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VETO OF H.R. 2646

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

HIS VETO OF H.R. 2646, THE "EDUCATION SAVINGS AND SCHOOL EXCELLENCE ACT OF 1998"

JULY 21, 1998.—Veto message and bill referred to the Committee on Ways and Means and ordered to be printed

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To the House of Representatives:

I am returning herewith without my approval H.R. 2646, the "Education Savings and School Excellence Act of 1998."

As I have said before, we must prepare our children for the 21st century by providing them with the best education in the world. To help meet this goal, I have sent the Congress a comprehensive agenda for strengthening our public schools, which enroll almost 90 percent of our students. My plan calls for raising standards, strengthening accountability, and promoting charter schools and other forms of public school choice. It calls for reducing class size in the early grades, so our students get a solid foundation in the basic skills, modernizing our schools for the 21st century, and linking them with the Internet. And we must strengthen teaching and provide students who need additional help with tutoring, mentoring, and after-school programs. We must take these steps now.

By sending me this bill, the Congress has instead chosen to weaken public education and shortchange our children. The modifications to the Education IRAs that the bill would authorize are bad education policy and bad tax policy. The bill would divert limited Federal resources away from public schools by spending more than $3 billion on tax benefits that would do virtually nothing for average families and would disproportionately benefit the most affluent families. More than 70 percent of the benefits would flow to families in the top 20 percent of income distribution, and families struggling to make ends meet would never see a penny of the benefits. Moreover, the bill would not create a meaningful incentive for families to increase their savings for educational purposes; it would instead reward families, particularly those with substantial incomes, for what they already do.

The way to improve education for all our children is to increase standards, accountability, and choice within the public schools. Just as we have an obligation to repair our Nation's roads and bridges and invest in the infrastructure of our transportation system, we also have an obligation to invest in the infrastructure needs of our public schools. I urge the Congress to meet that obligation and to send me instead the legislation I have proposed to reduce class size; improve the quality of teaching; modernize our schools; end social promotions; raise academic standards; and hold school districts, schools, and staff accountable for results.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 21, 1998.*

H. R. 2646

One Hundred Fifth Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Tuesday, the twenty-seventh day of January, one thousand nine hundred and ninety-eight

An Act

To amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, 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.

This Act may be cited as the "Education Savings and School Excellence Act of 1998".

TITLE I—TAX INCENTIVES FOR EDUCATION

SEC. 100. AMENDMENT TO 1986 CODE.

Except as otherwise expressly provided, whenever in this title 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 Internal Revenue Code of 1986.

Subtitle A—Tax Incentives For Education

SEC. 101. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

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

(1) IN GENERAL.—Section 530(b)(2) (defining qualified higher education expenses) is amended to read as follows:

"(2) QUALIFIED EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified education expenses' means—

"(i) qualified higher education expenses (as defined in section 529(e)(3)); and

"(ii) qualified elementary and secondary education expenses (as defined in paragraph (4)).

Such expenses shall be reduced as provided in section 25A(g)(2).

"(B) QUALIFIED STATE TUITION PROGRAMS.—Such term shall include amounts paid or incurred to purchase tuition credits or certificates, or to make contributions to an account, under a qualified State tuition program (as defined

in section 529(b)) for the benefit of the beneficiary of the account.".

(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—Section 530(b) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(4) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified elementary and secondary education expenses' means—

"(i) expenses for tuition, fees, academic tutoring, special needs services, books, supplies, computer equipment (including related software and services), and other equipment which are incurred in connection with the enrollment or attendance of the designated beneficiary of the trust as an elementary or secondary school student at a public, private, or religious school; or

"(ii) expenses for room and board, uniforms, transportation, and supplementary items and services (including extended day programs) which are required or provided by a public, private, or religious school in connection with such enrollment or attendance.

"(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A)(i) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education.

"(C) SCHOOL.—The term 'school' means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.".

(3) SPECIAL RULES FOR APPLYING EXCLUSION TO ELEMENTARY AND SECONDARY EXPENSES.—Section 530(d)(2) (relating to distributions for qualified higher education expenses), as amended by subsection (e), is amended by adding at the end the following new subparagraph:

"(E) SPECIAL RULES FOR ELEMENTARY AND SECONDARY EXPENSES.—

"(i) IN GENERAL.—The aggregate amount of qualified elementary and secondary education expenses taken into account for purposes of this paragraph with respect to any education individual retirement account for all taxable years shall not exceed the sum of the aggregate contributions to such account for taxable years beginning after December 31, 1998, and before January 1, 2003, and earnings on such contributions.

"(ii) SPECIAL OPERATING RULES.—For purposes of clause (i)—

"(I) the trustee of an education individual retirement account shall keep separate accounts with respect to contributions and earnings described in clause (i); and

"(II) if there are distributions in excess of qualified elementary and secondary education

expenses for any taxable year, such excess distributions shall be allocated first to contributions and earnings not described in clause (i).".

(4) CONFORMING AMENDMENTS.—Subsections (b)(1) and (d)(2) of section 530 are each amended by striking "higher" each place it appears in the text and heading thereof.

(b) MAXIMUM ANNUAL CONTRIBUTIONS.—

(1) IN GENERAL.—Section 530(b)(1)(A)(iii) (defining education individual retirement account) is amended by striking "$500" and inserting "the contribution limit for such taxable year".

(2) CONTRIBUTION LIMIT.—Section 530(b) (relating to definitions and special rules), as amended by subsection (a)(2), is amended by adding at the end the following new paragraph:

"(5) CONTRIBUTION LIMIT.—The term 'contribution limit' means $500 ($2,000 in the case of any taxable year beginning after December 31, 1998, and ending before January 1, 2003).".

(3) CONFORMING AMENDMENT.—Section 4973(e)(1)(A) is amended by striking "$500" and inserting "the contribution limit (as defined in section 530(b)(5)) for such taxable year".

(c) WAIVER OF AGE LIMITATIONS FOR CHILDREN WITH SPECIAL NEEDS.—Section 530(b)(1) (defining education individual retirement account) is amended by adding at the end the following flush sentence:

"The age limitations in the preceding sentence shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary).".

(d) CORPORATIONS PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Section 530(c)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended by striking "The maximum amount which a contributor" and inserting "In the case of a contributor who is an individual, the maximum amount the contributor".

(e) TECHNICAL CORRECTIONS.—

(1) Section 530(b)(1) is amended by inserting "an individual who is" before "the designated beneficiary" in the material preceding subparagraph (A).

(2)(A) Section 530(b)(1)(E) is amended to read as follows:

"(E) Except as provided in subsection (d)(7), any balance to the credit of the designated beneficiary on the date on which the beneficiary attains age 30 shall be distributed within 30 days after such date to the beneficiary or, if the beneficiary dies before attaining age 30, shall be distributed within 30 days after the date of death of such beneficiary.".

(B) Section 530(d)(7) is amended by inserting at the end the following new sentence: "In applying the preceding sentence, members of the family of the designated beneficiary shall be treated in the same manner as the spouse under such paragraph (8).".

(C) Section 530(d) is amended by adding at the end the following new paragraph:

"(8) DEEMED DISTRIBUTION ON REQUIRED DISTRIBUTION DATE.—In any case in which a distribution is required under subsection (b)(1)(E), any balance to the credit of a designated beneficiary as of the close of the 30-day period referred to

in such subsection for making such distribution shall be deemed distributed at the close of such period.".

(3)(A) Section 530(d)(1) is amended by striking "section 72(b)" and inserting "section 72".

(B) Section 72(e) is amended by inserting after paragraph (8) the following new paragraph:

"(9) EXTENSION OF PARAGRAPH (2)(B) TO QUALIFIED STATE TUITION PROGRAMS AND EDUCATIONAL INDIVIDUAL RETIREMENT ACCOUNTS.—Notwithstanding any other provision of this subsection, paragraph (2)(B) shall apply to amounts received under a qualified State tuition program (as defined in section 529(b)) or under an education individual retirement account (as defined in section 530(b)). The rule of paragraph (8)(B) shall apply for purposes of this paragraph.".

(4) Section 135(d)(2) is amended to read as follows:

"(2) COORDINATION WITH OTHER HIGHER EDUCATION BENEFITS.—The amount of the qualified higher education expenses otherwise taken into account under subsection (a) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by—

"(A) the amount of such expenses which are taken into account in determining the credit allowable to the taxpayer or any other person under section 25A with respect to such expenses; and

"(B) the amount of such expenses which are taken into account in determining the exclusion under section 530(d)(2).".

(5) Section 530(d)(2) is amended by adding at the end the following new subparagraph:

"(D) DISALLOWANCE OF EXCLUDED AMOUNTS AS CREDIT OR DEDUCTION.—No deduction or credit shall be allowed to the taxpayer under any other section of this chapter for any qualified education expenses to the extent taken into account in determining the amount of the exclusion under this paragraph.".

(6) Section 530(d)(4)(B) is amended by striking "or" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting "; or", and by adding at the end the following new clause:

"(iv) an amount which is includible in gross income solely because the taxpayer elected under paragraph (2)(C) to waive the application of paragraph (2) for the taxable year.".

(7) So much of section 530(d)(4)(C) as precedes clause (ii) thereof is amended to read as follows:

"(C) CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—Subparagraph (A) shall not apply to the distribution of any contribution made during a taxable year on behalf of the designated beneficiary if—

"(i) such distribution is made on or before the day prescribed by law (including extensions of time) for filing the beneficiary's return of tax for the taxable year or, if the beneficiary is not required to file such a return, the 15th day of the 4th month of the taxable year following the taxable year; and".

(8) Section 135(c)(2)(C) is amended—

(A) by inserting "AND EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS" in the heading after "PROGRAM"; and

(B) by striking "section 529(c)(3)(A)" and inserting "section 72".

(9) Section 4973(e)(1) is amended to read as follows:

"(1) IN GENERAL.—In the case of education individual retirement accounts maintained for the benefit of any one beneficiary, the term 'excess contributions' means the sum of—

"(A) the amount by which the amount contributed for the taxable year to such accounts exceeds $500 (or, if less, the sum of the maximum amounts permitted to be contributed under section 530(c) by the contributors to such accounts for such year);

"(B) if any amount is contributed during such year to a qualified State tuition program for the benefit of such beneficiary, any amount contributed to such accounts for such taxable year; and

"(C) the amount determined under this subsection for the preceding taxable year, reduced by the sum of—

"(i) the distributions out of the accounts for the taxable year which are included in gross income; and

"(ii) the excess (if any) of the maximum amount which may be contributed to the accounts for the taxable year over the amount contributed to the accounts for the taxable year.".

(10)(A) Paragraph (5) of section 530(d) is amended by striking the first sentence and inserting the following new sentence: "Paragraph (1) shall not apply to any amount paid or distributed from an education individual retirement account to the extent that the amount received is paid, not later than the 60th day after the date of such payment or distribution, into another education individual retirement account for the benefit of the same beneficiary or a member of the family (within the meaning of section 529(e)(2) of such beneficiary who has not attained age 30 as of such date.".

(B) Paragraph (6) of section 530(d) is amended by inserting before the period "and has not attained age 30 as of the date of such change".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1998.

(2) TECHNICAL CORRECTIONS.—The amendments made by subsection (e) shall take effect as if included in the amendments made by section 213 of the Taxpayer Relief Act of 1997.

SEC. 102. EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED STATE TUITION PROGRAMS.

(a) IN GENERAL.—Section 529(c)(3)(B) (relating to distributions) is amended to read as follows:

"(B) DISTRIBUTIONS FOR QUALIFIED HIGHER EDUCATION EXPENSES.—

"(i) IN GENERAL.—No amount shall be includible in gross income under subparagraph (A) if the qualified higher education expenses of the designated beneficiary during the taxable year are not less than the aggregate distributions during the taxable year.

"(ii) DISTRIBUTIONS IN EXCESS OF EXPENSES.—If such aggregate distributions exceed such expenses during the taxable year, the amount otherwise includible in gross income under subparagraph (A) shall be reduced by the amount which bears the same ratio to the amount so includible (without regard to this subparagraph) as such expenses bear to such aggregate distributions.

"(iii) ELECTION TO WAIVE EXCLUSION.—A taxpayer may elect to waive the application of this subparagraph for any taxable year.

"(iv) IN-KIND DISTRIBUTIONS.—Any benefit furnished to a designated beneficiary under a qualified State tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

"(v) DISALLOWANCE OF EXCLUDED AMOUNTS AS CREDIT OR DEDUCTION.—No deduction or credit shall be allowed to the taxpayer under any other section of this chapter for any qualified higher education expenses to the extent taken into account in determining the amount of the exclusion under this paragraph.".

(b) DEFINITION OF QUALIFIED HIGHER EDUCATION EXPENSES.—Section 529(e)(3)(A) (defining qualified higher education expenses) is amended to read as follows:

"(A) IN GENERAL.—The term 'qualified higher education expenses' means expenses for tuition, fees, academic tutoring, special needs services, books, supplies, computer equipment (including related software and services), and other equipment which are incurred in connection with the enrollment or attendance of the designated beneficiary at an eligible educational institution.".

(c) COORDINATION WITH EDUCATION CREDITS.—Section 25A(e)(2) (relating to coordination with exclusions) is amended—

(1) by inserting "a qualified State tuition program or" before "an education individual retirement account"; and

(2) by striking "section 530(d)(2)" and inserting "section 529(c)(3)(B) or 530(d)(2)".

(d) ELIGIBLE EDUCATIONAL INSTITUTIONS PERMITTED TO MAINTAIN QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 529(b)(1) (defining qualified State tuition program) is amended by inserting "or, in the case of taxable years beginning after December 31, 2005, by one or more eligible educational institutions" after "maintained by a State or agency or instrumentality thereof".

(2) PRIVATE QUALIFIED TUITION PROGRAMS LIMITED TO BENEFIT PLANS.—Section 529(b)(1) is amended by adding at the end the following flush sentence:

"Clause (ii) of subparagraph (A) shall only apply to a program established and maintained by a State or agency or instrumentality thereof.".

(3) LIMITATION ON CONTRIBUTIONS TO PRIVATE QUALIFIED TUITION PROGRAMS.—Section 529(b) is amended by adding at the end the following new paragraph:

"(8) LIMITATION ON CONTRIBUTIONS TO PRIVATE QUALIFIED TUITION PROGRAMS.—In the case of a program not established and maintained by a State or agency or instrumentality thereof, such program shall not be treated as a qualified tuition program

unless it limits the annual contribution to the program on behalf of a designated beneficiary to an amount equal to the lesser of—

"(A) $5,000; or

"(B) the excess of—

"(i) $50,000, over

"(ii) the aggregate amount contributed to such program on behalf of such beneficiary for all prior taxable years.".

(4) TAX ON EXCESS CONTRIBUTIONS.—

(A) IN GENERAL.—Section 4973(a) (relating to tax imposed) is amended by striking "or" at the end of paragraph (3), inserting "or" at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

"(5) a private qualified tuition program (as defined in subsection (g)),".

(B) EXCESS CONTRIBUTIONS DEFINED.—Section 4973 is amended by adding at the end the following new subsection:

"(g) EXCESS CONTRIBUTIONS TO PRIVATE QUALIFIED TUITION PROGRAM.—For purposes of this section—

"(1) IN GENERAL.—In the case of private qualified tuition programs, the term 'excess contributions' means, with respect to any one beneficiary—

"(A) the amount by which the amounts contributed for the taxable year to such programs exceed the lesser of—

"(i) $5,000; or

"(ii) the excess of—

"(I) $50,000, over

"(II) the aggregate amount contributed to all private qualified tuition programs on behalf of such beneficiary for all prior taxable years; and

"(B) the amount determined under this subsection for the preceding taxable year, reduced by the sum of—

"(i) the distributions out of such programs for the taxable year which are included in gross income; and

"(ii) the excess (if any) of the maximum amount which may be contributed to such programs for the taxable year over the amount contributed to such programs for the taxable year.

"(2) SPECIAL RULE IF CONTRIBUTIONS MADE TO A STATE TUITION PROGRAM OR AN EDUCATION INDIVIDUAL RETIREMENT ACCOUNT.—Notwithstanding paragraph (1), with respect to any one beneficiary, the amount contributed to a private qualified tuition program for any taxable year shall be treated as excess contributions if any amount is contributed during such year for the benefit of such beneficiary to—

"(A) a qualified tuition program (as defined in section 529) that is established and maintained by a State or any agency or instrumentality thereof; or

"(B) an education individual retirement account (as defined in section 530).

"(3) SPECIAL RULES.—The contributions described in subsection (e)(2) shall not be taken into account.

"(4) PRIVATE QUALIFIED TUITION PROGRAM.—The term 'private qualified tuition program' means a qualified tuition

program (as defined in section 529) not established and maintained by a State or any agency or instrumentality thereof.".

(5) TECHNICAL AMENDMENTS.—

(A) The text of sections 72(e)(9), 529, 530(b)(2)(B), and 4973(e)(1)(B) are amended by striking "qualified State tuition program" each place it appears and inserting "qualified tuition program".

(B)(i) The heading of section 529 is amended to read as follows:

"SEC. 529. QUALIFIED TUITION PROGRAMS.".

(ii) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 is amended by striking "State".

(e) TECHNICAL CORRECTIONS.—

(1) Section 135(c)(3) is amended to read as follows:

"(3) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' has the meaning given such term by section 529(e)(5).".

(2) Section 529(c)(3)(A) is amended by striking "section 72(b)" and inserting "section 72".

(3) Section 529(e)(2) is amended to read as follows:

"(2) MEMBER OF FAMILY.—The term 'member of the family' means, with respect to any designated beneficiary—

"(A) the spouse of such beneficiary;

"(B) an individual who bears a relationship to such beneficiary which is described in paragraphs (1) through (8) of section 152(a); and

"(C) the spouse of any individual described in subparagraph (B).".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to taxable years beginning after December 31, 1998.

(2) ELIGIBLE EDUCATIONAL INSTITUTIONS PERMITTED TO MAINTAIN QUALIFIED TUITION PROGRAMS.—The amendments made by subsection (d) shall apply to taxable years beginning after December 31, 2005.

(3) TECHNICAL CORRECTIONS.—The amendments made by subsection (e) shall take effect as if included in the amendments made by section 211 of the Taxpayer Relief Act of 1997.

SEC. 103. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

Section 127(d) (relating to termination of exclusion for educational assistance programs) is amended by striking "May 31, 2000" and inserting "December 31, 2002".

SEC. 104. ADDITIONAL INCREASE IN ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATION FACILITIES.

(a) IN GENERAL.—Section 148(f)(4)(D)(vii) (relating to increase in exception for bonds financing public school capital expenditures) is amended by striking "$5,000,000" the second place it appears and inserting "$10,000,000".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued after December 31, 1998.

SEC. 105. EXCLUSION OF CERTAIN AMOUNTS RECEIVED UNDER THE NATIONAL HEALTH CORPS SCHOLARSHIP PROGRAM AND THE F. EDWARD HEBERT ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 117(c) (relating to the exclusion from gross income amounts received as a qualified scholarship) is amended—

(1) by striking "Subsections (a)" and inserting the following:

"(1) IN GENERAL.—Except as provided in paragraph (2), subsections (a)"; and

(2) by adding at the end the following new paragraph:

"(2) EXCEPTIONS.—Paragraph (1) shall not apply to any amount received by an individual under—

"(A) the National Health Corps Scholarship Program under section 338A(g)(1)(A) of the Public Health Service Act; or

"(B) the Armed Forces Health Professions Scholarship and Financial Assistance Program under subchapter I of chapter 105 of title 10, United States Code.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to amounts received in taxable years beginning after December 31, 1993.

Subtitle B—Revenue

SEC. 111. OVERRULING OF SCHMIDT BAKING COMPANY CASE.

(a) IN GENERAL.—Section 404(a) (relating to general rule) is amended by adding at the end the following new paragraph:

"(11) DETERMINATIONS RELATING TO DEFERRED COMPENSATION.—For purposes of determining under this section—

"(A) whether compensation of an employee is deferred compensation; and

"(B) when deferred compensation is paid,

no amount shall be treated as received by the employee, or paid, until it is actually received by the employee.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to taxable years ending after December 31, 2001.

(2) PHASE-IN OF INCREASE.—In the case of the first taxable year of the taxpayer ending after December 31, 2001, only 60 percent of the amount of the increase in tax resulting from the amendment made by subsection (a) shall be taken into account for purposes of sections 6654 and 6655 of the Internal Revenue Code of 1986 (relating to failure to pay estimated income tax).

(3) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for its first taxable year ending after December 31, 2001—

(A) such change shall be treated as initiated by the taxpayer;

(B) such change shall be treated as made with the consent of the Secretary of the Treasury; and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481

of the Internal Revenue Code of 1986 shall be taken into account in such first taxable year.

Subtitle C—Identification of Limited Tax Benefits Subject To Line Item Veto

SEC. 121. IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO.

Section 1021(a)(3) of the Congressional Budget and Impoundment Control Act of 1974 shall only apply to section 104(a) (relating to additional increase in arbitrage rebate exception for governmental bonds used to finance education facilities).

TITLE II—MEASURES TO ENCOURAGE RESULTS IN TEACHING

SEC. 201. STATE INCENTIVES FOR TEACHER TESTING AND MERIT PAY.

(a) SHORT TITLE.—This section may be cited as the "Measures to Encourage Results in Teaching Act of 1998".

(b) FINDINGS.—Congress makes the following findings:

(1) All students deserve to be taught by well-educated, competent, and qualified teachers.

(2) More than ever before, education has and will continue to become the ticket not only to economic success but to basic survival. Students will not succeed in meeting the demands of a knowledge-based, 21st century society and economy if the students do not encounter more challenging work in school. For future generations to have the opportunities to achieve success the future generations will need to have an education and a teacher workforce second to none.

(3) No other intervention can make the difference that a knowledgeable, skillful teacher can make in the learning process. At the same time, nothing can fully compensate for weak teaching that, despite good intentions, can result from a teacher's lack of opportunity to acquire the knowledge and skill needed to help students master the curriculum.

(4) The Federal Government established the Dwight D. Eisenhower Professional Development Program in 1985 to ensure that teachers and other educational staff have access to sustained and high-quality professional development. This ongoing development must include the ability to demonstrate and judge the performance of teachers and other instructional staff.

(5) States should evaluate their teachers on the basis of demonstrated ability, including tests of subject matter knowledge, teaching knowledge, and teaching skill. States should develop a test for their teachers and other instructional staff with respect to the subjects taught by the teachers and staff, and should administer the test every 3 to 5 years.

(6) Evaluating and rewarding teachers with a compensation system that supports teachers who become increasingly expert in a subject area, are proficient in meeting the needs of students and schools, and demonstrate high levels of performance measured against professional teaching standards, will encourage

teachers to continue to learn needed skills and broaden teachers' expertise, thereby enhancing education for all students.

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

(1) To provide incentives for States to establish and administer periodic teacher testing and merit pay programs for elementary school and secondary school teachers.

(2) To encourage States to establish merit pay programs that have a significant impact on teacher salary scales.

(3) To encourage programs that recognize and reward the best teachers, and encourage those teachers that need to do better.

(d) STATE INCENTIVES FOR TEACHER TESTING AND MERIT PAY.—

(1) AMENDMENTS.—Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(A) by redesignating part D as part F;

(B) by redesignating sections 2401 and 2402 as sections 2601 and 2602, respectively; and

(C) by inserting after part C the following:

"PART D—STATE INCENTIVES FOR TEACHER TESTING AND MERIT PAY

"SEC. 2401. STATE INCENTIVES FOR TEACHER TESTING AND MERIT PAY.

"(a) STATE AWARDS.—Notwithstanding any other provision of this title, from funds described in subsection (b) that are made available for a fiscal year, the Secretary shall make an award to each State that—

"(1) administers a test to each elementary school and secondary school teacher in the State, with respect to the subjects taught by the teacher, every 3 to 5 years; and

"(2) has an elementary school and secondary school teacher compensation system that is based on merit.

"(b) AVAILABLE FUNDING.—The amount of funds referred to in subsection (a) that are available to carry out this section for a fiscal year is 50 percent of the amount of funds appropriated to carry out this title that are in excess of the amount so appropriated for fiscal year 1999, except that no funds shall be available to carry out this section for any fiscal year for which—

"(1) the amount appropriated to carry out this title exceeds $600,000,000; or

"(2) each of the several States is eligible to receive an award under this section.

"(c) AWARD AMOUNT.—A State shall receive an award under this section in an amount that bears the same relation to the total amount available for awards under this section for a fiscal year as the number of States that are eligible to receive such an award for the fiscal year bears to the total number of all States so eligible for the fiscal year.

"(d) USE OF FUNDS.—Funds provided under this section may be used by States to carry out the activities described in section 2207.

"(e) DEFINITION OF STATE.—For the purpose of this section, the term 'State' means each of the 50 States and the District of Columbia.".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on October 2, 1999.

(e) TEACHER TESTING AND MERIT PAY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a State may use Federal education funds—

(A) to carry out a test of each elementary school or secondary school teacher in the State with respect to the subjects taught by the teacher; or

(B) to establish a merit pay program for the teachers.

(2) DEFINITIONS.—In this subsection, the terms "elementary school" and "secondary school" have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

TITLE III—EQUAL EDUCATIONAL OPPORTUNITY

SEC. 301. EQUAL EDUCATIONAL OPPORTUNITY.

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

(1) in paragraph (7), by striking "and" after the semicolon;

(2) in paragraph (8), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(9) education reform projects that provide same gender schools and classrooms, as long as comparable educational opportunities are offered for students of both sexes.".

TITLE IV—SENSE OF THE CONGRESS

SEC. 401. FINDINGS.

Congress makes the following findings:

(1) The people of the United States know that effective teaching takes place when the people of the United States begin: (A) helping children master basic academics; (B) engaging and involving parents; (C) creating safe and orderly classrooms; and (D) getting dollars to the classroom.

(2) Our Nation's children deserve an educational system which will provide opportunities to excel.

(3) States and localities must spend a significant amount of Federal education tax dollars applying for and administering Federal education dollars.

(4) Several States have reported that although the States receive less than 10 percent of their education funding from the Federal Government, more than 50 percent of their paperwork is associated with those Federal dollars.

(5) While it is unknown exactly what percentage of Federal education dollars reaches the classroom, a recent audit of New York City public schools found that only 43 percent of their local education budget reaches the classroom; further, it is thought that only 85 percent of funds administered by the Department of Education for elementary and secondary education reach the school district level; and even if 65 percent of Federal education funds reach the classroom, it still means

that billions of dollars are not directly spent on children in the classroom.

(6) American students are not performing up to their full academic potential, despite the more than 760 Federal education programs, which span 39 Federal agencies at the price of nearly $100,000,000,000 annually.

(7) According to the Digest of Education Statistics, in 1993 only $141,598,786,000 out of $265,285,370,000 spent on elementary and secondary education was spent on instruction.

(8) According to the National Center for Education Statistics, in 1994 only 52 percent of staff employed in public elementary and secondary school systems were teachers.

(9) Too much of our Federal education funding is spent on bureaucracy, and too little is spent on our Nation's youth.

(10) Getting 95 percent of Department of Education elementary and secondary education funds to the classroom could provide approximately $2,094 in additional funding per classroom across the United States.

(11) More education funding should be put in the hands of someone in a child's classroom who knows the child's name.

(12) President Clinton has stated: "We cannot ask the American people to spend more on education until we do a better job with the money we've got now.".

(13) President Clinton and Vice President Gore agree that the reinventing of public education will not begin in Washington but in communities across the United States and that the people of the United States must ask fundamental questions about how our Nation's public school systems' dollars are spent.

(14) President Clinton and Vice President Gore agree that in an age of tight budgets, our Nation should be spending public funds on teachers and children, not on unnecessary overhead and bloated bureaucracy.

SEC. 402. SENSE OF THE CONGRESS.

It is the sense of the Congress that the Department of Education, States, and local educational agencies should work together to ensure that not less than 95 percent of all funds appropriated for the purpose of carrying out elementary and secondary education programs administered by the Department of Education is spent for our Nation's children in their classrooms.

TITLE V—READING EXCELLENCE

SEC. 501. SHORT TITLE.

This title may be cited as the "Reading Excellence Act".

Subtitle A—Reading Grants

SEC. 511. AMENDMENT TO THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 FOR READING GRANTS.

Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended further by inserting after part D (as inserted by section 201(d)(1)(C) of this Act) the following:

"PART E—READING GRANTS

"SEC. 2501. PURPOSE.

"The purposes of this part are as follows:

"(1) To teach every child to read in their early childhood years—

"(A) as soon as they are ready to read; or

"(B) as soon as possible once they enter school, but not later than third grade.

"(2) To improve the reading skills of students, and the in-service instructional practices for teachers who teach reading, through the use of findings from reliable, replicable research on reading, including phonics.

"(3) To expand the number of high-quality family literacy programs.

"(4) To reduce the number of children who are inappropriately referred to special education due to reading difficulties.

"SEC. 2502. DEFINITIONS.

"For purposes of this part:

"(1) ELIGIBLE PROFESSIONAL DEVELOPMENT PROVIDER.—The term 'eligible professional development provider' means a provider of professional development in reading instruction to teachers that is based on reliable, replicable research on reading.

"(2) ELIGIBLE RESEARCH INSTITUTION.—The term 'eligible research institution' means an institution of higher education at which reliable, replicable research on reading has been conducted.

"(3) FAMILY LITERACY SERVICES.—The term 'family literacy services' means services provided to participants on a voluntary basis that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family (such as eliminating or reducing welfare dependency) and that integrate all of the following activities:

"(A) Interactive literacy activities between parents and their children.

"(B) Equipping parents to partner with their children in learning.

"(C) Parent literacy training, including training that contributes to economic self-sufficiency.

"(D) Appropriate instruction for children of parents receiving parent literacy services.

"(4) READING.—The term 'reading' means the process of comprehending the meaning of written text by depending on—

"(A) the ability to use phonics skills, that is, knowledge of letters and sounds, to decode printed words quickly and effortlessly, both silently and aloud;

"(B) the ability to use previously learned strategies for reading comprehension; and

"(C) the ability to think critically about the meaning, message, and aesthetic value of the text.

"(5) READING READINESS.—The term 'reading readiness' means activities that—

"(A) provide experience and opportunity for language development;

"(B) create appreciation of the written word;

"(C) develop an awareness of printed language, the alphabet, and phonemic awareness; and

"(D) develop an understanding that spoken and written language is made up of phonemes, syllables, and words.

"(6) RELIABLE, REPLICABLE RESEARCH.—The term 'reliable, replicable research' means objective, valid, scientific studies that—

"(A) include rigorously defined samples of subjects that are sufficiently large and representative to support the general conclusions drawn;

"(B) rely on measurements that meet established standards of reliability and validity;

"(C) test competing theories, where multiple theories exist;

"(D) are subjected to peer review before their results are published; and

"(E) discover effective strategies for improving reading skills.

"SEC. 2503. GRANTS TO READING AND LITERACY PARTNERSHIPS.

"(a) PROGRAM AUTHORIZED.—The Secretary may make grants on a competitive basis to reading and literacy partnerships for the purpose of permitting such partnerships to make subgrants under sections 2504 and 2505.

"(b) READING AND LITERACY PARTNERSHIPS.—

"(1) COMPOSITION.—

"(A) REQUIRED PARTICIPANTS.—In order to receive a grant under this section, a State shall establish a reading and literacy partnership consisting of at least the following participants:

"(i) The Governor of the State.

"(ii) The chief State school officer.

"(iii) The chairman and the ranking member of each committee of the State legislature that is responsible for education policy.

"(iv) A representative, selected jointly by the Governor and the chief State school officer, of at least one local educational agency that has at least one school that is identified for school improvement under section 1116(c) in the geographic area served by the agency.

"(v) A representative, selected jointly by the Governor and the chief State school officer, of a community-based organization working with children to improve their reading skills, particularly a community-based organization using volunteers.

"(B) OPTIONAL PARTICIPANTS.—A reading and literacy partnership may include additional participants, who shall be selected jointly by the Governor and the chief State school officer, which may include—

"(i) State directors of appropriate Federal or State programs with a strong reading component;

"(ii) a parent of a public or private school student or a parent who educates their child or children in their home;

"(iii) a teacher who teaches reading; or

"(iv) a representative of: (I) an institution of higher education operating a program of teacher preparation in the State; (II) a local educational agency; (III) an eligible research institution; (IV) a private nonprofit or for-profit eligible professional development provider providing instruction based on reliable, replicable research on reading; (V) a family literacy service provider; (VI) an adult education provider; (VII) a volunteer organization that is involved in reading programs; or (VIII) a school or a public library that offers reading or literacy programs for children or families.

"(2) AGREEMENT.—The contractual agreement that establishes a reading and literacy partnership—

"(A) shall specify—

"(i) the nature and extent of the association among the participants referred to in paragraph (1); and

"(ii) the roles and duties of each such participant; and

"(B) shall remain in effect during the entire grant period proposed in the partnership's grant application under subsection (e).

"(3) FUNCTIONS.—Each reading and literacy partnership for a State shall prepare and submit an application under subsection (e) and, if the partnership receives a grant under this section—

"(A) shall solicit applications for, and award, subgrants under sections 2504 and 2505;

"(B) shall oversee the performance of the subgrants and submit performance reports in accordance with subsection (h);

"(C) if sufficient grant funds are available under this part—

"(i) work to enhance the capacity of agencies in the State to disseminate reliable, replicable research on reading to schools, classrooms, and providers of early education and child care;

"(ii) facilitate the provision of technical assistance to subgrantees under sections 2504 and 2505 by providing the subgrantees information about technical assistance providers; and

"(iii) build on, and promote coordination among, literacy programs in the State, in order to increase their effectiveness and to avoid duplication of their efforts; and

"(D) shall ensure that each local educational agency to which the partnership makes a subgrant under section 2504 makes available, upon request and in an understandable and uniform format, to any parent of a student attending any school selected under section 2504(a)(2) in the geographic area served by the agency, information regarding the qualifications of the student's classroom teacher to provide instruction in reading.

"(4) FISCAL AGENT.—The State educational agency shall act as the fiscal agent for the reading and literacy partnership for the purposes of receipt of funds from the Secretary, disbursement of funds to subgrantees under sections 2504 and 2505, and accounting for such funds.

"(c) PREEXISTING PARTNERSHIP.—If, before the date of the enactment of the Reading Excellence Act, a State established a consortium, partnership, or any other similar body, that includes the Governor and the chief State school officer and has, as a central part of its mission, the promotion of literacy for children in their early childhood years through the third grade, but that does not satisfy the requirements of subsection (b)(1), the State may elect to treat that consortium, partnership, or body as the reading and literacy partnership for the State notwithstanding such subsection, and the consortium, partnership, or body shall be considered a reading and literacy partnership for purposes of the other provisions of this part.

"(d) MULTI-STATE PARTNERSHIP ARRANGEMENTS.—A reading and literacy partnership that satisfies the requirements of subsection (b) may join with other such partnerships in other States to develop a single application that satisfies the requirements of subsection (e) and identifies which State educational agency, from among the States joining, shall act as the fiscal agent for the multi-State arrangement. For purposes of the other provisions of this part, any such multi-State arrangement shall be considered to be a reading and literacy partnership.

"(e) APPLICATIONS.—A reading and literacy partnership that desires to receive a grant under this section shall submit an application to the Secretary at such time, in such manner, and including such information as the Secretary may require. The application—

"(1) shall describe how the partnership will ensure that 95 percent of the grant funds are used to make subgrants under sections 2504 and 2505;

"(2) shall be integrated, to the maximum extent possible, with State plans and programs under this Act, the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), and, to the extent appropriate, the Adult Education Act (20 U.S.C. 1201 et seq.);

"(3) shall describe how the partnership will ensure that professional development funds available at the State and local levels are used effectively to improve instructional practices for reading and are based on reliable, replicable research on reading;

"(4) shall describe—

"(A) the contractual agreement that establishes the partnership, including at least the elements of the agreement referred to in subsection (b)(2);

"(B) how the partnership will assess, on a regular basis, the extent to which the activities undertaken by the partnership and the partnership's subgrantees under this part have been effective in achieving the purposes of this part;

"(C) what evaluation instruments the partnership will use to determine the success of local educational agencies to whom subgrants under sections 2504 and 2505 are made in achieving the purposes of this part;

"(D) how subgrants made by the partnership under such sections will meet the requirements of this part, including how the partnership will ensure that subgrantees will use practices based on reliable, replicable research on reading; and

"(E) how the partnership will, to the extent practicable, make grants to subgrantees in both rural and urban areas;

"(5) shall include an assurance that each local educational agency to whom the partnership makes a subgrant under section 2504—

"(A) will carry out family literacy programs based on the Even Start family literacy model authorized under part B of title I to enable parents to be their child's first and most important teacher, and will make payments for the receipt of technical assistance for the development of such programs;

"(B) will carry out programs to assist those kindergarten students who are not ready for the transition to first grade, particularly students experiencing difficulty with reading skills;

"(C) will use supervised individuals (including tutors), who have been appropriately trained using reliable, replicable research on reading, to provide additional support, before school, after school, on weekends, during non-instructional periods of the school day, or during the summer, for students in grades one through three who are experiencing difficulty reading; and

"(D) will carry out professional development for the classroom teacher and other appropriate teaching staff on the teaching of reading based on reliable, replicable research on reading; and

"(6) shall describe how the partnership—

"(A) will ensure that a portion of the grant funds that the partnership receives in each fiscal year will be used to make subgrants under section 2505; and

"(B) will make local educational agencies described in section 2505(a)(1) aware of the availability of such subgrants.

"(f) PEER REVIEW PANEL.—

"(1) COMPOSITION OF PEER REVIEW PANEL.—

"(A) IN GENERAL.—The National Institute for Literacy, in consultation with the National Research Council of the National Academy of Sciences, the National Institute of Child Health and Human Development, and the Secretary, shall convene a panel to evaluate applications under this section. At a minimum the panel shall include representatives of the National Institute for Literacy, the National Research Council of the National Academy of Sciences, the National Institute of Child Health and Human Development, and the Secretary.

"(B) EXPERTS.—The panel shall include experts who are competent, by virtue of their training, expertise, or experience, to evaluate applications under this section, and experts who provide professional development to teachers of reading to children and adults, based on reliable, replicable research on reading.

"(C) LIMITATION.—Not more than one-third of the panel may be composed of individuals who are employees of the Federal Government.

"(2) PAYMENT OF FEES AND EXPENSES OF CERTAIN MEMBERS.—The Secretary shall use funds reserved under section 2510(b)(2) to pay the expenses and fees of panel members who are not employees of the Federal Government.

"(3) DUTIES OF PANEL.—

"(A) MODEL APPLICATION FORMS.—The peer review panel shall develop a model application form for reading and literacy partnerships desiring to apply for a grant under this section. The peer review panel shall submit the model application form to the Secretary for final approval.

"(B) SELECTION OF APPLICATIONS.—

"(i) RECOMMENDATIONS OF PANEL.—

"(I) IN GENERAL.—The Secretary shall receive grant applications from reading and literacy partnerships under this section and shall provide the applications to the peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

"(II) PRIORITY.—In recommending applications to the Secretary, the panel shall give priority to applications from States that have modified, are modifying, or provide an assurance that not later than 1 year after receiving a grant under this section the State will modify, State teacher certification in the area of reading to reflect reliable, replicable research, except that nothing in this part shall be construed to establish a national system of teacher certification.

"(III) RANKING OF APPLICATIONS.—With respect to each application recommended for funding, the panel shall assign the application a rank, relative to other recommended applications, based on the priority described in subclause (II), the extent to which the application furthers the purposes of this part, and the overall quality of the application.

"(IV) RECOMMENDATION OF AMOUNT.—With respect to each application recommended for funding, the panel shall make a recommendation to the Secretary with respect to the amount of the grant that should be made.

"(ii) SECRETARIAL SELECTION.—

"(I) IN GENERAL.—Subject to clause (iii), the Secretary shall determine, based on the peer review panel's recommendations, which applications from reading and literacy partnerships shall receive funding and the amounts of such grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this section and the types of activities proposed to be carried out by the partnership.

"(II) EFFECT OF RANKING BY PANEL.—In making grants under this section, the Secretary shall select applications according to the ranking of the

applications by the peer review panel, except in cases where the Secretary determines, for good cause, that a variation from that order is appropriate.

"(iii) MINIMUM GRANT AMOUNTS.—Each reading and literacy partnership selected to receive a grant under this section shall receive an amount for each fiscal year that is not less than $100,000.

"(g) LIMITATION ON ADMINISTRATIVE EXPENSES.—A reading and literacy partnership that receives a grant under this section may use not more than 3 percent of the grant funds for administrative costs.

"(h) REPORTING.—

"(1) IN GENERAL.—A reading and literacy partnership that receives a grant under this section shall submit performance reports to the Secretary pursuant to a schedule to be determined by the Secretary, but not more frequently than annually. Such reports shall include—

"(A) the results of use of the evaluation instruments referred to in subsection (e)(4)(C);

"(B) the process used to select subgrantees;

"(C) a description of the subgrantees receiving funds under this part; and

"(D) with respect to subgrants under section 2504, the model or models of reading instruction, based on reliable, replicable research on reading, selected by subgrantees.

"(2) PROVISION TO PEER REVIEW PANEL.—The Secretary shall provide the reports submitted under paragraph (1) to the peer review panel convened under subsection (f). The panel shall use such reports in recommending applications for funding under this section.

"SEC. 2504. LOCAL READING IMPROVEMENT SUBGRANTS.

"(a) IN GENERAL.—

"(1) SUBGRANTS.—A reading and literacy partnership that receives a grant under section 2503 shall make subgrants, on a competitive basis, to local educational agencies that have at least one school that is identified for school improvement under section 1116(c) in the geographic area served by the agency.

"(2) ROLE OF LOCAL EDUCATIONAL AGENCIES.—A local educational agency that receives a subgrant under this section shall use the subgrant in a manner consistent with this section to advance reform of reading instruction in any school selected by the agency that—

"(A) is identified for school improvement under section 1116(c) at the time the agency receives the subgrant; and

"(B) has a contractual association with one or more community-based organizations that have established a record of effectiveness with respect to reading readiness, reading instruction for children in kindergarten through third grade, and early childhood literacy.

"(b) GRANT PERIOD.—A subgrant under this section shall be for a period of 3 years and may not be revoked or terminated on the ground that a school ceases, during the grant period, to be identified for school improvement under section 1116(c).

"(c) APPLICATIONS.—A local educational agency that desires to receive a subgrant under this section shall submit an application to the reading and literacy partnership at such time, in such manner, and including such information as the partnership may require. The application—

"(1) shall describe how the local educational agency will work with schools selected by the agency under subsection (a)(2) to select one or more models of reading instruction, developed using reliable, replicable research on reading, as a model for implementing and improving reading instruction by all teachers and for all children in each of the schools selected by the agency under such subsection and, where appropriate, their parents;

"(2) shall select one or more models described in paragraph (1), for the purpose described in such paragraph, and shall describe each such selected model;

"(3) shall demonstrate that a person responsible for the development of each such model, or a person with experience or expertise about such model and its implementation, has agreed to work with the applicant in connection with such implementation and improvement efforts;

"(4) shall describe—

"(A) how the applicant will ensure that funds available under this part, and funds available for reading for grades kindergarten through grade six from other appropriate sources, are effectively coordinated and, where appropriate, integrated, with funds under this Act in order to improve existing activities in the areas of reading instruction, professional development, program improvement, parental involvement, technical assistance, and other activities that can help meet the purposes of this part; and

"(B) the amount of funds available for reading for grades kindergarten through grade six from appropriate sources other than this part, including title I (except that such description shall not be required to include funds made available under part B of title I unless the applicant has established a contractual association in accordance with subsection (d)(2) with an eligible entity under such part B), the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), and any other law providing Federal financial assistance for professional development for teachers of such grades who teach reading, which will be used to help achieve the purposes of this part;

"(5) shall describe the amount and nature of funds from any other public or private sources, including funds received under this Act and the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), that will be combined with funds received under the subgrant;

"(6) shall include an assurance that the applicant—

"(A) will carry out family literacy programs based on the Even Start family literacy model authorized under part B of title I to enable parents to be their child's first and most important teacher, will make payments for the receipt of technical assistance for the development of such programs;

"(B) will carry out programs to assist those kindergarten students who are not ready for the transition to

first grade, particularly students experiencing difficulty with reading skills;

"(C) will use supervised individuals (including tutors), who have been appropriately trained using reliable, replicable research on reading, to provide additional support, before school, after school, on weekends, during non-instructional periods of the school day, or during the summer, for students in grades one through three who are experiencing difficulty reading; and

"(D) will carry out professional development for the classroom teacher and other teaching staff on the teaching of reading based on reliable, replicable research on reading;

"(7) shall describe how the local educational agency provides instruction in reading to children who have not been determined to be a child with a disability (as defined in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401)), pursuant to section 614(b)(5) of such Act (20 U.S.C. 1414(a)(5)), because of a lack of instruction in reading; and

"(8) shall indicate the amount of the subgrant funds (if any) that the applicant will use to carry out the duties described in section 2505(b)(2).

"(d) PRIORITY.—In approving applications under this section, a reading and literacy partnership shall give priority to an application submitted by an applicant who demonstrates that the applicant has established—

"(1) a contractual association with one or more Head Start programs under the Head Start Act (42 U.S.C. 9801 et seq.) under which—

"(A) the Head Start program agrees to select the same model or models of reading instruction, as a model for implementing and improving the reading readiness of children participating in the program, as was selected by the applicant; and

"(B) the applicant agrees—

"(i) to share with the Head Start program an appropriate amount of the applicant's information resources with respect to the model, such as curricula materials; and

"(ii) to train personnel from the Head Start program;

"(2) a contractual association with one or more State- or federally-funded preschool programs, or family literacy programs, under which—

"(A) the program agrees to select the same model or models of reading instruction, as a model for implementing and improving reading instruction in the program's activities, as was selected by the applicant; and

"(B) the applicant agrees to train personnel from the program who work with children and parents in schools selected under subsection (a)(2); or

"(3) a contractual association with one or more public libraries providing reading or literacy services to preschool children, or preschool children and their families, under which—

"(A) the library agrees to select the same model or models of reading instruction, as a model for implementing and improving reading instruction in the library's reading

or literacy programs, as was selected by the applicant; and

"(B) the applicant agrees to train personnel, including volunteers, from such programs who work with preschool children, or preschool children and their families, in schools selected under subsection (a)(2).

"(e) USE OF FUNDS.—

"(1) IN GENERAL.—Subject to paragraph (2), an applicant who receives a subgrant under this section may use the subgrant funds to carry out activities that are authorized by this part and described in the subgrant application, including the following:

"(A) Making reasonable payments for technical and other assistance to a person responsible for the development of a model of reading instruction, or a person with experience or expertise about such model and its implementation, who has agreed to work with the recipient in connection with the implementation of the model.

"(B) Carrying out a contractual agreement described in subsection (d).

"(C) Professional development (including training of volunteers), purchase of curricular and other supporting materials, and technical assistance.

"(D) Providing, on a voluntary basis, training to parents of children enrolled in a school selected under subsection (a)(2) on how to help their children with school work, particularly in the development of reading skills. Such training may be provided directly by the subgrant recipient, or through a grant or contract with another person. Such training shall be consistent with reading reforms taking place in the school setting.

"(E) Carrying out family literacy programs based on the Even Start family literacy model authorized under part B of title I to enable parents to be their child's first and most important teacher, and making payments for the receipt of technical assistance for the development of such programs.

"(F) Providing instruction for parents of children enrolled in a school selected under subsection (a)(2), and others who volunteer to be reading tutors for such children, in the instructional practices based on reliable, replicable research on reading used by the applicant.

"(G) Programs to assist those kindergarten students enrolled in a school selected under subsection (a)(2) who are not ready for the transition to first grade, particularly students experiencing difficulty with reading skills.

"(H) Providing, for students who are enrolled in grades one through three in a school selected under subsection (a)(2) and are experiencing difficulty reading, additional support before school, after school, on weekends, during non-instructional periods of the school day, or during the summer, using supervised individuals (including tutors) who have been appropriately trained using reliable, replicable research on reading.

"(I) Carrying out the duties described in section 2505(b)(2) for children enrolled in a school selected under subsection (a)(2).

"(J) Providing reading assistance to children who have not been determined to be a child with a disability (as defined in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401)), pursuant to section 614(b)(5) of such Act (20 U.S.C. 1414(b)(5)), because of a lack of instruction in reading.

"(2) LIMITATION ON ADMINISTRATIVE EXPENSES.—A recipient of a subgrant under this section may use not more than 3 percent of the subgrant funds for administrative costs.

"(f) TRAINING NONRECIPIENTS.—A recipient of a subgrant under this section may train, on a fee-for-service basis, personnel who are from schools, or local educational agencies, that are not receiving such a subgrant in the instructional practices based on reliable, replicable research on reading used by the recipient. Such a nonrecipient school may use funds received under title I, and other appropriate Federal funds used for reading instruction, to pay for such training, to the extent consistent with the law under which such funds were received.

"SEC. 2505. TUTORIAL ASSISTANCE SUBGRANTS.

"(a) IN GENERAL.—

"(1) SUBGRANTS.—A reading and literacy partnership that receives a grant under section 2503 shall make subgrants on a competitive basis to—

"(A) local educational agencies that have at least one school in the geographic area served by the agency that—

"(i) is located in an area designated as an empowerment zone under part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986; or

"(ii) is located in an area designated as an enterprise community under part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986; or

"(B) in the case of local educational agencies that do not have any such empowerment zone or enterprise community in the State in which the agency is located, local educational agencies that have at least one school that is identified for school improvement under section 1116(c) in the geographic area served by the agency.

"(2) APPLICATIONS.—A local educational agency that desires to receive a subgrant under this section shall submit an application to the reading and literacy partnership at such time, in such manner, and including such information as the partnership may require. The application shall include an assurance that the agency will use the subgrant funds to carry out the duties described in subsection (b) for children enrolled in one or more schools selected by the agency and described in paragraph (1).

"(b) USE OF FUNDS.—

"(1) IN GENERAL.—A local educational agency that receives a subgrant under this section shall carry out, using the funds provided under the subgrant, each of the duties described in paragraph (2).

"(2) DUTIES.—The duties described in this paragraph are the provision of tutorial assistance in reading to children who have difficulty reading, using instructional practices based on

the principles of reliable, replicable research, through the following:

"(A) The promulgation of a set of objective criteria, pertaining to the ability of a tutorial assistance provider successfully to provide tutorial assistance in reading, that will be used to determine in a uniform manner, at the beginning of each school year, the eligibility of tutorial assistance providers, subject to the succeeding subparagraphs of this paragraph, to be included on the list described in subparagraph (B) (and thereby be eligible to enter into a contract pursuant to subparagraph (F)).

"(B) The promulgation, maintenance, and approval of a list of tutorial assistance providers eligible to enter into a contract pursuant to subparagraph (F) who—

"(i) have established a record of effectiveness with respect to reading readiness, reading instruction for children in kindergarten through third grade, and early childhood literacy;

"(ii) are located in a geographic area convenient to the school or schools attended by the children who will be receiving tutorial assistance from the providers; and

"(iii) are capable of providing tutoring in reading to children who have difficulty reading, using instructional practices based on the principles of reliable, replicable research and consistent with the instructional methods used by the school the child attends.

"(C) The development of procedures: (i) for the receipt of applications for tutorial assistance, from parents who are seeking such assistance for their child or children, that select a tutorial assistance provider from the list described in subparagraph (B) with whom the child or children will enroll, for tutoring in reading; and (ii) for considering children for tutorial assistance who are identified under subparagraph (D) and for whom no application has been submitted, provided that such procedures are in accordance with this paragraph and give such parents the right to select a tutorial assistance provider from the list referred to in subparagraph (B), and shall permit a local educational agency to recommend a tutorial assistance provider from the list under subparagraph (B) in a case where a parent asks for assistance in the making of such selection.

"(D) The development of a selection process for providing tutorial assistance in accordance with this paragraph that limits the provision of assistance to children identified, by the school the child attends, as having difficulty reading, including difficulty mastering essential phonic, decoding, or vocabulary skills. In the case of a child included in the selection process for whom no application has been submitted by a parent of the child, the child's eligibility for receipt of tutorial assistance shall be determined under the same procedures, timeframe, and criteria for consideration as is used to determine the eligibility of a child whose parent has submitted such an application. Such local educational agency shall apply the provisions of subparagraphs (F) and (G) to a tutorial assistance provider

selected for a child whose parent has not submitted an application pursuant to subparagraph (C)(i) in the same manner as the provisions are applied to a provider selected in an application submitted pursuant to subparagraph (C)(i).

"(E) The development of procedures for selecting children to receive tutorial assistance, to be used in cases where insufficient funds are available to provide assistance with respect to all children identified by a school under subparagraph (D) that—

"(i) gives priority to children who are determined, through State or local reading assessments, to be most in need of tutorial assistance; and

"(ii) gives priority, in cases where children are determined, through State or local reading assessments, to be equally in need of tutorial assistance, based on a random selection principle.

"(F) The development of a methodology by which payments are made directly to tutorial assistance providers who are identified and selected pursuant to subparagraphs (C), (D), and (E). Such methodology shall include the making of a contract, consistent with State and local law, between the tutorial assistance provider and the local educational agency carrying out this paragraph. Such contract—

"(i) shall contain specific goals and timetables with respect to the performance of the tutorial assistance provider;

"(ii) shall require the tutorial assistance provider to report to the parent and the local educational agency on the provider's performance in meeting such goals and timetables; and

"(iii) shall contain provisions with respect to the making of payments to the tutorial assistance provider by the local educational agency.

"(G) The development of procedures under which the local educational agency carrying out this paragraph—

"(i) will ensure oversight of the quality and effectiveness of the tutorial assistance provided by each tutorial assistance provider that is selected for funding;

"(ii) will remove from the list under subparagraph (B) ineffective and unsuccessful providers (as determined by the local educational agency based upon the performance of the provider with respect to the goals and timetables contained in the contract between the agency and the provider under subparagraph (F));

"(iii) will provide to each parent of a child identified under subparagraph (D) who requests such information for the purpose of selecting a tutorial assistance provider for the child, in a comprehensible format, information with respect to the quality and effectiveness of the tutorial assistance referred to in clause (i); and

"(iv) will ensure that each school identifying a child under subparagraph (D) will provide upon request, to a parent of the child, assistance in selecting, from among the tutorial assistance providers who are

included on the list described in subparagraph (B), the provider who is best able to meet the needs of the child.

"(c) DEFINITION.—For the purpose of this section the term 'parent' includes a legal guardian.

"SEC. 2506. PROGRAM EVALUATION.

"(a) IN GENERAL.—From funds reserved under section 2510(b)(1), the Secretary shall conduct a national assessment of the programs under this part. In developing the criteria for the assessment, the Secretary shall receive recommendations from the peer review panel convened under section 2503(f).

"(b) SUBMISSION TO PEER REVIEW PANEL.—The Secretary shall submit the findings from the assessment under subsection (a) to the peer review panel convened under section 2503(f).

"SEC. 2507. INFORMATION DISSEMINATION.

"(a) IN GENERAL.—From funds reserved under section 2510(b)(2), the National Institute for Literacy shall disseminate information on reliable, replicable research on reading and information on subgrantee projects under section 2504 or 2505 that have proven effective. At a minimum, the institute shall disseminate such information to all recipients of Federal financial assistance under titles I and VII, the Head Start Act (42 U.S.C. 9801 et seq.), the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), and the Adult Education Act (20 U.S.C. 1201 et seq.).

"(b) COORDINATION.—In carrying out this section, the National Institute for Literacy—

"(1) shall use, to the extent practicable, information networks developed and maintained through other public and private persons, including the Secretary, the National Center for Family Literacy, and the Readline Program;

"(2) shall work in conjunction with any panel convened by the National Institute of Child Health and Human Development and the Secretary, and any panel convened by the Office of Educational Research and Improvement to assess the current status of research-based knowledge on reading development, including the effectiveness of various approaches to teaching children to read, with respect to determining the criteria by which the National Institute for Literacy judges reliable, replicable research and the design of strategies to disseminate such information; and

"(3) shall assist any reading and literacy partnership selected to receive a grant under section 2503, and that requests such assistance—

"(A) in determining whether applications for subgrants submitted to the partnership meet the requirements of this part relating to reliable, replicable research on reading; and

"(B) in the development of subgrant application forms.

"SEC. 2508. STATE EVALUATIONS.

"(a) IN GENERAL.—Each reading and literacy partnership that receives a grant under this part shall reserve not more than 2 percent of such grant funds for the purpose of evaluating the success of the partnership's subgrantees in meeting the purposes of this part. At a minimum, the evaluation shall measure the

extent to which students who are the intended beneficiaries of the subgrants made by the partnership have improved their reading.

"(b) CONTRACT.—A reading and literacy partnership shall carry out the evaluation under this section by entering into a contract with an eligible research institution under which the institution will perform the evaluation.

"(c) SUBMISSION.—A reading and literacy partnership shall submit the findings from the evaluation under this section to the Secretary and the peer review panel convened under section 2503(f). The Secretary and the peer review panel shall submit a summary of the findings from the evaluations under this subsection to the appropriate committees of the Congress, including the Committee on Education and the Workforce of the House of Representatives.

"SEC. 2509. PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS.

"Each reading and literacy partnership that receives funds under this part shall provide for, or ensure that subgrantees provide for, the participation of children in private schools in the activities and services assisted under this part in the same manner as the children participate in activities and services pursuant to sections 2503, 2504, 2505, and 2506.

"SEC. 2510. AUTHORIZATION OF APPROPRIATIONS; RESERVATIONS FROM APPROPRIATIONS; APPLICABILITY; SUNSET.

"(a) AUTHORIZATION.—There are authorized to be appropriated to carry out this part $210,000,000 for fiscal years 1999, 2000, and 2001.

"(b) RESERVATIONS.—From the amount appropriated under subsection (a) for each fiscal year, the Secretary—

"(1) shall reserve 1.5 percent to carry out section 2506(a);

"(2) shall reserve $5,075,000 to carry out sections 2503(f)(2) and 2507, of which $5,000,000 shall be reserved for section 2507; and

"(3) shall reserve $10,000,000 to carry out section 1202(c).

"(c) APPLICABILITY.—Part E shall not apply to this part.

"(d) SUNSET.—Notwithstanding section 422(a) of the General Education Provisions Act (20 U.S.C. 1226a(a)), this part is repealed, effective September 30, 2001, and is not subject to extension under such section.".

Subtitle B—Amendments to Even Start Family Literacy Programs

SEC. 521. RESERVATION FOR GRANTS.

Section 1202(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)) is amended to read as follows:

"(c) RESERVATION FOR GRANTS.—

"(1) GRANTS AUTHORIZED.—From funds reserved under section 2510(b)(3), the Secretary shall award grants, on a competitive basis, to States to enable such States to plan and implement, statewide family literacy initiatives to coordinate and integrate existing Federal, State, and local literacy resources consistent with the purposes of this part. Such coordination and integration shall include coordination and integration of funds available under the Adult Education Act

(20 U.S.C. 1201 et seq.), Head Start (42 U.S.C. 9801 et seq.), this part, part A of this title, and part A of title IV of the Social Security Act.

"(2) CONSORTIA.—

"(A) ESTABLISHMENT.—To receive a grant under this subsection, a State shall establish a consortium of State-level programs under the following laws:

"(i) This title.

"(ii) The Head Start Act.

"(iii) The Adult Education Act.

"(iv) All other State-funded preschool programs and programs providing literacy services to adults.

"(B) PLAN.—To receive a grant under this subsection, the consortium established by a State shall create a plan to use a portion of the State's resources, derived from the programs referred to in subparagraph (A), to strengthen and expand family literacy services in such State.

"(C) COORDINATION WITH TITLE II.—The consortium shall coordinate its activities with the activities of the reading and literacy partnership for the State established under section 2503, if the State receives a grant under such section.

"(3) READING INSTRUCTION.—Statewide family literacy initiatives implemented under this subsection shall base reading instruction on reliable, replicable research on reading (as such terms are defined in section 2502).

"(4) TECHNICAL ASSISTANCE.—The Secretary shall provide, directly or through a grant or contract with an organization with experience in the development and operation of successful family literacy services, technical assistance to States receiving a grant under this subsection.

"(5) MATCHING REQUIREMENT.—The Secretary shall not make a grant to a State under this subsection unless the State agrees that, with respect to the costs to be incurred by the eligible consortium in carrying out the activities for which the grant was awarded, the State will make available non-Federal contributions in an amount equal to not less than the Federal funds provided under the grant.".

SEC. 522. DEFINITIONS.

Section 1202(e) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(e)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following:

"(3) the term 'family literacy services' means services provided to participants on a voluntary basis that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family (such as eliminating or reducing welfare dependency) and that integrate all of the following activities:

"(A) Interactive literacy activities between parents and their children.

"(B) Equipping parents to partner with their children in learning.

"(C) Parent literacy training, including training that contributes to economic self-sufficiency.

"(D) Appropriate instruction for children of parents receiving parent literacy services.".

SEC. 523. EVALUATION.

Section 1209 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6369) is amended—

(1) in paragraph (1), by striking "and" at the end;

(2) in paragraph (2), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(3) to provide States and eligible entities receiving a subgrant under this part, directly or through a grant or contract with an organization with experience in the development and operation of successful family literacy services, technical assistance to ensure local evaluations undertaken under section 1205(10) provide accurate information on the effectiveness of programs assisted under this part.".

SEC. 524. INDICATORS OF PROGRAM QUALITY.

(a) IN GENERAL.—The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(1) by redesignating section 1210 as section 1212; and

(2) by inserting after section 1209 the following:

"SEC. 1210. INDICATORS OF PROGRAM QUALITY.

"Each State receiving funds under this part shall develop, based on the best available research and evaluation data, indicators of program quality for programs assisted under this part. Such indicators shall be used to monitor, evaluate, and improve such programs within the State. Such indicators shall include the following:

"(1) With respect to eligible participants in a program who are adults—

"(A) achievement in the areas of reading, writing, English language acquisition, problem solving, and numeracy;

"(B) receipt of a secondary school diploma or its recognized equivalent;

"(C) entry into a postsecondary school, a job retraining program, or employment or career advancement, including the military; and

"(D) such other indicators as the State may develop.

"(2) With respect to eligible participants in a program who are children—

"(A) improvement in ability to read on grade level or reading readiness;

"(B) school attendance;

"(C) grade retention and promotion; and

"(D) such other indicators as the State may develop.".

(b) STATE LEVEL ACTIVITIES.—Section 1203(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6363(a)) is amended—

(1) in paragraph (1), by striking "and" at the end;

(2) in paragraph (2), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(3) carrying out section 1210.".

(c) AWARD OF SUBGRANTS.—Paragraphs (3) and (4) of section 1208(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368) are amended to read as follows:

"(3) CONTINUING ELIGIBILITY.—In awarding subgrant funds to continue a program under this part for the second, third, or fourth year, the State educational agency shall evaluate the program based on the indicators of program quality developed by the State under section 1210. Such evaluation shall take place after the conclusion of the startup period, if any.

"(4) INSUFFICIENT PROGRESS.—The State educational agency may refuse to award subgrant funds if such agency finds that the eligible entity has not sufficiently improved the performance of the program, as evaluated based on the indicators of program quality developed by the State under section 1210, after—

"(A) providing technical assistance to the eligible entity; and

"(B) affording the eligible entity notice and an opportunity for a hearing.".

SEC. 525. RESEARCH.

The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended further by inserting after section 1210 (as inserted by section 524(a)(2) of this Act) the following:

"SEC. 1211. RESEARCH.

"(a) IN GENERAL.—The Secretary shall carry out, through grant or contract, research into the components of successful family literacy services. The purpose of the research shall be—

"(1) to improve the quality of existing programs assisted under this part or other family literacy programs carried out under this Act or the Adult Education Act (20 U.S.C. 1201 et seq.); and

"(2) to develop models for new programs to be carried out under this Act or the Adult Education Act.

"(b) DISSEMINATION.—The National Institute for Literacy shall disseminate, pursuant to section 2507, the results of the research described in subsection (a) to States and recipients of subgrants under this part.".

TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. MULTILINGUALISM STUDY.

(a) FINDINGS.—Congress finds that—

(1) even though all residents of the United States should be proficient in English, without regard to their country of birth, it is also of vital importance to the competitiveness of the United States that those residents be encouraged to learn other languages; and

(2) education is the primary responsibility of State and local governments and communities, and these entities are responsible for developing policies in this subject area.

(b) RESIDENT OF THE UNITED STATES DEFINED.—In this section, the term "resident of the United States" means an individual who resides in the United States, other than an alien who is not lawfully present in the United States.

(c) STUDY.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States (referred to in this section as the "Comptroller General") shall conduct a study of multilingualism in the United States in accordance with this section.

(2) REQUIREMENTS.—

(A) IN GENERAL.—The study conducted under this section shall ascertain—

(i) the percentage of residents in the United States who are proficient in English and at least one other language;

(ii) the predominant language other than English in which residents referred to in clause (i) are proficient;

(iii) the percentage of the residents described in clause (i) who were born in a foreign country;

(iv) the percentage of the residents described in clause (i) who were born in the United States;

(v) the percentage of the residents described in clause (iv) who are second-generation residents of the United States; and

(vi) the percentage of the residents described in clause (iv) who are third-generation residents of the United States.

(B) AGE-SPECIFIC CATEGORIES.—The study under this section shall, with respect to the residents described in subparagraph (A)(i), determine the number of those residents in each of the following categories:

(i) Residents who have not attained the age of 12.

(ii) Residents who have attained the age of 12, but have not attained the age of 18.

(iii) Residents who have attained the age of 18, but have not attained the age of 50.

(iv) Residents who have attained the age of 50.

(C) FEDERAL PROGRAMS.—In conducting the study under this section, the Comptroller General shall establish a list of each Federal program that encourages multilingualism with respect to any category of residents described in subparagraph (B).

(D) COMPARISONS.—In conducting the study under this section, the Comptroller General shall compare the multilingual population described in subparagraph (A) with the multilingual populations of foreign countries—

(i) in the Western hemisphere; and

(ii) in Asia.

(d) REPORT.—Upon completion of the study under this section, the Comptroller General shall prepare, and submit to Congress, a report that contains the results of the study conducted under this section, and such findings and recommendations as the Comptroller General determines to be appropriate.

SEC. 602. SAFER SCHOOLS.

(a) SHORT TITLE.—This section may be cited as the "Safer Schools Act of 1998".

(b) AMENDMENT.—Section 14601 of the Gun-Free Schools Act of 1994 (20 U.S.C. 8921) is amended by adding at the end the following new subsection:

"(g) For the purposes of this section, a weapon that has been determined to have been brought to a school by a student shall be admissible as evidence in any internal school disciplinary proceeding (related to an expulsion under this section).".

SEC. 603. STUDENT IMPROVEMENT INCENTIVE AWARDS.

Section 6201 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7331) is amended—

(1) in subsection (a)—

(A) in paragraph (1)(C), by striking "and" after the semicolon;

(B) in paragraph (2), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(3) student improvement incentive awards described in subsection (c).";and

(2) by adding at the end the following:

"(c) STUDENT IMPROVEMENT INCENTIVE AWARDS.—

"(1) AWARDS.—A State educational agency may use funds made available for State use under this title to make awards to public schools in the State that are determined to be outstanding schools pursuant to a statewide assessment described in paragraph (2).

"(2) STATEWIDE ASSESSMENT.—The statewide assessment referred to in paragraph (1)—

"(A) shall—

"(i) determine the educational progress of students attending public schools within the State; and

"(ii) allow for an objective analysis of the assessment on a school-by-school basis; and

"(B) may involve exit exams.".

NEWT GINGRICH,
Speaker of the House of Representatives.
STROM THURMOND,
President pro tempore of the Senate.

[Endorsement on back of bill:]
I certify that this Act originated in the House of Representatives.
ROBIN H. CARLE, *Clerk.*

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