ACCOUNTABILITY.

Title VII of the Act (20 U.S.C. 7401 et seq.) is amended to read as follows:

"TITLE VII—ACCOUNTABILITY

"PART A—PERFORMANCE REVIEW

"SEC. 7001. SANCTIONS.

"(a) THIRD FISCAL YEAR.—If performance objectives established under a covered provision have not been met by a State receiving grant funds under such provision by the end of the third fiscal year for which the State receives such grant funds, the Secretary shall reduce by 50 percent the amount the State is entitled to receive for administrative expenses under such provision.

"(b) FOURTH FISCAL YEAR.—If the State fails to meet the performance objectives established under a covered provision by the end of the fourth fiscal year for which the State receives grant funds under the covered provision, the Secretary shall reduce the total amount the State receives under title VI by 30 percent.

"(c) DURATION.—If the Secretary determines, under subsection (a) or (b), that a State failed to meet the performance objectives established under a covered provision for a fiscal year, the Secretary shall reduce grant funds in accordance with subsection (a) or (b) for the State for each subsequent fiscal year until the State demonstrates that the State met the performance objectives for the fiscal year preceding the demonstration.

"(d) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance, if sought, to a State subjected to sanctions under subsection (a) or (b).

"(e) LOCAL SANCTIONS.—

"(1) IN GENERAL.—Each State receiving assistance under title I, II, III, or VI shall develop a system to hold local educational agencies accountable for meeting—

"(A) the performance objectives established under part A of title II, part A of title III, and title VI; and

"(B) the adequate yearly progress requirements established under part A of title I, and required under part A of title III and title VI.

"(2) SANCTIONS.—A system developed under paragraph (c) shall include a mechanism for sanctioning local educational agencies for low performance with regard to failure to meet such performance objectives and adequate yearly progress levels.

"(f) DEFINITIONS.—In this section:

"(1) COVERED PROVISION.—The term 'covered provision' means part A of title I, part A of title II, part A of title III, and section 6005(b)(2)(C).

"(2) PERFORMANCE OBJECTIVES.—The term 'performance objectives' means in the case of—

"(A) part A of title I, the adequate yearly progress levels established under subsections (b)(2)(A)(iii) and (b)(2)(B) of section 1111;

"(B) part A of title II, the set of performance objectives established in section 2014;

"(C) part A of title III, the set of performance objectives established in section 3109; and

"(D) title VI, the set of performance objectives set by each local educational agency in section 6005(b)(2)(C).

"SEC. 7002. REWARDING HIGH PERFORMANCE.

"(a) STATE REWARDS.—

"(1) IN GENERAL.—From amounts appropriated under subsection (d), and from amounts made available as a result of reductions under section 7001, the Secretary shall make awards to States that—

"(A) for 3 consecutive years have—

"(i) exceeded the States' performance objectives established for any title under this Act;

"(ii) exceeded their adequate yearly progress levels established in section 1111(b);

"(iii) significantly narrowed the gaps between minority and non-minority students, and between economically disadvantaged and non-economically disadvantaged students;

"(iv) raised all students to the proficient standard level prior to 10 years from the date of enactment of the Public Education Reinvention, Reinvestment, and Responsibility Act; or

"(v) significantly increased the percentage of core classes being taught by fully qualified teachers teaching in schools receiving funds under part A of title I; or

"(B) by not later than fiscal year 2005, ensure that all teachers teaching in the States' public elementary schools and secondary schools are fully qualified.

"(2) STATE USE OF FUNDS.—

"(A) DEMONSTRATION SITES.—Each State receiving an award under paragraph (1) shall use a portion of the award that is not distributed under subsection (b) to establish demonstration sites with respect to high-performing schools (based on achievement or performance

levels) objectives and adequate yearly progress in order to help low-performing schools.

"(B) IMPROVEMENT OF PERFORMANCE.—Each State receiving an award under paragraph (1) shall use the portion of the award that is not used pursuant to subparagraph (A) or (C) and is not distributed under subsection (b) for the purpose of improving the level of performance of all elementary and secondary school students in the State, based on State content and performance standards.

"(C) RESERVATION FOR ADMINISTRATIVE EXPENSES.—Each State receiving an award under paragraph (1) may set aside not more than ½ of 1 percent of the award for the planning and administrative costs of carrying out this section, including the costs of distributing awards to local educational agencies.

"(b) LOCAL EDUCATIONAL AGENCY AWARDS.—

"(1) IN GENERAL.—Each State receiving an award under subsection (a)(1) shall distribute 80 percent of the award funds to local educational agencies in the State that—

"(A) for 3 consecutive years have—

"(i) exceeded the State-established local educational agency performance objectives established for any title under this Act;

"(ii) exceeded the adequate yearly progress level established under section 1111(b)(2);

"(iii) significantly narrowed the gaps between minority and nonminority students, and between economically disadvantaged and noneconomically disadvantaged students;

"(iv) raised all students enrolled in schools within the local educational agency to the proficient standard level prior to 10 years from the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's); or

"(v) significantly increased the percentage of core classes being taught by fully qualified teachers teaching in schools receiving funds under part A of title I; or

"(B) not later than December 31, 2005, ensured that all teachers teaching in the ele-

mentary schools and secondary schools served by the local educational agencies are fully qualified; or

"(C) have attained consistently high achievement in another area that the State deems appropriate to reward.

"(2) SCHOOL-BASED PERFORMANCE AWARDS.—A local educational agency may use funds made available under paragraph (1) for activities such as school-based performance awards.

"(3) RESERVATION FOR ADMINISTRATIVE EXPENSES.—Each local educational agency receiving an award under paragraph (1) may set aside not more than ½ of 1 percent of the award for the planning and administrative costs of carrying out this section, including the costs of distributing awards to eligible elementary schools and secondary schools, teachers, and principals.

"(c) SCHOOL REWARDS.—Each local educational agency receiving an award under subsection (b) shall consult with teachers and principals to develop a reward system, and shall use the award funds—

"(1) to reward individual schools that demonstrate high performance with respect to—

"(A) increasing the academic achievement of all students;

"(B) narrowing the academic achievement gap described in section 1111(b)(2)(B)(vii);

"(C) improving teacher quality;

"(D) increasing high-quality professional development for teachers, principals, and administrators; or

"(E) improving the English proficiency of limited English proficient students;

"(2) to reward collaborative teams of teachers, or teams of teachers and principals, that—

"(A) significantly increase the annual performance of low-performing students; or

"(B) significantly improve in a fiscal year the English proficiency of limited English proficient students;

"(3) to reward principals who successfully raise the performance of a substantial number of low-performing students to high academic levels;

"(4) to develop or implement school district-wide programs or policies to increase the level of student performance on State assessments that are aligned with State content standards; and

"(5) to reward schools for consistently high achievement in another area that the local educational agency deems appropriate to reward.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $200,000,000 for fiscal year 2002, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(e) DEFINITION.—The term 'low-performing student' means students who are below the basic State standard level.

"SEC. 7003. SUPPLEMENT NOT SUPPLANT.

"A State educational agency and local educational agency shall use funds under this title to supplement, and, not supplant, Federal, State, and local funds that, in the absence of funds under this title, would otherwise be spent for activities of the type described in section 7002.

"SEC. 7004. SECRETARY'S ACTIVITIES.

"(a) IN GENERAL.—Notwithstanding any other provision of this Act, from amounts appropriated under subsection (b) and not reserved under subsection (c), the Secretary may—

"(1) support activities of the National Board for Professional Teaching Standards;

"(2) study and disseminate information regarding model programs assisted under this Act;

"(3) provide training and technical assistance to States, local educational agencies, elementary schools and secondary schools, Indian tribes, and other recipients of grant funds under this Act that are carrying out activities assisted under this Act, including entering into contracts or cooperative agreements with public or private nonprofit entities or consortia of such entities, in order to provide comprehensive training and technical assistance related to the administration and implementation of activities assisted under this Act;

"(4) support activities that will promote systemic education reform at the State and local levels;

"(5) award grants or contracts to public or private nonprofit entities to enable the entities—

"(A) to develop and disseminate exemplary reading, mathematics, science, and technology educational practices, and instructional materials to States, local educational agencies, and elementary schools and secondary schools; and

"(B) to provide technical assistance for the implementation of teaching methods and assessment tools for use by elementary schools and secondary school students, teachers, and administrators;

"(6) disseminate information on models of value-added assessments;

"(7) award a grant or contract to a public or private nonprofit entity or consortium of such entities for the development and dissemination of exemplary programs and curricula for accelerated and advanced learning for all students, including gifted and talented students;

"(8) award a grant or contract to public or private nonprofit entities to support and promote programs which include the distribution of inexpensive books to students and literacy activities that motivate children to read; and

"(9) provide assistance to States—

"(A) by assisting in the development of English language development standards and high-quality assessments, if requested by a State participating in activities under subtitle A of title III; and

"(B) by developing native language tests for limited English proficient students that a State may administer to such students to assess student achievement in at least reading, science, and mathematics, consistent with section 1111.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $150,000,000 for fiscal year 2002, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(c) RESERVATION.—From the amounts appropriated under subsection (b) the Secretary shall reserve $10,000,000 for the purposes of carrying out activities under section 1202(c).

"(d) SPECIAL RULE FOR SECRETARY AWARDS.—

"(1) IN GENERAL.—Notwithstanding any other provision of this Act, a recipient of funds provided under a direct award made by the Secretary, or a contract or cooperative agreement entered into with the Secretary, shall include the following in any application or plan required under such programs:

"(A) How funds provided under the program will be used and how such use will increase student academic achievement.

"(B) The goals and objectives to be met, including goals for dissemination and use of the information or materials produced.

"(C) How the recipient will track and report annually to the Secretary—

"(i) the successful dissemination of information or materials produced;

"(ii) where information or materials produced are being used; and

"(iii) what is the impact of such use and, if applicable, the extent to which such use increased student academic achievement.

"(2) REQUIREMENT.—If no application or plan is required under a program, contract, or cooperative agreement described in paragraph (1), the Secretary shall require the recipient of funds to submit a plan containing the information required under paragraph (1).

"(3) FAILURE TO ACHIEVE GOALS AND OBJECTIVES.—

"(A) IN GENERAL.—The Secretary shall evaluate the information submitted under this subsection to determine whether the recipient has met the goals and objectives described in paragraph (1)(B), assess the magnitude of dissemination, and assess the effectiveness of the activity funded in raising student academic achievement in places where information or materials produced with such funds are used.

"(B) INELIGIBILITY.—The Secretary shall consider the recipient ineligible for future

grants under the program, contract, or cooperative agreement described in paragraph (1) if—

"(i) the goals and objectives described in paragraph (1)(B) have not been met;

"(ii) dissemination has not been of a magnitude to ensure national goals are being addressed; and

"(iii) the information or materials produced have not made a significant impact on raising student achievement in places where such information or materials are used.

"PART B—AMERICA'S EDUCATION GOALS PANEL

"SEC. 7101. AMERICA'S EDUCATION GOALS PANEL.

"(a) PURPOSE.—It is the purpose of this section to establish a bipartisan mechanism for—

"(1) building a national consensus for education improvement; and

"(2) reporting on progress toward achieving the National Education Goals.

"(b) AMERICA'S EDUCATION GOALS PANEL.—

"(1) ESTABLISHMENT.—There is established in the executive branch an America's Education Goals Panel (hereafter in this section referred to as the

'Goals Panel') to advise the President, the Secretary, and Congress.

"(2) COMPOSITION.—The Goals Panel shall be composed of 18 members (hereafter in this section referred to as 'members'), including—

"(A) 2 members appointed by the President;

"(B) 8 members who are Governors, 3 of whom shall be from the same political party as the President and 5 of whom shall be from the opposite political party of the President, appointed by the Chairperson and Vice Chairperson of the National Governors' Association, with the Chairperson and Vice Chairperson each appointing representatives of such Chairperson's or Vice Chairperson's respective political party, in consultation with each other;

"(C) 4 Members of Congress, of whom—

"(i) 1 Member shall be appointed by the Majority Leader of the Senate from among the Members of the Senate;

"(ii) 1 Member shall be appointed by the Minority Leader of the Senate from among the Members of the Senate;

"(iii) 1 Member shall be appointed by the Majority Leader of the House of Representatives from among the Members of the House of Representatives; and

"(iv) 1 Member shall be appointed by the Minority Leader of the House of Representatives from among the Members of the House of Representatives; and

"(D) 4 members of State legislatures appointed by the President of the National Conference of State Legislatures, of whom 2 shall be of the same political party as the President of the United States.

"(3) SPECIAL APPOINTMENT RULES.—

"(A) IN GENERAL.—The members appointed pursuant to paragraph (2)(B) shall be appointed as follows:

"(i) SAME PARTY.—If the Chairperson of the National Governors' Association is from the same political party as the President, the Chairperson shall appoint 3 individuals and the Vice Chairperson of such association shall appoint 5 individuals.

"(ii) OPPOSITE PARTY.—If the Chairperson of the National Governors' Association is from the opposite political party as the President, the Chairperson shall appoint 5 individuals and the Vice Chairperson of such association shall appoint 3 individuals.

"(B) SPECIAL RULE.—If the National Governors' Association has appointed a panel that meets the requirements of paragraph (2) and subparagraph (A), except for the requirements of subparagraph (D) of paragraph (2), prior to the date of enactment of the Public Education Reinvestment, Reinvention, and Responsibillity Act (Three R's), then the members serving on such panel shall be deemed to be in compliance with the provisions of such paragraph and subparagraph and shall not be required to be reappointed pursuant to such paragraph and subparagraph.

"(C) REPRESENTATION.—To the extent feasible, the membership of the Goals Panel shall be geographically representative and reflect the racial, ethnic, and gender diversity of the United States.

"(4) TERMS.—The terms of service of members shall be as follows:

"(A) PRESIDENTIAL APPOINTEES.—Members appointed under paragraph (2)(A) shall serve at the pleasure of the President.

"(B) GOVERNORS.—Members appointed under paragraph (2)(B) shall serve for 2-year terms, except that the initial appointments under such paragraph shall be made to ensure staggered terms with ½ of such members' terms concluding every 2 years.

"(C) CONGRESSIONAL APPOINTEES AND STATE LEGISLATORS.—Members appointed under subparagraphs (C) and (D) of paragraph (2) shall serve for 2-year terms.

"(5) DATE OF APPOINTMENT.—The initial members shall be appointed not later than 60 days after the date of enactment of the Elementary and Secondary Education Amendments of 1999.

"(6) INITIATION.—The Goals Panel may begin to carry out the Goals Panel's duties under this section when 10 members of the Goals Panel have been appointed.

"(7) VACANCIES.—A vacancy on the Goals Panel shall not affect the powers of the Goals Panel,

but shall be filled in the same manner as the original appointment.

"(8) TRAVEL.—Each member may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for each day the member is engaged in the performance of duties for the Goals Panel away from the home or regular place of business of the member.

"(9) CHAIRPERSON.—

"(A) IN GENERAL.—The members shall select a Chairperson from among the members.

"(B) TERM AND POLITICAL AFFILIATION.—The Chairperson of the Goals Panel shall serve a 1-year term and shall alternate between political parties.

"(10) CONFLICT OF INTEREST.—A member of the Goals Panel who is an elected official of a State which has developed content or student performance standards may not participate in Goals Panel consideration of such standards.

"(11) EX OFFICIO MEMBER.—If the President has not appointed the Secretary as 1 of the 2 members the President appoints pursuant to paragraph

(2)(A), then the Secretary shall serve as a nonvoting ex officio member of the Goals Panel.

"(c) DUTIES.—

"(1) IN GENERAL.—The Goals Panel shall—

"(A) report to the President, the Secretary, and Congress regarding the progress the Nation and the States are making toward achieving America's Education Goals, including issuing an annual report;

"(B) report on, and widely disseminate through multiple strategies, promising or effective actions being taken at the Federal, State, and local levels, and in the public and private sectors, to achieve America's Education Goals;

"(C) report on, and widely disseminate on promising or effective practices pertaining to, the achievement of each of the 8 America's Education Goals; and

"(D) help build a bipartisan consensus for the reforms necessary to achieve America's Education Goals.

"(2) REPORT.—

"(A) IN GENERAL.—The Goals Panel shall annually prepare and submit to the President, the Secretary, the appropriate committees of

Congress, and the Governor of each State a report that shall—

"(i) assess the progress of the United States toward achieving America's Education Goals; and

"(ii) identify actions that should be taken by Federal, State, and local governments.

"(B) FORM; DATA.—Reports shall be presented in a form, and include data, that is understandable to parents and the general public.".

TITLE VIII—GENERAL PROVISIONS AND REPEALS

SEC. 801. REPEALS, TRANSFERS, AND REDESIGNATIONS REGARDING TITLES VIII AND XIV.

(a) IN GENERAL.—The Act (20 U.S.C. 6301 et seq.) is amended—

(1) by inserting after title VII the following:

"TITLE VIII—GENERAL PROVISIONS";

(2) by repealing sections 14514 and 14603 (20 U.S.C. 8904, 8923);

(3)(A) by transferring title XIV (20 U.S.C. 8801 et seq.) to title VIII and inserting such title after the title heading for title VIII; and

(B) by striking the title heading for title XIV;

(4)(A) by redesignating part H of title VIII (as redesignated by paragraph (3)) as part I of title VIII; and

(B) by redesignating the references to part H of title VIII as references to part I of title VIII;

(5) by inserting after part G of title VIII the following:

"PART H—SUPPLEMENT, NOT SUPPLANT

"SEC. 8801. SUPPLEMENT, NOT SUPPLANT.

''A State educational agency or local educational agency shall use funds received under the Act to supplement, and not supplant, State and local funds that, in the absence of funds under this Act, would otherwise be spent for activities under this Act.'';

(6) by redesignating the references to title XIV as references to title VIII;

(7)(A) by redesignating sections 14101 through 14103 (20 U.S.C. 8801, 8803) (as transferred by paragraph (3)) as sections 8101 through 8103, respectively; and

(B) by redesignating the references to such sections 14101 through 14103 as references to sections 8101 through 8103, respectively;

(8)(A) by redesignating sections 14201 through 14206 (20 U.S.C. 8821, 8826) (as transferred by paragraph (3)) as sections 8201 through 8206, respectively; and

(B) by redesignating the references to such sections 14201 through 14206 as references to sections 8201 through 8206, respectively;

(9)(A) by redesignating sections 14301 through 14307 (20 U.S.C. 8851, 8857) (as transferred by paragraph (3)) as sections 8301 through 8307, respectively; and

(B) by redesignating the references to such sections 14301 through 14307 as references to sections 8301 through 8307, respectively;

(10)(A) by redesignating section 14401 (20 U.S.C. 8881) (as transferred by paragraph (3)) as section 8401; and

(B) by redesignating the references to such section 14401 as references to section 8401;

(11)(A) by redesignating sections 14501 through 14513 (20 U.S.C. 8891, 8903) (as trans-

ferred by paragraph (3)) as sections 8501 through 8513, respectively; and

(B) by redesignating the references to such sections 14501 through 14513 as references to sections 8501 through 8513, respectively;

(12)(A) by redesignating sections 14601 and 14602 (20 U.S.C. 8921, 8922) (as transferred by paragraph (3)) as sections 8601 and 8602, respectively; and

(B) by redesignating the references to such sections 14601 and 14602 as references to sections 8601 and 8602, respectively;

(13)(A) by redesignating section 14701 (20 U.S.C. 8941) (as transferred by paragraph (3)) as section 8701; and

(B) by redesignating the references to such section 14701 as references to section 8701; and

(14)(A) by redesignating sections 14801 and 14802 (20 U.S.C. 8961, 8962) (as transferred by paragraph (3)) as sections 8901 and 8902, respectively; and

(B) by redesignating the references to such sections 14801 and 14802 as references to sections 8901 and 8902, respectively.

(b) AMENDMENTS.—Title VIII (as so transferred and redesignated) is amended—

(1) in section 8101(10) (as redesignated by subsection (7)(A))—

(A) by striking subparagraphs (C) through (F); and

(B) by adding after subparagraph (B) the following:

"(C) part A of title II;

"(D) part A of title III; and

"(E) title IV.";

(2) in section 8102 (as redesignated by subsection (a)(7)), by striking "VIII" and inserting "V";

(3) in section 8201 (as redesignated by subsection (a)(8))—

(A) in subsection (a)(2), by striking ", and administrative funds under section 308(c) of the Goals 2000: Educate America Act"; and

(B) by striking subsection (f);

(4) in section 8203(b) (as redesignated by subsection (a)(8)), by striking "Improving America's Schools Act of 1994" and inserting "Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)";

(5) in section 8204 (as redesignated by subsection (a)(8))—

(A) by striking subsection (b); and

(B) in subsection (a)—

(i) in paragraph (2)—

(I) in the matter preceding subparagraph (A), by striking ''1995'' and inserting ''2002'';

(II) in subparagraph (B), by inserting ''professional development,'' after ''curriculum development,''; and

(ii) in paragraph (4)—

(I) by striking ''and section 410(b) of the Improving America's Schools Act of 1994''; and

(II) by striking ''paragraph (2)'' and inserting ''subsection (a)(2)'';

(III) by striking the following:

''(4) RESULTS.—'' and inserting the following: ''(b) RESULTS.—'';

(IV) by striking the following:

''(A) develop'' and inserting the following: ''(1) develop''; and

(V) by striking the following:

''(B) within'' and inserting the following:

"(2) within";

(6) in section 8205(a)(1) (as redesignated by subsection (a)(8)), by striking "part A of title IX" and inserting "part B of title III";

(7) in section 8206 (as redesignated by subsection (a)(8))—

(A) by striking "(a) UNNEEDED PROGRAM FUNDS.—"; and

(B) by striking subsection (b);

(8) in section 8302(a)(2) (as redesignated by subsection (a)(9))—

(A) by striking subparagraph (C); and

(B) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively;

(9) in section 8304(b) (as redesignated by subsection (a)(9)), by striking "Improving America's Schools Act of 1994" and inserting "Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)";

(10) in section 8401 (as redesignated by subsection (a)(10))—

(A) in subsection (a), by striking "Except as provided in subsection (c)," and inserting "Notwithstanding any other provision regarding

waivers in this Act and except as provided in subsection (c),''; and

(B) in subsection (c)(8), by striking ''part C of title X'' and inserting ''part B of title IV'';

(11) in section 8502 (as redesignated by subsection (a)(11)), by striking ''VIII'' and inserting ''V'';

(12) in section 8503(b)(1) (as redesignated by subsection (a)(11))—

(A) by striking subparagraphs (B) through (E);

(B) by adding :

''(B) professional development activities in title II;

''(C) title III;

''(D) title VI.''; and

(13) in section 8506(d) (as redesignated by subsection (a)(11)), by striking ''Improving America's Schools Act of 1994'' and inserting ''Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)'';

(14) in section 8513 (as redesignated by subsection (a)(11)), by striking ''Improving America's Schools Act of 1994'' each place it appears and in-

serting ''Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)'';

(15) in section 8601 (as redesignated by subsection (a)(12))—

(A) in subsection (b)(3)—

(i) in subparagraph (A), by striking ''Improving America's Schools Act of 1994'' and inserting ''Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)''; and

(ii) in subparagraph (B), by striking ''Improving America's Schools Act'' and inserting ''Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)''; and

(B) in subsection (f), by striking ''Improving America's Schools Act of 1994'' and inserting ''Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)''; and

(16) in section 8701(b) (as redesignated by subsection (a)(13))—

(A) in paragraph (1)—

(i) in subparagraph (B)—

(I) in clause (i), by striking ''Improving America's Schools Act of

1994'' and inserting ''Public Education Reinvestment, Reinvention, and Responsibility Act (Three R's)''; and

(II) in clause (ii), by striking ''such as the initiatives under the Goals 2000: Educate America Act, and'' and inserting ''under''; and

(ii) in subparagraph (C)(ii), by striking ''the School-to-Work Opportunities Act of 1994, and the Goals 2000: Educate America Act'' and inserting ''and the School-to-Work Opportunities Act of 1994''; and

(B) in paragraph (3), by striking ''1998'' and inserting ''2004''.

SEC. 802. OTHER REPEALS.

Titles V, X, XI, XII, and XIII (20 U.S.C. 7201 et seq., 8001 et seq., 8401 et seq., 8501 et seq., 8601 et seq.) and the Goals 2000: Educate America Act (20 U.S.C. 5801 et seq.) are repealed.

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