

106TH CONGRESS  
1ST SESSION

# H. R. 892

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 1999

Mr. FORBES introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

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

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Renewing America’s  
5 Schools Act”.

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

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

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

8                   (1) by striking sections 12002 and 12003;

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

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

14   **“SEC. 12001. FINDINGS.**

15           “The Congress finds the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

3       **“SEC. 12002. PURPOSE.**

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

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

12       and

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

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

17       **“SEC. 12201. DEFINITIONS.**

18       “As used in this part:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 “(c) ELIGIBILITY AND DETERMINATION.—

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

15 “(2) DETERMINATION.—

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

20 “(i) aged 5 to 17, inclusive; and

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

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

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

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

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

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

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

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

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

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

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

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

8 “(e) AWARD OF GRANTS.—

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

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

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

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

24 “(2) AMOUNT OF ASSISTANCE.—

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

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

8                   “(ii) consider—

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

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

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

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

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

3 **“SEC. 12204. GRANTS TO STATES.**

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

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

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

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

21 “(c) AMOUNT OF GRANT TO STATE.—

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

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

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

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

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

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

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

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

12 “(e) ADMINISTERING AGENCY.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 “(g) ASSISTANCE TO STATE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 “(c) WAIVER FOR OTHER USES.—

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

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

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

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

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

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

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

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

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

25           “(d) LOCAL BOND AUTHORITY WAIVER.—

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

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

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

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

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

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

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

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

7           “(g) GENERAL REQUIREMENTS.—

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

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

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

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

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

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

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

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

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

12       “(a) FAILURE TO ISSUE BONDS.—

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

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

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

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

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

17          **“SEC. 12208. FAIR WAGES.**

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

1 **“SEC. 12209. REPORT.**

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

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

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

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

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

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

15 **“SEC. 12210. FUNDING.**

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

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

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

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

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

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

7 (A) in paragraph (1)—

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

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

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

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

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

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

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

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

## 12           **TITLE II—SCHOLARSHIPS**

### 13   **SEC. 201. DEFINITIONS.**

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

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

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

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

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

22                           “(1) the term”;

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

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

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

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

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

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

17           “(a) DISTRIBUTION RULE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23                                   “(ii) from low-income families; or

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

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

6           “(C) ensure that—

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

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

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

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

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

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

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

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

1 **SEC. 204. EVALUATION.**

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

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

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

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

12 **“SEC. 6404. EVALUATION.**

13 “(a) ANNUAL EVALUATION.—

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

20 “(2) ANNUAL EVALUATION REQUIREMENT.—

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

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

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

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

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

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

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

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

9           **“SEC. 6405. APPLICABILITY.**

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

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

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

3     **SEC. 301. SHORT TITLE.**

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

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

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

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

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

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

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

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

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

1 fore January 1, 2004, and earnings on such  
2 contributions.

3 “(B) QUALIFIED STATE TUITION PRO-  
4 GRAMS.—Such term shall include amounts paid  
5 or incurred to purchase tuition credits or cer-  
6 tificates, or to make contributions to an ac-  
7 count, under a qualified State tuition program  
8 (as defined in section 529(b)) for the benefit of  
9 the beneficiary of the account.”.

10 (2) QUALIFIED ELEMENTARY AND SECONDARY  
11 EDUCATION EXPENSES.—Section 530(b) of such  
12 Code is amended by adding at the end the following  
13 new paragraph:

14 “(4) QUALIFIED ELEMENTARY AND SECONDARY  
15 EDUCATION EXPENSES.—

16 “(A) IN GENERAL.—The term ‘qualified el-  
17 elementary and secondary education expenses’  
18 means tuition, fees, tutoring, special needs serv-  
19 ices, books, supplies, computer equipment (in-  
20 cluding related software and services) and other  
21 equipment, transportation, and supplementary  
22 expenses required for the enrollment or attend-  
23 ance of the designated beneficiary of the trust  
24 at a public, private, or religious school.

1                   “(B)           SPECIAL           RULE           FOR  
2                   HOMESCHOOLING.—Such term shall include ex-  
3                   penses described in subparagraph (A) required  
4                   for education provided for homeschooling if the  
5                   requirements of any applicable State or local  
6                   law are met with respect to such education.

7                   “(C) SCHOOL.—The term ‘school’ means  
8                   any school which provides elementary education  
9                   or secondary education (through grade 12), as  
10                  determined under State law.”.

11                  (3) CONFORMING AMENDMENTS.—Subsections  
12                  (b)(1) and (d)(2) of section 530 of such Code are  
13                  each amended by striking “higher” each place it ap-  
14                  pears in the text and heading thereof.

15                  (b) TEMPORARY INCREASE IN MAXIMUM ANNUAL  
16                  CONTRIBUTIONS.—

17                  (1) IN GENERAL.—Section 530(b)(1)(A)(iii) of  
18                  such Code is amended by striking “\$500” and in-  
19                  serting “the contribution limit for such taxable  
20                  year”.

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

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

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

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

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

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

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

○