

Hoonah has been the home of the Huna people since the last advance of the great ice masses into Glacier Bay, forcing the Huna people to look for new homes. Since the Huna people had traditionally used the Hoonah area each summer as a subsistence harvesting area, it was natural for them to settle in the area now called Hoonah. The community has a population of approximately 918 residents and is located 40 miles from Juneau; Alaska's capital city.

Within the city of Hoonah is located the Huna Totem Corp., an Alaska Native Corp. formed pursuant to the Alaska Native Claims Settlement Act [ANCSA]. Huna Totem is the largest Tlingit Indian Village Corp. in southeast Alaska. Under the terms of ANCSA each village corporation had to select lands within the core township or townships in which all or part of the Native village is located.

In 1975, Huna Totem filed its ANCSA land selections within the 2 mile radius of the city of Hoonah as mandated by ANCSA. Since the community of Hoonah is located along the shoreline at the base of Hoonah Head Mountain, the surrounding lands are steep hillsides, cliffs, or are designated watershed for the municipal water sources. Most of the acres, approximately 1,999, of this land are not conducive to logging or development due to the topography and watershed limitations.

Therefore in order for the Huna Totem Corp. to receive full economic benefit of the lands promised to them under ANCSA, and for the city of Hoonah to protect its watershed, alternative lands must be sought for Huna Totem to seek revenue from.

The legislation I am offering today would achieve these goals. By authorizing a land exchange between the Huna Totem Corp. and the U.S. Forest Service the residents of Hoonah will be assured a safe supply of drinking water. Additionally, Huna Totem Corp. will be able to fully recognize the benefits promised under the Alaska Native Claims Settlement Act.

By Mr. MURKOWSKI:

S. 1159. A bill to amend the Alaska Native Claims Settlement Act, regarding the Kake Tribal Corp. public interest land exchange, and for other purposes; to the Committee on Energy and Natural Resources.

THE KAKE LAND EXCHANGE ACT

Mr. MURKOWSKI. Mr. President, today I rise to introduce the Kake Tribal Land Exchange Act. This legislation would amend the Alaska Native Claims Settlement Act which authorized the transfer of 23,040 acres of land from the U.S. Government to Kake Tribal Corp. The land was transferred to Kake to recognize an immediate need for a fair and just settlement.

Unfortunately, Kake has not received the full beneficial use of its 23,040 acres because the city's watershed—over 2,400 acres—rest within Kake Tribal's lands. In order to protect the city's wa-

tershed and still receive beneficial use of their 23,040 acres we are proposing land exchange. This will assist the people of Kake, AK, as they move toward a safer, cleaner, and healthier future.

Under this proposal, Kake Tribal would exchange the watershed for other acres in southeast Alaska—thereby allowing Kake to receive its full entitlement under ANCSA. This legislation is of great importance to the residents of the community of Kake, AK.

This legislation will ensure protection of the Gunnuk Creek watershed which is the main water supply for the city of Kake as well as protect critical habitat for the Gunnuk Creek hatchery.

The legislation has received wide support in Alaska from diverse groups such as: the city of Kake, AK, the organized village of Kake, the Kake non-profit fishery, the Alaska Federation of Natives, and Sealaska Corp. Additionally, the Governor of Alaska has written to me in support of this exchange.

This legislation is similar to legislation I introduced last year and held hearings on in the Energy and Natural Resources Committee. During these hearings the Forest Service objected to the bill for four reasons, all of which have been addressed in the legislation I now introduce.

The first issue was the potential selection of Berners Bay/Slate Lake Parcel. Kake has made it clear as evident in the maps that they have no intention of selecting that area. Second, was the potential that Kake would select established log transfer facilities. Again it is clear from the maps that these areas will not be selected. Third, was regarding subsurface issues with Sealaska which are not addressed in this current version of the bill. And finally, the USFS objected to this exchange because they did not want to manage the watershed. Since the hearing the city of Kake has said they want to enter into a cooperative agreement with the Forest Service to manage the watershed themselves.

Additionally, Mr. President there is a provision in this bill that assures Kake Tribal will receive appropriate compensation for the watershed lands to be exchanged. This is important because this legislation would require Kake Tribal to process any timber derived from the newly acquired lands in State, potentially reducing the value of lands received. Therefore, in order to provide for a fair compensation, under the terms of this legislation Kake Tribal could be eligible for additional compensation should the value of the newly acquired lands be deemed less than their original lands. Likewise, the United States could also benefit from this provision should a determination be made that the lands they are receiving are less valuable than those they are conveying.

I introduce this legislation with the confidence that it is the best interest of not only the citizens of Kake but with the knowledge that it is in the

best interest of all Alaskans and Americans to protect drinking water for our communities. Lastly, this legislation will help fulfill our commitment to the Natives of Alaska that they will be treated fairly and justly under the Alaska Native Claims Settlement Act.

By Mr. DASCHLE (for himself and Ms. MOSELEY-BRAUN):

S. 1160. A bill to provide for educational facilities improvement; read the first time.

THE EDUCATIONAL FACILITIES IMPROVEMENT ACT

Mr. DASCHLE. Mr. President, today I am introducing with my colleague from Illinois, Senator MOSELEY-BRAUN, a bill to help local communities expand schools that are overcrowded, and repair or replace schools that are crumbling, or obsolete.

As you know, the Labor-HHS Appropriations bill that we are currently considering on the floor includes \$100 million for school construction and repair. This is an important step toward addressing what is a real and growing problem in this country.

The bill we are introducing today, the Educational Facilities Improvement Act, provides an additional \$1.9 billion over the next 5 years. It represents the second installment in our efforts to upgrade the school buildings America's children attend.

Communities can use the money to underwrite a part of the interest costs on school construction projects. In so doing, they will be using these dollars to leverage additional resources from other sources.

This is an urgent priority. All over the country, children are returning to schools this month that are crowded or obsolete—even dangerous. Children are being taught in trailers. Some school yards have so many trailers outside that you can't tell if it's a playground or a trailer court.

We need to address this problem now, not next year, not sometime in the future. This is why we are using rule 14 to skip the normal committee process and bring our bill directly on the Senate calendar. We hope our Republican colleagues will join the call for an early vote on this critical issue.

We don't need committee hearings to know what the problem is. The GAO, the non-partisan Government Accounting Office, has already documented the problem. They say it will take \$112 billion to bring all of America's schools up to par.

We obviously can't commit that many federal dollars. And we shouldn't. Public education has always been—and should remain—first and foremost a local responsibility.

But the sheer size of the problem requires that the Federal Government be a partner. We can't put America's educational house in order while our schools themselves are falling down. Students can't learn in classrooms that

are crowded and buildings that are crumbling. And most local communities can't afford to foot the whole school construction bill themselves. Our bill will help communities begin to fix the most urgent of the problems.

I urge my colleagues to support this important legislation. I ask unanimous consent that the bill and summary be included in the RECORD.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

S. 1160

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 "Educational Facilities Improvement Act".

SEC. 2. PROVISION OF ASSISTANCE FOR CONSTRUCTION AND RENOVATION OF EDUCATIONAL FACILITIES.

Title XII of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8501 et seq.) is amended—

(1) by repealing sections 12002 and 12003;

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

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

"SEC. 12001. FINDINGS.

"The Congress finds the following:

"(1) The General Accounting Office performed a comprehensive survey of the Nation's public elementary and secondary school facilities, and found severe levels of disrepair in all areas of the United States.

"(2) The General Accounting Office concluded more than 14,000,000 children attend schools in need of extensive repair or replacement. Seven million children attend schools with life safety code violations. Twelve million children attend schools with leaky roofs.

"(3) The General Accounting Office found the problem of crumbling schools transcends demographic and geographic boundaries. At 38 percent of urban schools, 30 percent of rural schools, and 29 percent of suburban schools, at least one building is in need of extensive repair or should be completely replaced.

"(4) The condition of school facilities has a direct affect on the safety of students and teachers, and on the ability of students to learn.

"(5) Academic research has proven a direct correlation between the condition of school facilities and student achievement. At Georgetown University, researchers found students assigned to schools in poor condition can be expected to fall 10.9 percentage points below those in buildings in excellent condition. Similar studies have demonstrated up to a 20 percent improvement in test scores when students were moved from a poor facility to a new facility.

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

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

"(8) The General Accounting Office found it will cost \$112,000,000,000 just to bring schools up to good, overall condition, not including the cost of modernizing schools so the schools can utilize 21st century technology, nor including the cost of expansion to meet record enrollment levels.

"(9) State and local financing mechanisms have proven inadequate to meet the challenges facing today's aging school facilities. Large numbers of local educational agencies have difficulties securing financing for school facility improvement.

"(10) The Federal Government can support elementary and secondary school facilities, and can leverage additional funds for the improvement of elementary and secondary school facilities.

"SEC. 12002. PURPOSE.

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

"PART A—GENERAL INFRASTRUCTURE IMPROVEMENT GRANT PROGRAM";

and

(4) by adding at the end the following:

"PART B—CONSTRUCTION AND RENOVATION BOND SUBSIDY PROGRAM

"SEC. 12201. DEFINITIONS.

"As used in this part:

"(1) EDUCATIONAL FACILITY.—The term 'educational facility' has the meaning given the term 'school' in section 12110.

"(2) LOCAL AREA.—The term 'local area' means the geographic area served by a local educational agency.

"(3) LOCAL BOND AUTHORITY.—The term 'local bond authority' means—

"(A) a local educational agency with authority to issue a bond for construction or renovation of educational facilities in a local area; and

"(B) a political subdivision of a State with authority to issue such a bond for an area including a local area.

"(4) POVERTY LINE.—The term 'poverty line' means the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2))) applicable to a family of the size involved.

"(5) STATE.—The term 'State' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 12202. AUTHORIZATION OF PROGRAM.

"(a) PROGRAM AUTHORITY.—Of the amount appropriated under section 12210 for a fiscal year and not reserved under subsection (b), the Secretary shall use—

"(1) 33 percent of such amount to award grants to local bond authorities for not more than 125 eligible local areas as provided for under section 12203; and

"(2) 67 percent of such amount to award grants to States as provided for under section 12204.

"(b) SPECIAL RULE.—The Secretary may reserve—

"(1) not more than 1.5 percent of the amount appropriated under section 12210 to provide assistance to Indian schools in accordance with the purpose of this title;

"(2) not more than 0.5 percent of the amount appropriated under section 12210 to provide assistance to Guam, the United States Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau to carry out the purpose of this title; and

"(3) not more than 0.1 percent of the amount appropriated under section 12210 to carry out section 12209.

"SEC. 12203. DIRECT GRANTS TO LOCAL BOND AUTHORITIES.

"(a) IN GENERAL.—The Secretary shall award a grant under section 12202(a)(1) to eligible local bond authorities to provide assistance for construction or renovation of educational facilities in a local area.

"(b) USE OF FUNDS.—The local bond authority shall use amounts received through a grant made under section 12202(a)(1) to pay a portion of the interest costs applicable to any local bond issued to finance an activity described in section 12205 with respect to the local area.

"(c) ELIGIBILITY AND DETERMINATION.—

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

"(2) DETERMINATION.—

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

"(i) aged 5 to 17, inclusive; and

"(ii) members of families with incomes that do not exceed 100 percent of the poverty line.

"(B) DISCRETIONARY.—The Secretary may make a determination of 25 local areas, for which the Secretary has not made a determination under subparagraph (A), that have extraordinary needs for construction or renovation of educational facilities that the local bond authority serving the local area is unable to meet.

"(d) APPLICATION.—To be eligible to receive a grant under section 12202(a)(1), a local bond authority shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including—

"(1) an assurance that the application was developed in consultation with parents and classroom teachers;

"(2) information sufficient to enable the Secretary to make a determination under subsection (c)(2) with respect to such local authority;

"(3) a description of the architectural, civil, structural, mechanical, or electrical construction or renovation to be supported with the assistance provided under this part;

"(4) a cost estimate of the proposed construction or renovation;

"(5) an identification of other resources, such as unused bonding capacity, that are available to carry out the activities for which assistance is requested under this part;

"(6) a description of how activities supported with funds provided under this part will promote energy conservation; and

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

"(e) AWARD OF GRANTS.—

"(1) IN GENERAL.—In awarding grants under section 12202(a)(1), the Secretary shall give preference to a local bond authority based on—

"(A) the extent to which the local educational agency serving the local area involved or the educational facility for which the authority seeks a grant (as appropriate) meets the criteria described in section 12103(a);

"(B) the extent to which the educational facility is overcrowded; and

"(C) the extent to which assistance provided through the grant will be used to fund

construction or renovation that, but for receipt of the grant, would not otherwise be possible to undertake.

“(2) AMOUNT OF ASSISTANCE.—

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

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

“(ii) consider—

“(I) the amount of the cost estimate contained in the application of the local bond authority under subsection (d)(4);

“(II) the relative size of the local area served by the local bond authority; and

“(III) any other factors determined to be appropriate by the Secretary.

“(B) MAXIMUM AMOUNT OF ASSISTANCE.—A local bond authority shall be eligible for assistance under section 12202(a)(1) in an amount that does not exceed the appropriate percentage under section 12204(f)(3) of the interest costs applicable to any local bond issued to finance an activity described in section 12205 with respect to the local area involved.

“SEC. 12204. GRANTS TO STATES.

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

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

“(1) to pay a portion of the interest costs applicable to any State bond issued to finance an activity described in section 12205 with respect to the local areas; or

“(2) to provide assistance to local bond authorities in the State to pay a portion of the interest costs applicable to any local bond issued to finance an activity described in section 12205 with respect to the local areas.

“(c) AMOUNT OF GRANT TO STATE.—

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

“(A) a sum that bears the same relationship to 50 percent of such amount as the total amount of funds made available for all eligible local educational agencies in the State under part A of title I for such year bears to the total amount of funds made available for all eligible local educational agencies in all States under such part for such year; and

“(B) a sum that bears the same relationship to 50 percent of such amount as the total amount of funds made available for all eligible local educational agencies in the State under title VI for such year bears to the total amount of funds made available for all eligible local educational agencies in all States under such title for such year.

“(2) ELIGIBLE LOCAL EDUCATIONAL AGENCIES.—For the purpose of paragraph (1) the term ‘eligible local educational agency’ means a local educational agency that does not serve a local area for which an eligible local bond authority received a grant under section 12203.

“(d) STATE APPLICATIONS REQUIRED.—To be eligible to receive a grant under section 12202(a)(2), a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require. Such application shall contain—

“(1) a description of the process the State will use to determine which local bond authorities will receive assistance under subsection (b)(2).

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

“(e) ADMINISTERING AGENCY.—

“(1) IN GENERAL.—The State agency with authority to issue bonds for the construction or renovation of educational facilities, or with the authority to otherwise finance such construction or renovation, shall administer the amount received through the grant.

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

“(f) ASSISTANCE TO LOCAL BOND AUTHORITIES.—

“(1) IN GENERAL.—To be eligible to receive assistance from a State under this section, a local bond authority shall prepare and submit to the State agency designated under subsection (e) an application at such time, in such manner, and containing such information as the State agency may require, including the information described in section 12203(d).

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

“(A) the extent to which the local educational agency serving the local area involved or the educational facility for which the authority seeks the grant (as appropriate) meets the criteria described in section 12103(a);

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

“(C) the extent to which assistance provided through the grant will be used to fund construction or renovation that, but for receipt of the grant, would not otherwise be possible to undertake.

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

“(A) clause (i)(I) or clause (ii)(I) of section 1125(c)(2)(A), shall be eligible for assistance in an amount that does not exceed 10 percent;

“(B) clause (i)(II) or clause (ii)(II) of section 1125(c)(2)(A), shall be eligible for assistance in an amount that does not exceed 20 percent;

“(C) clause (i)(III) or clause (ii)(III) of section 1125(c)(2)(A), shall be eligible for assistance in an amount that does not exceed 30 percent;

“(D) clause (i)(IV) or clause (ii)(IV) of section 1125(c)(2)(A), shall be eligible for assistance in an amount that does not exceed 40 percent; and

“(E) clause (i)(V) or clause (ii)(V) of section 1125(c)(2)(A), shall be eligible for assistance in an amount that does not exceed 50 percent;

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

“(g) ASSISTANCE TO STATE.—

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

“(2) FORMULA.—The Secretary shall develop a formula for determining the percent-

age referred to in paragraph (1). The formula shall specify that the percentage shall consist of a weighted average of the percentages referred to in subparagraphs (A) through (E) of subsection (f)(3) for the local areas involved.

“SEC. 12205. AUTHORIZED ACTIVITIES.

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

“(1) the repair or upgrading of classrooms or structures related to academic learning, including the repair of leaking roofs, crumbling walls, inadequate plumbing, poor ventilation equipment, and inadequate heating or light equipment;

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

“(3) an activity to enhance the educational facility involved to provide access for students, teachers, and other individuals with disabilities;

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

“(5) an activity to address environmental hazards at the educational facility involved, such as poor ventilation, indoor air quality, or lighting;

“(6) the provision of basic infrastructure that facilitates educational technology, such as communications outlets, electrical systems, power outlets, or a communication closet;

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

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

“SEC. 12206. STATE GRANT WAIVERS.

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

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

“(2) DEMONSTRATION BY STATE.—To be eligible to receive a waiver under this subsection, a State shall demonstrate to the satisfaction of the Secretary that—

“(A) the local bond authority serving the local area has reached a limit on its borrowing authority as a result of a debt ceiling or property tax cap;

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

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

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

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

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

“(b) WAIVER FOR OTHER FINANCING SOURCES.—

“(1) IN GENERAL.—A State may request that the Secretary waive the use requirements of section 12204(b) for a local bond authority to permit the State to provide assistance to the local bond authority to finance

construction or renovation by means other than through the issuance of bonds.

“(2) USE OF FUNDS.—A State that receives a waiver granted under this subsection may provide assistance to a local bond authority in accordance with the criteria described in section 12204(f)(2) to enable the local bond authority to repay the costs incurred by the local bond authority in financing an activity described in section 12205. The local bond authority shall be eligible to receive the amount of such assistance that the Secretary estimates the local bond authority would be eligible to receive under section 12204(f)(3) if the construction or renovation were financed through the issuance of a bond.

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

“(c) WAIVER FOR OTHER USES.—

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

“(2) DEMONSTRATION BY STATE.—To be eligible to receive a waiver under this subsection, a State shall demonstrate to the satisfaction of the Secretary that the use of assistance provided under the waiver—

“(A) will result in an equal or greater amount of construction or renovation of educational facilities than the provision of assistance to defray the interest costs applicable to a bond for such construction or renovation; and

“(B) will be used to fund activities that are effective in carrying out the activities described in section 12205, such as—

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

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

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

“(iv) the capitalization of authorities similar to State Infrastructure Banks to leverage additional funds for such construction or renovation; or

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

“(d) LOCAL BOND AUTHORITY WAIVER.—

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

“(2) DEMONSTRATION.—To be eligible to receive a waiver under this subsection, a local bond authority shall demonstrate that the amounts made available through a grant under the waiver will result in an equal or greater amount of construction or renovation of educational facilities than the provision of assistance to defray the interest costs applicable to a bond for such construction or renovation.

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

“(1) identifies the type of waiver requested;

“(2) with respect to a waiver described in subsection (a), (c), or (d), makes the demonstration described in subsection (a)(2), (c)(2), or (d)(2), respectively;

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

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

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

“(g) GENERAL REQUIREMENTS.—

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

“(A) provide all interested local educational agencies in the State with notice and a reasonable opportunity to comment on the request;

“(B) submit the comments to the Secretary; and

“(C) provide notice and information to the public regarding the waiver request in the manner that the applying State customarily provides similar notices and information to the public.

“(2) LOCAL BOND AUTHORITIES.—In the case of a waiver request submitted by a local bond authority under this section, the local bond authority shall—

“(A) provide the affected local educational agency with notice and a reasonable opportunity to comment on the request;

“(B) submit the comments to the Secretary; and

“(C) provide notice and information to the public regarding the waiver request in the manner that the applying local bond authority customarily provides similar notices and information to the public.

“SEC. 12207. GENERAL PROVISIONS.

“(a) FAILURE TO ISSUE BONDS.—

“(1) STATES.—If a State that receives assistance under this part fails to issue a bond for which the assistance is provided, the amount of such assistance shall be made available to the State as provided for under section 12204, during the first fiscal year following the date of repayment.

“(2) LOCAL BOND AUTHORITIES AND LOCAL AREAS.—If a local bond authority that receives assistance under this part fails to issue a bond, or a local area that receives such assistance fails to become the beneficiary of a bond, for which the assistance is provided, the amount of such assistance—

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

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

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

“SEC. 12208. FAIR WAGES.

“The provisions of section 12107 shall apply with respect to all laborers and mechanics employed by contractors or subcontractors in the performance of any contract and subcontract for the repair, renovation, alteration, or construction, including painting and decorating, of any building or work that is financed in whole or in part using assistance provided under this part.

“SEC. 12209. REPORT.

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

“(1) collect such data as the Secretary determines necessary at the school, local, and State levels;

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

“(A) monitor the progress of activities supported with funds provided under this part; and

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

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

“SEC. 12210. FUNDING.

“(a) IN GENERAL.—There are appropriated \$1,900,000,000 for fiscal year 1998 to carry out this part.

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

“(c) AVAILABILITY.—Any amounts appropriated pursuant to the authority of subsection (a) shall remain available until expended.”

SEC. 3. CONFORMING AMENDMENTS.

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

(1) in section 12102(a) (as redesignated by section 2(2))—

(A) in paragraph (1)—

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

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

(iii) by striking “12007” and inserting “12105”;

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

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

(b) CONFORMING AMENDMENTS.—Part A of title XII of the Elementary and Secondary Education Act of 1965 (as redesignated by section 2(3)) (20 U.S.C. 8501 et seq.) is further amended—

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

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

SEC. 4. MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.

(a) IN GENERAL.—Subsection (c) of section 904 of the Internal Revenue Code of 1986 (relating to limitation on credit) is amended—

(1) by striking “in the second preceding taxable year,” and

(2) by striking “or fifth” and inserting “fifth, sixth, or seventh”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 1997.

EDUCATIONAL FACILITIES IMPROVEMENT ACT—
FACT SHEET

NEED FOR ACTION

Democrats continue to believe that Federal support for education is one of the best investments our nation can make to ensure

its secure and prosperous future. For our students to learn, they must be in a physical environment that is conducive to learning. Unfortunately, our nation's schools are in disrepair: about one third of all schools need extensive repair or replacement, and about 60 percent of schools have at least one major problem, such as a leaky roof or crumbling walls.

SUMMARY

The Educational Facilities Improvement Act provides \$1.9 billion over 5 years to pay a portion of the interest cost on state and local bond issues used to finance public elementary and secondary school repair, renovation, modernization, and construction projects.

After set-asides for Indian Schools, U.S. territories, and evaluations, 33 percent of the funds will be administered by the Secretary of Education for competitive awards to the 100 school districts with the largest numbers of poor children, and 25 other districts with extraordinary needs. The remaining 67 percent will be distributed to states according to a formula that takes into account school-age population, poverty, and other criteria. States will set up competitive programs to award these funds to school districts. School districts will be eligible for a subsidy of up to 50 percent of the interest cost on the bonds, using a sliding scale based on need.

AUTHORIZED ACTIVITIES

The new program funds may be used to:

Repair or upgrade classrooms or structures related to academic learning, including the repair of leaking roofs, crumbling walls, inadequate plumbing, poor ventilation, and heating or light problems; increase physical safety; enhance access for students, teachers or others with disabilities; improve energy efficiency; address environmental hazards; provide the basic infrastructure to facilitate educational technology, such as communications outlets and closets, electrical systems, and power outlets; construct new schools to meet the needs imposed by growth; or conduct any other related activity identified and approved by the Secretary.

DISTRIBUTION OF THE FUNDS

Of the new funds, 1.5 percent would be reserved for Indian schools, and 0.5 percent would be reserved for the U.S. territories to be administered at the discretion of the Secretary. Not more than 0.1 percent would be set aside for the Secretary to collect data, study the condition of elementary and secondary schools, evaluate the program, and report the findings to Congress.

Of the remaining funds, 33 percent would be reserved for administration by the Secretary to the 100 school districts with the largest numbers of poor children, as well as to 25 additional districts at the discretion of the Secretary. The remaining 67 percent would be reserved for administration by the states to local education agencies.

FUNDS TO LOCAL BOND AUTHORITIES

Under this program, 33 percent of the funding will be administered directly by the Secretary of Education. School districts will be eligible for up to a 50-percent interest rate subsidy, using a sliding scale based on need. The 100 school districts with the largest numbers of poor children will be eligible to apply directly to the Secretary for the interest-rate subsidy. Eligible districts will be the top 100 with the highest levels of children ages 5 to 17 living in poverty. In addition, the Secretary may designate up to 25 additional districts for direct grants, based on their extraordinary needs.

The Secretary will award grants to districts based on a number of criteria, including the numbers of poor children in that district, the overall age and condition of the

schools and their potential threat to children's health and safety, the extent of overcrowding, the extent to which construction would otherwise not occur, and other factors.

FUNDS TO STATES

Of the remaining funds, 67 percent will be administered directly by the states. The states must submit an application to the Secretary describing the criteria the state will use to award funds within the state. States can use the money to subsidize local bond issues or to subsidize state bonds issued on behalf of the school districts.

The federal government will award the funds to the states based on a two-part formula. Half of the funds will be based on the state's share of federal Title I funds, and half will be based on the state's share of federal Title VI funds. School districts that receive direct grants from the Secretary will be excluded from the calculations used to determine the state-by-state allocations.

FUNDING

The amendment is funded at \$1.9 billion, to remain available until obligated. It is paid for by restructuring the foreign tax credit carryover rules passed by the Senate and left on the table during conference on the tax bill (Section 867 of the Senate bill). This proposal would cut the current carryback period for taxpayers with unused foreign tax credits from 2 years to one, while extending the carryforward period from 5 to 7 years.

Ms. MOSELEY-BRAUN. Mr. President, today I am pleased to join the Minority Leader, Senator DASCHLE, to introduce the Education Facilities Improvement Act. This bill will form a partnership among the national, State, and local governments to rebuild and modernize our Nation's crumbling schools.

According to the U.S. General Accounting Office, it will cost \$112 billion to bring existing school buildings up to code—to patch the leaky roofs, replace the broken windows, fix the plumbing, and make other needed repairs. That price tag, as enormous as it sounds, does not include the cost of building new schools to accommodate the record numbers of children who are crowding our schools, nor the cost of upgrading classrooms for modern computers.

Local school districts cannot afford to meet these challenges on their own. The local property tax, which made sense as a funding mechanism when wealth was accumulated in the form of land, no longer works as a means of funding major capital investments. In urban, rural, and suburban schools all across the country, the magnitude of the crumbling schools problem has dwarfed local financing capabilities.

In Chicago, Mayor Daley announced Monday that the city would issue 800 million dollars' worth of bonds to build new schools, renovate old ones, and modernize every school in the system. With an improved bond rating, Chicago has financed almost 1.5 billion dollars' worth of school improvements in the last 2 years. Chicago schools, however, need 3 billion dollars' worth of improvements.

The problem is not confined to big cities like Chicago. The GAO found that in urban areas, 38 percent of

schools are crumbling, while in rural areas the figure is 30 percent, and in the suburbs, it's 29 percent.

At the New Burnside Center in Tunnel Hill, IL, the track team was for a time forced to practice at the local prison. The prison had a track. The school did not. They no longer offer track at New Burnside, because some parents objected to their children being sent to the prison to practice. The lack of an adequate tax base means too many schools in rural areas can barely meet the basic costs of educating children, let alone the costs of major capital improvements.

In the suburbs also, our outdated method of paying for public schools has taken its toll. Principal Rita Melius, from the Abbott middle school in Waukegan, a suburb north of Chicago, was here in Washington this morning to discuss this issue. Children in her suburban school have to cope with the same kinds of leaky roofs and crumbling walls as their innercity peers. The school has even had several fires caused when computers overloaded the ancient electrical wiring.

The Education Facilities Improvement Act will provide \$1.9 billion over 5 years to help Waukegan, Chicago, New Burnside, and schools across the country that simply cannot meet their facilities needs on their own. It will make the Government a partner in public education, while preserving local control of curriculum and educational content. This bill recognizes that education is a public good, as well as an individual benefit, and that every American benefits when we provide educational opportunities in environments suitable for learning.

Winston Churchill said, "We shape our buildings; thereafter, they shape us." Nowhere is that more true than in our schools. You certainly can't use a computer if you can't plug it into the wall, and we cannot expect our children to learn in schools that are falling down around them.

I hope all of my colleagues will consider the conditions of schools in their States and join us in sponsoring this important legislation.

ADDITIONAL COSPONSORS

S. 22

At the request of Mr. MOYNIHAN, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of S. 22, a bill to establish a bipartisan national commission to address the year 2000 computer problem.

S. 61

At the request of Mr. LOTT, the names of the Senator from Colorado [Mr. ALLARD] and the Senator from Iowa [Mr. HARKIN] were added as cosponsors of S. 61, a bill to amend title 46, United States Code, to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the United States merchant marine during World War II.