HOUSE OF REPRESENTATIVES—*Thursday, March 24, 1994*

The House met at 11 a.m.

The Reverend W. Douglas Tanner, Jr., executive director, Faith & Politics Institute, Washington, DC, offered the following prayer:

Almighty God, we come together today conscious of many dimensions of political leadership.

We pray that You would keep us truly in touch with our constituents: their hurts and frustrations, their hopes and dreams, their limitations and their potential.

We pray that You would lead us to truly know ourselves: our wounds and our vulnerabilities, our talents and our true callings.

We ask You to deepen our sensitivity to the needs and legitimate aspirations of people beyond our borders. We remember especially this morning our neighbors in Mexico.

As we consider the issues before us this day, grant us the serenity to accept things we cannot change, the courage to change things we can, and the wisdom to know the difference. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from New York [Mr. MCNULTY] come forward and lead the membership in the Pledge of Allegiance?

Mr. MCNULTY led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will recognize 15 Members for 1-minutes on each side.

EXPRESSING GREAT SYMPATHY AND GRIEF FOR THE LOSS OF THE PARATROOPERS AT POPE AIR FORCE BASE, NC

(Mr. ROSE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROSE. Mr. Speaker and my colleagues, I know that you all will join with me in expressing our great sympathy and grief for the tremendous loss of 15 to 16 paratroopers who died and 82 who were injured yesterday after a collision of military planes at Pope Air Force Base, NC.

Pope Air Force Base is in my congressional district, and I express my complete grief and sorrow to the families of those who were either killed or injured.

Mr. Speaker, this should remind all of us in America that freedom has a great price. This tragedy is another example of the cost of freedom; men and women risk their lives in times of war and in times of training.

Mr. Speaker, it is not possible to have the peace without training.

Fifty years ago this June, this same airborne unit, the 82d Airborne Division, jumped into Normandy with Gen. Jim Gavin to help guarantee and achieve the peace in the Second World War's victory.

I thank you for remembering, if you will, these men and their families in your prayers.

THE PRESIDENT'S PRESS CONFERENCE

(Mr. HEFLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HEFLEY. Mr. Speaker, the President will face the Nation in a press conference tonight. Here are some questions I hope the media asks:

Why won't the vast majority of Democrats in Congress support your health care bill?

Why won't the Democrats allow hearings on Whitewater?

Why didn't the Democrat leadership allow amendments that would have significantly strengthened the crime bill?

Is there any one in your administration who does not have ethics problems?

Was your wife's former employer, the Rose law firm, the inspiration for the book, "The Firm?"

Have you read the New Republic piece on your business relationships in Arkansas? If no, why not?

Mr. Speaker, the President has a lot of explaining to do tonight. I hope we get some straight answers.

EXPRESSING SYMPATHY OF THE HOUSE TO THE FAMILIES OF THE PARATROOPERS AT POPE AIR FORCE BASE

(Mr. FOLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FOLEY. Mr. Speaker, this morning I would like to express our sorrow and deepest sympathy of the House, as stated so eloquently by the gentleman from North Carolina [Mr. ROSE], for the death of 15 Airborne soldier-paratroopers who died yesterday at Pope Air Force Base, and the 90 more who were injured. This House sends its sympathy to all of their families.

EXPRESSING SYMPATHY AND SORROW TO THE MEXICAN PEOPLE ON THE ASSASSINATION OF LUIS DONALDO COLOSIO

Mr. Speaker, yesterday also saw a great tragedy in our sister Republic of Mexico, and I want to begin this morning by expressing on behalf of this House our sympathy and sorrow to the President and Congress of Mexico and to the Mexican people at the assassination yesterday of Luis Donaldo Colosio, the Presidential candidate of the Institutional Revolutionary Party of Mexico. This country is bound by increasingly close ties with our neighbor state, ties that will only grow stronger in the future. I am sure all the Members join me in deploring this senseless act and reaffirming our support and the support of this country for our neighbors in Mexico and for Mexican democracy.

PUBLIC LANDS IN THE WESTERN STATES

(Mr. THOMAS of Wyoming asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. THOMAS of Wyoming. Mr. Speaker, let me first of all thank the Speaker for his remarks. I am certain that all of us join in our sympathy for those two tragedies.

Mr. Speaker, today I plan to introduce legislation that would transfer the lands currently administered by the Bureau of Land Management to the State in which the lands are located; namely, all Western State Members are joining in sponsorship of the bill.

Currently, the BLM controls nearly 270 million acres of land in the United States; 18 million acres of this land is located in my home State of Wyoming. This places a heavy burden on the people of my State and significantly af-

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fects Wyoming's economy. This is not parklands, not wilderness lands, these are not recreational lands in the sense of wildlife refuges; these are lands left over, frankly, after homesteading that nobody else wanted at that time.

BLM also places a heavy budgetary burden on the taxpayers. Their budget is about $1.2 billion.

My bill would return the BLM lands back to the States and would solve these problems. It would save money and the long debate over grazing, timber, and oil and gas leases on these lands and give the States the ability to control their own futures. It is a great solution, fair to both the Feds and the States. This bill makes common sense and it would certainly reinvent the way our public lands are managed. It supports the goal of good Government, and I urge all of my colleagues in this effort to reform the way the public lands are managed.

THE DEATH OF LUIS DONALDO COLOSIO OF MEXICO

(Mr. DE LA GARZA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Speaker, Mexican Presidential candidate Luis Donaldo Colosio was my friend for over 20 years. We worked together on many projects of mutual interest to our two nations. I followed with great interest his trajectory in Mexican politics and in the service of his country over the years. I was able to take measure of the man.

His death is a terrible loss to his family, to his friends and supporters, to the Government of Mexico, and it is a loss for the people of Mexico.

His death is, in fact, a loss for all of us. For I feel this young man of 44 years of age was destined to be a world leader of major import. It is indeed sad that in this day and age tragedies like this happen.

I hope that somehow we—the American people and the Mexican people—might learn and grow closer from this tragic incident. There are some who will say this assassination shows how chaotic the political situation is in Mexico. Do we forget Lincoln, the Kennedy brothers, and Dr. King?

What we must learn is that the political agenda of a small minority in both of our countries is not good government and public service, but rather personal ambitions and hatred. Passion and extremism of this nature must somehow be tempered or altogether withdrawn from the political arena.

I do hope we learn. I join our distinguished Speaker and extend my most sincere and heartfelt condolences to the family and friends of Luis Donaldo and to the people of Mexico. We share in their loss.

□ 1110

SOUNDS OF SILENCE

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, in politics there are times when nothing is louder than the sound of silence, and that sound was heard yesterday in the Subcommittee on Health of the Committee on Ways and Means when not one Democrat voted for President Clinton's health care plan.

Not one.

That sound of silence has been matched by another more ominous lack of response on health care reform, this time from President Clinton himself. When Republicans present our workable health care proposals the response of the White House is silence followed by more silence.

So much for the treasured bipartisanship the President so forcefully demanded the other day in his by now legendary no, no, no, no, speech.

I urge the President to use his news conference tonight to stop saying this silent no, no, no, no, no, no to Republicans and to millions of Americans who support our approaches.

If the White House truly wants to pass a workable health care reform bill, it is going to have to break its vow of silence and learn to say "yes."

THE PRESIDENT'S HEALTH CARE PLAN IS MOVING FORWARD

(Mr. GEPHARDT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, for weeks now, the pundits and the backseat policymakers have been pronouncing health care reform dead on arrival.

Every day we read about the multimillion dollar negative ad campaigns, the high stakes lobbying blitz, the arm-twisting by the special interests. Those of us who have been fighting to guarantee decent, affordable health care for every single American have certainly had an uphill fight.

But today, it is clear we are winning that fight. Today, it is clear that for all the public pronouncements and cynical assessments, Congress is actually moving forward on health care reform—quietly, deliberately, and responsibly.

Yesterday, the gentleman from California [Mr. STARK] led the Committee on Ways and Means, Subcommittee on Health, to an important victory. They supported a bill that contains all the crucial elements of the President's health care plan.

It guarantees affordable coverage that can never be taken away. It lets you choose your doctor and your health plan. It protects and strengthens Medicare. It makes all the unfair insurance practices illegal.

And most importantly, the subcommittee's bill means that all the expert predictions about the death of national health care are just plain wrong.

Mr. Speaker, actions speak louder than words. And here on Capitol Hill, a single vote is worth 1,000 soundbites.

So, I join with all of my colleagues in praising the gentleman from California [Mr. STARK] and the members of his subcommittee. And I look forward to joining with you in building on their fine work—and making national health care the law of the land.

ZERO VOTES FOR THE PRESIDENT'S PLAN

(Mr. THOMAS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. THOMAS of California. Mr. Speaker, that ringing you hear in your ears is the Democratic spin doctors; we just heard another one trying to tell you that, when the President's plan was offered in the Subcommittee on Health yesterday, it was done just to embarrass the Democrats.

Mr. Speaker, I thought our job around here was to vote. I guess Democrats are embarrassed by voting for the President's plan. But not one single Democrat voted for the President's plan.

Now we are told that the measure voted out of the subcommittee contains the goals of the President's plan. They rejected the structure, but they have retained the goals of the Clinton health plan.

Let me tell my colleagues that without refutation, the measure that was voted out of the subcommittee yesterday would put a majority of Americans under a Government-owned Government-run, taxpayer-insured health program. Is that the President's goal? I thought in the State of the Union the President said he wanted private insurance for all Americans. Maybe I am confused on the goals. The Democrats voted for a majority of Americans to be under a Government program. The President said he wanted private insurance. Who's embarrassing whom around here.

Mr. Speaker, the majority leader just said "a single vote is worth 1,000 sound bites." If that is true, yesterday in committee the Democrats swallowed 7,000 sound bites. Zero votes out of a possible seven for the President's goals and structure; if the Clinton plan's goal is private insurance, zero votes as well.

WE MOURN COLOSIO'S DEATH

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, last night a great Mexican leader, Presidential candidate Luis Donaldo Colosio, was assassinated by a coward. Even though violence has not been a part of Mexican politics in the past, this incident shows that all of us in public life are vulnerable.

Luis Donaldo Colosio worked with many of us on NAFTA, and we knew him to be a good decent man with a great vision for Mexico's future and a grassroots appreciation for those left behind in Mexican society. He would have been a great Mexican President—in fact, I predict that he would have fully democratized Mexico's political process, continued Mexico's economic and social reforms, and been a champion of Mexico's impoverished classes.

All Americans, Democrats and Republicans, the Congress, and the President should support our neighbors in Mexico as they adjust to this tragedy and deal with this political crisis.

DO WE WANT CRIME CONTROL OR PRESIDENTIAL PUBLIC RELATIONS

(Mr. GOSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, last August, August 4 to be specific, Republicans offered a tough and comprehensive anticrime bill. Republicans have been very eager to debate this issue for 7 months. The Democrats seem interested in crime, too, but it is now clear from their morning's headlines that their interest lies in scoring quick political points and providing a change of subject for the scandal-embattled White House.

First, the Democrats tried to ram through a weak and incomplete crime bill—so they could go home for recess and say they accomplished something, but those were tough policy ideas we effectively protested yesterday. The truth is the liberal Democrats do not want tough crime control and prevention, and Democratic leadership now that today's photo op at the White House for the crime bill has been missed has given up on getting a crime bill passed before the recess.

For the record, Mr. Speaker, the Republicans are ready, willing, and able to get on with the crime bill that America is asking us to do, and we are saying yes, yes, yes, yes to getting tough on crime.

ROME IS BURNING AND POLITICIANS CONTINUE TO FIDDLE

(Ms. SLAUGHTER asked and was given permission to address the House for 1 minute.)

Ms. SLAUGHTER. Mr. Speaker, despite the best efforts that many of us have put forth here in Congress, last night parliamentary games kept us from passing the crime bill. We will go back to our districts without it. We get back from the district work period on April 12, and, even if we pass the crime bill that day, and we will not if these parliamentary games continue, but based on the crime rate, Mr. Speaker, in that time more than 800 people will be shot and killed, more than 200 children will be killed by guns, more than 4,000 women will be raped.

Thomas Scott, President of the Detectives Endowment Association, said in a letter he wrote to us:

> To put it bluntly, we in law enforcement are tired, frustrated and totally dismayed with most politicians regarding the passage of this much needed bill. Rome is burning, and politicians continue to fiddle. We saw some fine fiddling last night; didn't we? Let's pass the bill now. We will be watching closely, and we hope we can count on your support.

That was written on January 27, Mr. Speaker, and the fiddling continues. Parliamentary maneuvers have made it impossible for us to go home with the crime bill we promised.

PRESIDENT, BLAME THYSELF

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER. Mr. President, blame thyself.

Tonight, President Clinton will seek to blame Republicans for every ill that has stricken his administration.

He will blame Republicans for the sad fact that the Democrats could not complete a crime bill before the Easter recess.

He will blame Republicans for his Whitewater fiasco.

He will blame Republicans for the fact his health care plan was supported by no Democrats in a vote yesterday.

And he will blame Republicans because another member of his staff is under fire for ethics problems.

But, Mr. Speaker, the President has no one to blame but himself.

For this, Republicans are blameless. Mr. President, blame thyself.

REPUBLICANS ACCUSED OF STALLING ON CONSIDERATION OF CRIME BILL

(Mr. VISCLOSKY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VISCLOSKY. Mr. Speaker, thanks to the work of President Clinton and a Democratic Congress the northwest Indiana district I represent now has 1 million extra Federal dollars to put more police officers on the streets to fight crime.

To build on the Federal funding for more police officers, the Democrats have formulated a really tough bill that will get criminals off the streets and prevent crime before it happens.

Unfortunately for the American people, the Republicans would rather play politics than fight crime.

Instead of considering the tough crime bill today, the Republicans have decided that they would rather stall consideration instead of making our streets safer. This is a flashback to the Republican gridlock of the 1980's.

Mr. Speaker, how many more innocent Americans will be victimized while the Republicans filibuster the crime bill?

How many more people will be murdered, mugged, assaulted, and ripped-off before the Republicans end their filibuster and allow passage of a really tough crime bill.

It is clear that people in Gary, IN, and across this Nation do not have the time to wait for these questions to be answered. We need to pass the crime bill now.

□ 1120

A CALL FOR A TOUGH CRIME BILL

(Mr. DREIER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER. Madam Speaker, the American people want a tough crime bill as my friend, the gentleman from Sanibel, FL [Mr. GOSS], said.

On August 4, we Republicans introduced a crime bill and we have been working tenaciously to try and bring it forward.

Madam Speaker, it has been indicated that if we delay this process, there are going to be tremendous crimes inflicted on human beings throughout this country. The fact of the matter is the gentleman from New York [Mr. SOLOMON], the gentleman from Tennessee [Mr. QUILLEN], the gentleman from Florida [Mr. GOSS], and I were ready to stay last night up in the Committee on Rules to report out a rule that could bring this crime bill to the floor today. Tragically, what we have seen is nothing but parties and politics. We have seen the politics which has been trying to water down this bill, and last night we saw the party at the White House do everything possible to ensure that we would delay the process.

Let us bring the crime bill foward immediately so we can get this action that we need.

SUPPORT URGED FOR MILITARY IN WAKE OF PLANE CRASH

(Mr. SKELTON asked and was given permission to address the House for 1 minute.)

Mr. SKELTON. Madam Speaker, I am deeply saddened about the loss of 15 Americans in a tragic military plane

crash at Pope Air Force Base, NC, yesterday.

My heart goes out to the families and fellow soldiers and airmen of those who were lost and injured in that tragedy. Many seem to forget that the military is a dangerous profession and Americans all across the land should understand and appreciate those who wear our Nation's uniform.

Madam Speaker, with the uncertainties facing us from the Korean Peninsula to Bosnia, we are reminded that American soldiers, sailors, airmen, and Marines are frequently in harm's way both here at home and around the world.

As chairman of the Subcommittee on Military Forces and Personnel of the Committee on Armed Services, this fact has long been apparent to me. Those of us in Congress and all Americans must do our best to support and appreciate those who wear the American uniform.

THE PRESIDENT'S SMALL BUSINESS RECORD

(Mr. COLLINS of Georgia asked and was given permission to address the House for 1 minute.)

Mr. COLLINS of Georgia. Mr. Speaker, last Tuesday President Clinton met with a select group of small business owners to comfort their doubts about his health care reform proposal.

The President stated, "I will never, never sign a health care reform bill that would harm small business."

Let us review President Clinton's record:

Education: Rhodes scholar, educated from Arkansas to Oxford.

Politics: stretches from Arkansas to Washington.

Ah. Small business experience? Yes, the President has small business experience. It is called Whitewater Development.

Yes, Whitewater Development was a small business. Whitewater failed, probably due to undercapitalization, undercapitalized.

That reminds me of the First Lady's comments when she was asked about the effects of the President's health care plan on small business, and I quote: "I cannot be responsible for every undercapitalized small business."

Mr. Speaker, it appears that there needs to be a little pillow talk at the White House about health care reform and its effects on small business.

EXTENDING SYMPATHIES TO MEXICO

(Mr. TORRES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TORRES. Mr. Speaker, today the House of Representatives mourns the untimely death of Secretary Luis Donaldo Colisio. We want to convey our sympathies to his family and to the people of Mexico in their hour of loss.

Mr. Speaker, in similar times of loss when our Nation has gone through this turmoil and tragic instance, the Mexican people have stood by us in solidarity. Today we do the same.

Our President, our Speaker and my colleagues here assembled convey our sorrow to the people of Mexico in this tragic hour.

Mr. Speaker, I know that they are strong, they are resilient, and in this time they will prevail.

A CALL FOR ACTION ON HEALTH REFORM

(Mr. BILIRAKIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BILIRAKIS. Mr. Speaker, contrary to popular belief, there is agreement on health reform legislation.

My colleague, the gentleman from Georgia [Mr. ROWLAND] and I recently introduced the Health Reform Consensus Act, legislation that includes consensus health items, areas of agreement that so many believe must be addressed now.

Mr. Speaker, who does not support insurance portability? Who does not believe that people with preexisting conditions have a right to purchase health insurance at a reasonable price just like everybody else? And who can argue against controlling fraud in our health care system—that unnecessary paperwork should be eliminated, that malpractice law must be reformed? The health consensus bill would address these issues so that this could be enacted into law this year.

Mr. Speaker, we see our legislation as a starting point for reform, a reasonable beginning in resolving our Nation's health care problems.

Mr. Speaker, if we enact into law these important consensus items, many Americans would benefit and costs would be reduced.

Mr. Speaker, I urge my colleagues to show the American people we want change by supporting action now on health reform.

RAPIST RELEASED IN CALIFORNIA

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, Modoc, CA, a quiet town, is now up in arms. Melvin Carter, who admitted to raping 100 women, was released and is now in their midst.

Prison officials said Carter was released for his good behavior, for being a model prisoner, and that Carter deserved a chance.

Carter deserved a chance? What about the hundred victims, Mr. Speaker? Did any of them get a chance from Carter?

There is something wrong in America when admitted rapists are turned loose for "good behavior" but the victims of the assaults and crimes are forgotten.

I say to the Members of Congress, we can talk about crime all we want, but the truth is, communities like Modoc, CA, have had it. And I do not blame them. This guy Carter should be in jail, period. A little common sense would help out as much as maybe a crime bill.

EXPRESSION OF SORROW AT MEXICO'S LOSS BY ASSASSINATION

(Mr. KOLBE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOLBE. Mr. Speaker, I stand here today to express my sorrow and anguish at the tragic assassination last evening of the leading presidential candidate in Mexico, Luis Donaldo Colosio. Gunned down by assassins in the border city of Tijuana, Donaldo Colosio was doing what those of us in politics do every day—meeting with voters and citizens of his country, listening to them, telling them of his own hopes and dreams.

I knew Donaldo Colosio. In fact, you could say he was something of a hometown boy, growing up in Magdalena, Sonora, just a few mines south of Arizona's border. He studied at the University of Arizona; he and his family frequently traveled to Tucson on business and pleasure. I spent a long evening a couple of years ago with Mr. Colosio, then chairman of his political party, at the residence of Mexico's ambassador, talking about the changes in Mexico's political system. He was brimming them with enthusiasm and optimism for Mexico's future, as he was yesterday when he died.

Today we mourn the tragic and untimely fall of this rising star in Mexico. But, we also know the growing political maturity of Mexico will sustain them in this hour of trial. Of that, we have no doubt. For that, we can be grateful.

□ 1130

THE FAMILY UNITY PROMOTION ACT OF 1994

(Mr. DARDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DARDEN. Mr. Speaker, today I am introducing the Family Unity Promotion Act of 1994. This bill is a long-overdue measure that seeks to make the Internal Revenue Code more equi-

table for married couples and their children.

The Family Unity Promotion Act makes three simple, yet highly meaningful changes to the Tax Code. First, the bill would eliminate the "marriage penalty." As most of us who are married are aware, the Tax Code imposes a severe financial penalty on working couples who choose to marry. Many individuals from the Seventh District of Georgia, including many religious leaders, have contacted me in dismay over this disincentive to marry. I share their concern about governmental policies that might discourage individuals from entering into the enduring relationships that form the basis of our society. Therefore, this bill will allow married couples to use the same rates applicable to unmarried individuals.

Second, this bill will increase the exemption for dependent children to $3,500 per dependent child. Such measures are critical if today's parents are to be able to provide for the needs of their children.

Finally, this measure will remove tax code penalties against homemakers by permitting full, $2,000 IRA contributions by nonworking spouses. As everyone knows, women or men who stay at home to care for their families contribute as much to family well-being as those who work outside the home. Homemakers should be able to save for their later years to the same extent as working spouses.

I believe that these changes will underscore the Congress' interest in ensuring that married couples and their children are provided with the support and encouragement that they deserve, and urge my colleagues to join me in backing this measure.

REFORMING HABEAS CORPUS

(Mr. ALLARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALLARD. Mr. Speaker, I would like to share the concerns of Stuart VanMerveren and Chris Hefty who are district attorneys in the Fourth Congressional District of Colorado. As Congress reviews the well intentioned proposals in the House crime package, it's important to remember there is a wealth of experience on these issues in our own districts. We should arrive at solutions to crime control by listening to individuals like Stuart and Chris who have direct experience with our justice system. One of the great failings of our criminal justice system is in the area of habeas corpus petitions. Our current system offers expensive roadblocks to capitol punishment. Courts are spending too much time on questions of process rather than the merits of a case. Due process is important but once those protections are exhausted it is our responsibility to protect society from repeatedly violent offenders. I appreciate the efforts of my colleagues who worked to simplify habeas corpus but am concerned that the package before the House will worsen rather than solve our problems. My concerns, shared by these district attorneys, is that the habeas corpus reforms in the House package will prolong the process rather than shorten it.

Mr. Speaker, let us listen to the people who know what the criminal justice system needs. They strongly agree that we do not need more redtape for death row felons.

VOTERS' RIGHTS ACT STILL CHALLENGED

(Ms. EDDIE BERNICE JOHNSON of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, a number of forces have combined to once again challenge not only the letter, but the spirit, of one of the most significant pieces of legislation in the history of this great body, the Voters' Rights Act of 1965.

Just this week we saw Schindler's List nominated as the best picture for 1993. The real message there was never again the Holocaust of the Jews in Nazi Germany.

Well, the message here from black Americans is never again. Whatever party we participate in, never again will we sit by and allow gerrymandering that recognizes rivers and freeways and everything else and ignores the fact we are voters. Never again will this happen in this country without getting the attention of everyone.

Imagine a Congress that has nothing but white men. No women, no Jews, nothing but white men. That is what the forces would like to see. But we say, Mr. Speaker, to all of America, never again.

AMERICAN FAMILIES SAY NO TO CLINTON HEALTH CARE PLAN

(Mr. HERGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HERGER. Mr. Speaker, President Clinton is finding out that nothing is more important to the average American than his or her family. And that is why his health care plan is doomed to failure.

You see, after all the platitudes and all the propaganda, taxpayers are seeing the Clinton plan for what it really is, a massive Government-run bureaucracy which will control every aspect of health care.

They ask the question, what would this do to me and my family? And they do not like the answer. They do not like the idea that the Clinton plan is going to cost $1 trillion in new taxes in the first 4 years.

They do not like the idea that 2 or 3 million jobs, maybe theirs, will be lost in the process, and they certainly do not like the idea they are going to lose the right to choose their own doctors.

Mr. Speaker, the Republican health care plan comes without the taxes and without the Government bureaucrats, and, most importantly, it preserves individual doctor choice for the American family.

Let us give the Republican plan a fair hearing. Let us pass it.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The chair would announce to all Members that we will now limit 1 minute to 20, but we will not exceed 20 on each side.

SUPPORT MINORITY REPRESENTATION IN CONGRESS

(Mr. WATT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WATT. Mr. Speaker, yesterday in the hustle and bustle of my office, I had a very cogent moment. I was visited by a young black student from Cardoza High School right here in Washington, DC. He knocked on the door unannounced, without appointment, and he came in and he said,

I have been on the Hill all day, and I have yet to see a black Member of Congress. And I just wanted to see and talk to one.

It reminded me of the importance of minority representation again in this body, against the backdrop that Monday of this coming week the trial of the case in Shaw versus Reno will commence.

So I wanted to come today to remind my colleagues and to appeal to them to support minority representation. We have two cogent things that are upon us in the next month or so. This case, Shaw versus Reno, and what we are about in South Africa. We should demand in our country the same standard of representation among black residents that we demand of South Africa for whites in that country after the free elections.

CRIME BILL HANG-UP

(Mr. McCOLLUM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCOLLUM. Mr. Speaker, this morning I have heard a number of my Democrat colleagues object to the fact that last night Republicans expressed their concern over an unfair rule on the crime bill and somehow, quote-unquote, "delayed" the bringing of this bill up until after the April recess. This is very disingenuous, but, even more

important, it needs to be a reminder to every one of us that we Republicans are not the majority. We have not been in control of this House for the last 40 consecutive years.

We had a bill in on our side we thought was a good crime bill last August. The other body enacted its crime bill in the fall. There was no activity on their side of the aisle to bring up a crime bill through the Committee on the Judiciary of any consequence until about 2 weeks ago.

Who is delaying this? This is ridiculous. We wanted tough amendments. We still do want them, to correct deficiencies in this bill. The bill on the floor today, if passed and became law, would allow for no death penalty to ever be carried out in this country again. It has no provisions in it that will provide and assure that there will be an end to the revolving door that is letting violent criminals out on the street to commit repeat offenses again and again and again, and it has nothing in it which addresses the criminal alien problem—25 percent of all the criminals in our prisons today are aliens. We are not addressing that problem. We should be addressing that problem. Many of them are illegal, many of them are felons.

This is a very bad bill that has been brought out. All Republicans want to do is get a few simple amendments to make this bill do what the American public wants, and that is to end the violent crime crisis in this country and end the endless appeals of death row inmates and put deterrence back into our criminal justice system, and send a message that when you get 20 years, you are going to serve 20 years.

SARAH WEBER HOME INFUSION CONSUMER PROTECTION ACT

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, the Republicans argue that we have no health care crisis in this country. I beg to differ.

Let me share with you the story of a 10-year-old girl from Cleveland Heights, OH, who struggled daily with a rare disease that would not allow her to digest food. In order to receive nutrition and to fend off infections, she received nutrition and medicines intravenously in her home. While the advanced technologies available today allowed her to stay at home with her family, those who provided these services abused her trust in them.

It is in her honor that today, I introduce the Sarah Weber Home Infusion Consumer Protection Act. This legislation will ensure that home infusion companies cannot abuse the trust put in them by patients like Sarah Weber. It will require home infusion providers to be licensed according to quality standards established in the law. It will put an end to the abuse in this industry and ensure that no patient, young or old, rich or poor will be a victim of fraud or abuse.

Sadly, Sarah Weber is not among us today to know that her family's struggles will not be commonplace for other families. But her mother, Marie, and her six brothers and sisters will continue to tell her story to see that what happened to Sarah will not happen again.

□ 1140

TRUTH IN SENTENCING

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, in 1970, I had one of my first jobs. I was in the 9th grade. I sold programs at the University of Georgia football games. They were a dollar each. I made big money. We got a 10-percent commission. And I was coming back from one game, having successfully sold programs for 2 days, and I had my pockets full of one dollar bills, 121 of them.

At that moment I was pulled by two men, dragged behind a car, beat up and robbed of all the money. That was when I was 14 years old.

Mr. Speaker, that made the headlines of the local paper. It was big news at the time. Today that is just another day in the life of America.

The average burglar right now serves a 13-month sentence. The average murder, who is sentenced for 15 years, serves only 8. The average rapist, who is sentenced for 8 years, serves only 3.

We have our police officers arresting people for the 8th, 9th, 10th, 11th time. We need to have a truth in sentencing bill.

The bill that we will not be voting on today did not contain any real truth in sentencing.

Mr. Speaker, we need to have that as an important element of the crime package. We also need to have a death penalty provision that puts an end to the endless appeals. Right now death row inmates and their lawyers can make a career out of appealing their cases. The American people, the victims of crime, have had enough of it.

I have been a victim. I know what it feels like. I am sick and tired of it. The rest of America is.

Mr. Speaker, it is not time to run off to cocktail parties. It is time to stay in session and pass a meaningful crime bill that will change the tide.

THE 5-YEAR ANNIVERSARY OF "EXXON VALDEZ" OIL SPILL

(Ms. ESHOO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ESHOO. Mr. Speaker, 5 years ago today, the oil tanker named *Exxon Valdez* ran aground on Bligh Reef in Prince William Sound, AK. The reef tore open the ship's hull and more than 11 million gallons of crude oil flooded in the previously pristine area.

This was, and remains, the largest oilspill in U.S. history. And the results were devastating. Hundreds of thousands of birds and marine mammals, as well as millions of salmon and herring, were killed. More than 1,200 miles of coastline were polluted with oil, affecting shorelines as far as 600 miles from Bligh Reef.

Although some would have us believe that the area has recovered from this disaster, the truth is, it will take years for some of the species to recover from the spill.

The good news is this catastrophe finally opened our eyes to the issue of oilspill prevention and control.

Five years ago, we knew little about the extent of this type of disaster and its affect on the ecosystem. Since then, the State of Alaska and the Federal Government have conducted more than 100 studies and Congress has finally passed oil pollution legislation containing necessary prevention and response mandates.

However, we still have a lot to accomplish. My State of California is just now learning that continuous leaks and spills from a Unocal refinery have amounted to the largest spill in California history.

Dead wildlife, filthy beaches, undrinkable ground water, and millions of dollars of cleanup are the costs of oilspills whether they come from a tanker or a refinery.

That is why we must never forget *Exxon Valdez*—on its fifth anniversar6y it continues to serve as a valuable lesson and reminder to all of us.

SUPPORTING A SUCCESSFUL ICPD

(Mrs. MORELLA asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MORELLA. Mr. Speaker, worldwide efforts to stabilize population growth, alleviate poverty, and protect the environment have been significantly undermined by the lack of attention to women's reproductive health and the role of women in the economic development of their families, their communities, and their countries.

The world's population now exceeds 5.5 billion, and more than 90 percent of the annual population increase of 100 million people is in the developing world. Whether the Earth's population doubles or triples in the next century will be determined by actions we take during this decade to improve access to family planning programs for all women who desire it.

Later this year, the decennial International Conference on Population and Development will meet in Cairo to discuss strategies for slowing rapid population growth and assuring access to family planning services for all women and couples who desire them.

I am pleased to be joined today by my colleagues TONY BEILENSON, with whom I cochair the Congressional Coalition on Population and Development, and JOHN PORTER, president of GLOBE–USA, in introducing a resolution which calls on the administration to place the highest priority on the success of the Cairo conference. I urge my colleagues to join us in support of this legislation.

VERMONT REQUIRES LABELING OF DAIRY PRODUCTS FROM BST-INJECTED COWS

(Mr. SANDERS asked and was given permission to address the House for 1 minute and revise and extend his remarks.)

Mr. SANDERS. Mr. Speaker, I am delighted to inform you that yesterday the Vermont State Legislature became the first in the Nation to require labeling of all milk products which come from BST-injected cows—and the Governor has indicated that he will sign this bill. Given the fact that the multibillion dollar Monsanto chemical company has enormous political clout, as shown by their ability to push this product past the FDA, this is an act of great courage on the part of the Vermont State Legislature and should be greeted with enthusiasm by family farmers, consumers, and all citizens who want to know how the milk they are drinking is produced.

Mr. Speaker, the Government itself has acknowledged that Monsanto's BST will result in the lowering of family farm income and will increase the Federal deficit. Furthermore, in forcing cows to produce 20 percent more milk than they naturally do, BST significantly increases the rate of mastitis in cows and makes them sicker.

My hope is that the U.S. Congress will follow the lead of Vermont, and pass national legislation which will require the labeling of all milk products from cows injected with BST. Please support H.R. 1906—which amends the Food, Drug and Cosmetic Act to require that labeling. The people of America have the right to know how the milk they are drinking is produced.

HEARINGS ON WHITEWATER

(Mr. LAZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAZIO. Mr. Speaker, I take this opportunity to salute my colleagues on the other side of the aisle in this House for reconsidering their initial position and finally agreeing to hold congressional hearings on Whitewater. The House has now joined the Senate in seeing the wisdom, if not the inevitability, of congressional hearings on this matter.

It is vitally important to the country that the President get this behind him, and the sooner the better. The surest and quickest way to do that is to let the sun shine, and the best way to make that happen is through the constitutionally appropriate role of congressional hearings.

From Nannygate to Travelgate to Whitewater, the continuing ethical struggles within the Clinton administration, made worse by their murky explanations, provide ample evidence that this White House still has a lot to learn. The upcoming hearings will facilitate that process.

Without the full disclosure that hearings can provide, Congress and the administration are more likely to become preoccupied with Whitewater and bog down on other, far more important issues—issues like health reform, crime, and welfare reform.

With or without hearings, Whitewater may become a convenient scapegoat for inaction on other, more important issues. But if we do get bogged down, at least it will be in spite of the Whitewater hearings, not because of them.

IN SUPPORT OF VOTING RIGHTS

(Mr. FIELDS of Louisiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FIELDS of Louisiana. Mr. Speaker, I rise this morning feeling like Fannie Lou Hammer. I am sick and tired of being sick and tired. I am sick and tired because, the courts are consistently inconsistent in their interpretation of the 1965 Voting Rights Act.

I am sick and tired because there are six States in this country that have lawsuits pending challenging the creation of minority districts: North Carolina, Louisiana, Georgia, Florida, South Carolina, and Texas, all of which are southern States that have a history of discriminating against minorities at every level conceivable, education, housing, employment, public facilities and, more importantly, the political process. Of these six States, our great Justice Department has found a need to intervene in only one, which is a miscarriage of justice, to say the least, Mr. Speaker, in my opinion.

I ask the question, Mr. Speaker, if we as Members of Congress who pass Federal laws virtually every day cannot depend on the Department of Justice to defend those laws, which they are constitutionally bound to do, then who will. Moreover, Mr. Speaker, if a minority voter in this country cannot depend on the Department of Justice to intervene on his behalf, when his voting rights are being violated, maybe we do not need a Justice Department after all.

Again, I call upon the Justice Department and the Attorney General in particular to live up to its responsibility and exercise its fiduciary responsibility and obligation and defend the 1965 Voting Rights Act.

□ 1150

CONGRATULATIONS TO LEBANON VALLEY COLLEGE

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, March madness is upon us in more ways than one. I am here today to congratulate the NCAA winner of college basketball, and that may come as a big surprise to rooters for Purdue and Missouri and Indiana and Tulsa and others, because I am referring to Division 3, where Lebanon Valley College of Pennsylvania, in Buffalo last Saturday, won the tournament, having defeated NYU in an overtime thriller that is to the credit of Lebanon Valley College.

Lebanon Valley College is in Annville, PA, in my district, a small community. The college itself houses 900 students, no more, and has had a wonderful sorts record over the years, to be culminated this year by a Division 3 championship.

Ironically, on that same day, in the afternoon before the championship game, their greatest rooter for the last 65 years, "Hot Dog" Frank, as he was known in that community, who sponsored all kinds of events and was beloved of the student body for all those years, died and did not see the culmination of his rooting for Lebanon Valley College, but the whole valley, the whole district, all of Pennsylvania, is proud of the Division 3 NCAA champion, Lebanon Valley College.

NATIONAL POISON PREVENTION WEEK

(Mr. TOWNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TOWNS. Mr. Speaker, the President has designated this week as National Poison Prevention Week. I would like to applaud him for that, and his strong leadership.

Over 1 million children under age 6 were accidentally poisoned last year. Fortunately, all but 30 of those children survived. Most of them were treated safely at home with the help of a poison control center. Poison control centers save lives and save money, for every $1 spent on poison centers saves $7.75 in unnecessary visits to emergency rooms over this Nation.

In a misguided attempt to save money, hospitals and State and local governments are closing poison control centers around the country. Closing poison control centers merely drives up the costs of health care, and needless to say, it places lives of millions of children at risk.

Shortly I will introduce legislation that will guarantee access to quality poison control service for all Americans. Closing poison control centers is health care retreat, not health care reform. We need to move forward, not backwards, so we need to keep the poison control centers open, because they are cost-saving and they also save lives.

THIS ADMINISTRATION NEEDS TO PLAY BY THE RULES

(Mr. CLINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLINGER. Mr. Speaker, beginning as early as February 1, 1993, I have tried to no avail to get the President's health care task force to comply with Federal sunshine laws and conflict of interest statutes. It has now been alleged in Federal court that the task force may have blatantly disregarded these statutes and, as a result, misled Congress and given false statements in court. These actions, if true, reaffirm my suspicions that this is a cavalier administration which does not think it has to play by the rules.

Court documents stating that dozens of unidentified people working on the task force in secret where at the same time on the payroll of private organizations with a stake in the outcome of the health care reform debate is more troubling news for the President's health care reform proposal. The suggestion that a multitude of previously undisclosed special interests were deeply involved in shaping a public policy proposal which may ultimately affect each and every one of our constituents calls into question the integrity of the administration's proposal. In some cases, the court documents allege that not only were privately paid individuals on the task force but also that in addition, task force members identified as congressional staff were in fact private individuals on the payroll of the Robert Wood Johnson Foundation.

It is my view that there are enough serious questions raised by this court filing, and the supporting documentation, to consider convening congressional hearings sooner rather than later. The proliferation of unaccountable outsiders and special interests setting policy within this administration must be reviewed by Congress.

LEGISLATION TO PROMOTE A LEVEL PLAYING FIELD IN THE SHIPBUILDING INDUSTRY

(Mr. ANDREWS of Maine asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANDREWS of Maine. Mr. Speaker, I am afraid I am the bearer of bad news today. Trade negotiations with our foreign shipbuilding competitors in Paris have broken up without any resolution whatsoever. In a conversation that I had yesterday with the chief negotiator for the United States, I learned that these talks may never resume.

Why should our foreign shipbuilding competitors negotiate in good faith at the bargaining table? For the last several years they have dumped billions and billions and billions of dollars in unfair subsidies to prop up their shipbuilding industry and to wipe out ours. We have lost 120,000 good paying jobs in this country as a direct result, and now, Mr. Speaker, just when independent analysts are telling us we are on the threshold of a giant boom in commercial shipbuilding, we are also being told that the United States is about to lose an additional 180,000 good paying shipbuilding jobs because of this unlevel playing field.

I am announcing today to my colleagues in the House that I am about to introduce legislation, fair but tough legislation, to force our partners back in the negotiating table so we can have a level playing field for our shipbuilders. It is about time we give those shipbuilders in our country a fair chance to compete, so they can have the future that they deserve.

I ask Members to join me in this effort.

CALLING FOR FREE ELECTIONS IN AUGUST IN MEXICO

(Ms. KAPTUR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. KAPTUR. Mr. Speaker, the citizens of Mexico throughout this century have been denied this most fundamental right of democracy, fair and open elections. Recent reports outlining vote-buying and election irregularities in the race for Governor of the Mexican State of Morelos surfaced 2 days ago. Votes were bought for $150 to $250 apiece. Some polling places were not opened until 4 p.m., in the afternoon, and voter credentials had been duplicated and used fraudulently.

Yesterday we had another brutal reminder that the hand-picked successor of President Carlos Salinas and his PRI Party, Luis Donaldo Colosio, had been assassinated. We mourn his death, as well as the deaths of the dozens of poor peasants in Chiapas who were killed earlier this year by the Government.

When NAFTA passed, our Nation forfeited our best chance to export to Mexico the best hopes of democracy. We, instead, rewarded the worst characteristics of tyranny. We watch now as bystanders. American cannot remove itself from the fight for freedom so close to our border. Mexico's hopes for democratic freedom and our own workers' hopes for economic promise depend on free elections in Mexico.

On behalf of all those ordinary people in Mexico who were shot, as well as Mr. Colosio, America must stand up today and say, "We want free elections in Mexico this coming August."

□ 1200

CANCELLATION OF VA-HUD APPROPRIATIONS HEARING

(Mr. LEWIS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of California. Mr. Speaker, White House politics is now interfering with the legitimate business of the people's House.

This morning the Veterans' and Housing Appropriations Committee, a committee on which I am the senior Republican member, has canceled its hearings. Is that cancellation because today's witnesses were from the FDIC and the RTC, the same agencies now under scrutiny by Whitewater investigators? It it because today's witnesses might have presented information that the White House did not want to hear? Is it out of fear of what might have been revealed in today's hearings?

Incidentially, the actual purpose of this legitimate hearing was to examine the budgets of these two agencies for the 1995 fiscal year.

Just last month, both agencies released public reports absolving each other of failing to detect obvious conflicts of interest at the Rose law firm in Little Rock, AR. Those reports raised serious questions that I think should be addressed.

I am not one to use the term "cover-up" lightly, but the defensive nature of the White House and the House Democratic leadership leads me to ask the question, "What are they hiding?"

The White House war room must be working overtime today in preparation for the President's press conference this evening. At a time when our country should be focusing on the future of Mexico, and the situation in North Korea, the President remains over his head in Whitewater.

LOBBYING DISCLOSURE ACT OF 1994

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 397 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 397

Resolved, That it shall be in order at any time on the legislative day of Thursday, March 24, 1994, for the Speaker to entertain a motion that the House suspend the rules and pass the bill (S. 349) to provide for the disclosure of lobbying activities to influence the Federal Government, and for other purposes, as amended, insist on the House amendment thereto, and request a conference and the Senate thereon.

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. MOAKLEY is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the customary 30 minutes to the gentleman from California [Mr. DREIER] pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

Mr. Speaker, as Members are well aware, rule XXVII provides that suspensions may only be considered on Mondays and Tuesdays of each week. The Rules Committee has reported this rule providing for the consideration of a suspension today, a Thursday, in order that the House may consider lobby and gift reform prior to our adjournment for the Easter district work period.

Mr. Speaker, because the resolution provides that this important legislation shall be considered under the suspension process, debate on the bill will be limited to 40 minutes. No amendments are in order save the House amendment made in order in the rule, and two-thirds vote is required for passage.

Mr. Speaker, for many months the contents of this bill have been the subject of intense scrutiny and negotiation. No one—absolutely no one—is totally satisfied with this product. However, it is time that we proceed to address these issues, and therefore, the House has been presented with this bill at this time. I urge my colleagues to adopt this resolution so that we may proceed to the consideration of this reform legislation.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is very ironic we are being asked to consider this so-called reform legislation under business-as-usual procedure. The leadership cannot be serious about reform when it resorts to what is nothing more than a procedural gimmick designed to squash debate.

Is this the kind of treatment that we are going to be able to expect when we bring forward the work of our Joint Committee on the Reorganization of Congress?

Mr. Speaker, while S. 349 takes some positive steps toward reforming the lobbying disclosure laws, there are questions about how nonprofit groups will be treated. And last night up in the Rules Committee we saw this great debate rage as we proceeded with consideration of this special rule to determine whether or not nonprofit groups will be affected.

There are questions about the gift restrictions and how they will apply, and it only breeds confusion, and clearly will lead to a greater sense of cynicism and distrust of this institution.

If it is wrong to accept meals, entertainment, and other gifts from lobbyists, then this practice should be banned. Instead, H.R. 823 leaves loopholes so wide that you can drive a truck through them.

This legislation would have been adopted months ago, had the Democrat leadership followed its own rules for reporting our legislation. Whatever happened to the outcry that emanated from the discharge petition debate against bypassing the committee system? The committee system, we are told, is the linchpin of the deliberative process where informed decisions are made in a collective fashion. Yet the lobby disclosure bill was never considered by the full Judiciary Committee.

Mr. Speaker, I am sure that there are some Members who would simply like to take the whole issue of lobby reform and sweep it under the rug. Frankly, that is exactly what is going to happen if this rule is adopted.

I believe that a majority of us would like to see the gift issue debated fully, openly, and honestly. This bill should be sent to the Committee on the Judiciary where it can be debated, amended, and reported to the full House. It should be considered in our Committee on Rules and brought down here under an open rule. Only through that process can this legislation represent the consensus of the House and the people we represent.

I am going to urge a "no" vote on this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, for the purposes of debate only, I yield 4 minutes to the gentleman from California, Mr. FAZIO.

Mr. FAZIO. Mr. Speaker, the act of lobbying serves an important function in our democratic form of Government. It enables people with similar interests to pool their resources, to petition Congress and to otherwise become involved in our participatory democracy.

Lobbying is a right guaranteed by the Constitution. Whether it comes in the form of letters, personal meetings, phone calls or even attendance at town hall meetings—lobbying is an important process that makes all of us better informed and educated on the pressing issues facing our country.

And who lobbies Congress—the American Association of Retired Persons, Veterans of Foreign Wars, farm bureaus, chambers of commerce, and cities and counties. Lobbyists are not just high priced representatives of the elite. They represent every American—sometimes each of us many times over.

I rise in support of the Lobbying Disclosure Act, not to limit or stop the act of lobbying, but to shed light on the process and to instill confidence that lobbying is an appropriate avenue for people to express their concerns and interests to their elected representatives.

The bill also reinforces the lines drawn in the rules and regulations of the supervising offices and committees of the executive, judicial, and legislative branches, by putting them in section 201(c) of title 18.

This principle was enunciated by myself and Mr. MCCOLLUM in the bipartisan House floor discussion of the 1989 Act, and its codification in this bill appropriately insures its application to all pending and future cases. Because a court would review this as a matter of law, on an item-by-item basis, this would lead to the requisite explicit itemization in charges, and, in some cases, to current input during such cases from the pertinent ethics office.

Mr. Speaker, the American people have a great distrust of lobbyists and the access they have to lawmakers. The Lobbying Disclosure Act will address their concerns by requiring those who lobby to disclose their activities—to document the issues they lobby on and the amount of money they spend doing so.

When this bill is enacted, the American people will be better informed and educated. Whether it is a group of activists who organize a letter writing campaign, or a one-on-one meeting with a company's representative—the American people will know it happened, know what issue was discussed and how much money was spent in the process.

THE BILL BANS GIFTS TO MEMBERS OF CONGRESS

The bill takes another important step—it bans all gifts from lobbyists and lobbying firms to Members of Congress. Lobbyists will not be allowed to pay for a meal, provide entertainment or travel to Members of Congress.

I say this is an important step not because I believe there is a wide-spread problem in this institution—but because there is a perception that highly paid lobbyists wine and dine Members of Congress into supporting whatever cause they promote.

This is wrong and this is a perception we must correct.

The Members of this institution, on both sides of the aisle, came here for many reasons. For some it was to lend their efforts to fix a problem this country is facing—like health care and crime. For some it was to fight for a cause—to end discrimination, to ensure civil rights, or the right to choose. For some it was merely the honor of public service.

Every Member here has a story.

Each Member made huge personal sacrifices to be allowed the honor to serve in Congress. Many spend every week without their families, only to return home on the weekend with jampacked schedules that allow little time for children or spouses.

Every Member of this institution came here for a reason—no one came here for a free lunch.

CRITICS CLAIMS ARE UNFOUNDED

There are those who say the bill fails to go far enough—that in order to really address the problem we must apply the ban to any organization who hires lobbyists.

I would say this to the critics. If the VFW or the PTA or any employer in my district who happens to hire a lobbyist invites me to a reception, or a lunch in the company cafeteria, I plan to go.

This bill will ban lobbyists from buying lunches, providing gifts and paying for entertainment for Members of Congress—but it will allow Members to continue to have legitimate interaction with their constituents.

I urge my colleagues to support this rule and this bill, not because I believe we need to address a wide-spread problem, but because until we correct the perception the public has—they will never know why we came here and what motivates us to stay.

□ 1210

Mr. DREIER. Mr. Speaker, reciprocating his kindness of yesterday, I yield such time as he may consume to my good friend and colleague on the Committee on Rules, the gentleman from Sanibel, FL [Mr. GOSS].

Mr. GOSS. I thank my distinguished friend from San Dimas, CA [Mr. DREIER] for his interest in allowing me to speak one more time on this subject.

Mr. Speaker, we are really under an emergency rule. The Committee on Rules convened in emergency session last night, unscheduled, to see what we would do today after developments transpired with the rule that was being crafted on crime. And I think many were probably surprised that the draft rule that we came up with, over the objections of the minority, strong protestations, was so restrictive that the crime bill has disappeared, and we are not going to be doing that today despite the fact that we need to be spending a lot of time on that. It is the No. 1 issue in this country, at least our polls show that.

I am sorry we are not, because America deserves our attention on that.

But instead we had to find something to do today and one of the things that was also on the agenda out there was lobby reform. So in this emergency meeting we decided we would cooperate with the majority and bring forward this subject for debate, but we do not like the way we are doing it.

I think America needs to know that the GOP is very much involved in supporting lobby reform. What we do not know is what this particular reform we have got today says. In fact, last night, the rule that made this in order, when we spoke to this in committee, we asked what would the House amendment actually say, and nobody was able to say what the House amendment will say.

So we are really not sure what it is we are saying we are going to be voting on, but we know we cannot amend it, whatever it is, because under the rules of suspension, you cannot amend it.

So we are going into this without knowing what we are going to vote on, but knowing that we cannot amend it.

That is not a great way to provide deliberative democracy to the United States of America on a subject as important as lobbying reform.

Now, I have got to say I start this process off with just a wee little bit of suspicion back in my mind. I remember back in September of 1993 the New York Times—now, remember, this is not the Republicans or some spin doctors on the Republican side—the New York Times came out with an extremely unflattering editorial entitled "Mr. Foley's Decoy," on the subject matter of this matter that we have before us, lobby reform.

Just to quote one line of it:

> The bill they are readying for the floor is a sham designed to protect incumbents and wealthy special interests at the expense of democracy and cleaner government.

That is a very harsh statement; a Republican did not make that statement; the New York Times editorial board did, not known for its assimilation of Republican ideas.

They went on further to say:

> President Clinton has a lot on his legislative plate right now, and we agree to be sure, but if he lets Mr. Foley and his claque of preservationist Democrats get away with this, he can't cite overwork; he will have to claim amnesia.

Now, that is an extremely condemning remark by the New York Times. Have we proceeded? Well, actually, we have proceeded. We have now another New York Times editorial, now again not Republicans talking, this is the New York Times, their editorial board on the 8th of this month of this year, saying, and I quote from the editorial page:

> The measure exposes the major weaknesses in the House's pending gift ban bill sponsored by Representative John Bryant of Texas. The problem with the bill, as the accompanying chart suggests, is that it is too permissive to do much good.

In other words, we have got a very, very permissive bill that now those interested in this subject, those special groups out there that follow, like Common Cause and others that try to watchdog the citizens' interests, simply are saying this is cover and it is too weak to do much good.

I would suggest that what we have got in this House is a credibility problem. We are trying to bring this reform forward to enhance the faith and the trust of the people in this country in the House of Representatives and the institution of the U.S. Congress. And I suspect that this process today is not going to do it.

To say that we are going to have 20 minutes of debate on an issue we do not know exactly yet and we cannot amend it is not going to build credibility in the U.S. Congress.

We should defeat this rule, go back, come up with full debate, full deliberation on this subject and let the people of America see that we indeed are capable of treating this properly and coming up with a good result that they will applaud.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 4 minutes to the gentleman from Texas [Mr. BRYANT].

Mr. BRYANT. Mr. Speaker and Members of the House, the bill coming before us today is the strongest bill with regard to lobbying, lobbying activities, and lobbying involvement with Members of the House in the history of this country. If you will just look at the chart to my right, it makes very plain what it does. It bans the practice of registered lobbyists buying meals for Members of Congress; it bans the practice of registered lobbyists paying for entertainment, tickets to the ballgame and the theater and free golf games for Members of Congress; and it bans the purchase of gifts for Members of Congress on the part of lobbyists. The same is true of the firms that they work for.

There are no loopholes. I think that this bill and the process that we are participating in today raises questions about whether it is possible, under any circumstance, to work in a bipartisan fashion on legislation, after the comments which I just heard a moment ago with regard to loopholes.

We have waited for months for the Republicans to bring forth their proposed changes in this bill, and we accepted most of the ones that they brought forward. No one said there were loopholes that needed to be plugged. If there were, where were your amendments? But today you stand up and talk about loopholes. You say that you do not know what the bill says. Well, that does not say very much for the Republican members of the subcommittee who voted this bill out unanimously last November with the announcement that it was supported by the Republican and the Democratic leadership. There has been no mystery about what is in this bill. It is not complicated. It is very straightforward. It is a question of whether you are for it or not. And if you are not for it, stand up here and say, "I am not for it, that I believe lobbyists ought to be able to buy golf games for people, I believe lobbyists ought to be able to pay for

meals." Say you believe lobbyists ought to be able to buy your theater tickets. If that is what you believe, say it, but do not get up here and say you are concerned about the process.

The fact of the matter is we have been extremely careful and have taken an inordinate amount of time to try to find a way to make this a bipartisan bill that has been drafted with the input of all parties.

I would like to say that my ranking Republican member of the subcommittee, the gentleman from Pennsylvania [Mr. GEKAS] has been a prince in this regard. We worked together very well. We have had a task force that worked hard on this thing for 6 or 8 months. For some of you to come forward today and say you have concerns about the process, come on. I mean I just got to say if you had concerns about the process, where have you been? Why weren't you out here talking about it before?

□ 1220

This matter is on the floor today under a suspension because we intended to bring it up on suspension on Tuesday, and the gentleman's leadership asked us to postpone it because they were still considering the possibility of supporting it. We did that, and then it was decided they would not support it. So, it is Thursday, and I say to the gentleman, "You objected to unanimous consent, and made us bring it up under a rule to allow a vote on suspension today. That's why we're here today, not because of any ruse, or any unplanned thing, or anything you didn't know about. That's the facts, Jack, and I hope you guys will step out here and help us pass this bill."

It is a simple question:

Are we going to require disclosure of what lobbyists spend on the process of lobbying Congress, or are we going to recodify, and reorganize and reestablish new statutes so lobbyists know what they have to do, and the American people know what is going on with regard to the influence of legislation? Are we going to stop the purchase of gifts, and meals and entertainment for Members of Congress by registered lobbyists, or are we going to vote no today on this rule and go home and pretend that we really were for something stronger?

I ask the gentleman, "Well, if you were for something stronger, where have you been the last 5 or 6 months?"

Mr. Speaker, I urge the Members to vote for this rule and vote for this bill. Let us do right by the American people, do right by this institution and get on with our business.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to engage in a colloquy with the gentleman from Texas [Mr. BRYANT], my friend, by simply responding to the question: "Where have I been?"

Mr. Speaker, I have been in the Committee on Rules waiting in the Committee on Rules for the normal procedure to be followed on this issue. Did the full Committee on the Judiciary hear this? Did this go through the full Committee on the Judiciary?

Mr. BRYANT. Mr. Speaker, will the gentleman yield?

Mr. DREIER. I yield to the gentleman from Texas.

Mr. BRYANT. This bill was handled just like the 1989 revision of the gift laws in a task force. It went through the subcommittee, was voted out unanimously. It was the subject of intense scrutiny——

Mr. DREIER. So, in other words, it did not——

Mr. BRYANT. By a task force appointed by our leadership and the gentleman's leadership.

Mr. DREIER. Reclaiming my time, Mr. Speaker, my response is——

Mr. BRYANT. That is the answer.

Mr. DREIER. Listen: If you listened to my opening statement, I said——

Mr. BRYANT. I listened to——

Mr. DREIER. I said that I have grave concerns about the same issues that the gentleman does, but what I am saying is, as a member of the Committee on Rules, it seems to me that the very end, before we go on the Easter recess, to bring this thing up under suspension of the rules, without allowing for Members—the gentleman said, "What should we do?"

We are working on a lot of different issues. It is when legislation comes to the floor that every Member has a right to participate in the debate and offer amendments, and unfortunately our Committee on Rules has not granted that——

Mr. BRYANT. Mr. Speaker, will the gentleman yield?

Mr. DREIER. I yield to the gentleman from Texas.

Mr. BRYANT. I have asked the gentleman to yield to me one more time for a response.

I would just say, "If this bill doesn't pass today, that's exactly what's going to happen. We're going to be back out here voting——

Mr. DREIER. And that is what I look forward to.

Mr. BRYANT. But we have crafted a bill here which met the objections of all parties in this House, which was participated in by the Republican leadership and the Democratic leadership, and we are on the floor with it today because those guys decided not to object to our unanimous consent. So do not object to it now.

Mr. DREIER. And I say that I enthusiastically look forward to welcoming my friend up at the Committee on Rules when we run this through the normal operating procedure.

Mr. Speaker, I yield 6 minutes to my friend, the gentleman from Sugarland, TX [Mr. DELAY].

Mr. DELAY. Mr. Speaker, taking a deep breath, I rise in opposition to the rule, and I rise in opposition to the rule because I think there are several reasons to vote against the rule. Most of them have already been outlined.

As my colleagues know, when we started with this bill it was to be a reregistration of the lobbyists and do some reform on how lobbyists operate, register, disclose their operations, a bill that, with a few amendments, I could have supported. Then we got involved in this gift rule situation. There are different types of approaches to it, and we have offered amendments that have not been accepted by the task force. I know there were only three people on our side on the task force. I do not know how many were on the Democrat side on the task force. But this Member of the leadership did not have an opportunity to fashion this bill other than to discuss it a week ago in a policy forum of our conference.

Mr. Speaker, there are a lot of concerns about the bill that I have, the procedures not being the least of such that have already been talked about. Members need to understand that this was plucked out of the subcommittee, brought to Rules and then to the floor of the House. The full Committee on the Judiciary has not met to consider the kinds of amendments that we want to offer, amendments such as one that would address how private citizens, either United States or foreign nationals, are hired to represent foreign interests would be handled. How about LSO's? Under the Bryant bill a Member, a group of Members, may set up a legislative support organization with an affiliate which can accept money directly from lobbyists and foreign interests. Members are then free to spend this money as they wish. We had an amendment to authorize that, and we sent a letter to the committee listing these amendments. How about executive branch lobbying. Not addressed. How about lobbyists contacting the executive branch officials that would only disclose which agency was contacted, but not which specific official was contacted? For instance, there are media reports that certain special interest groups have been given veto authority over timber sales and a corporate interest having veto authority over administration nominees to important industry oversight offices, yet they would not accept an amendment reforming this issue. How about consultants? Certain people are purporting to be spokesmen for the administration, to the media are not Government employees. Yet the Bryant bill would not require the disclosure of whose interests they are paid to represent. How about nonprofit and for-profit lobbyists? Under the Bryant bill these lobbyists are still treated differently. All citizens seeking their constitutional right to petition their Government

should be treated equally under the law.

So, Mr. Speaker, we had plenty of amendments that we could discuss in order to bring to the full committee consideration in applying this, but let us talk about the substance. The gentleman from California [Mr. FAZIO] was talking about how hard Members worked in this House. Members in this House start usually at 7:30 or 8 o'clock in the morning. This morning alone I had three breakfasts that I had to attend at 8 o'clock, three breakfasts, and I probably will not get home until about 10 o'clock tonight, and most Members work 12, 14, and 16 hours a day, 6 and 7 days a week. It is very difficult to squeeze in all the people that want to talk to us and have contact with us on issues that are important to them.

Now I kind of went back and figured it out. If we do what the gentleman from California [Mr. FAZIO] and the gentleman from Texas [Mr. BRYANT] want to do and lock out hearing the views of a lot of our fine constituents that hire people to represent them, and we are relegated to operating in this House in a vacuum so that we cannot talk to anybody, then I have to go back, and I have to talk, try and talk to my constituents individually, and working 6 days a week at 12 hours a day, and 60 minutes an hour, I would have to see 1.3 constituents each and every minute for just a minute in order to talk to all my constituents. There would not be any time for votes on the floor. There would not be any time for committee hearings. There would not be any time for markup of legislation. There would not be any time to meet with people outside my district. There would not be any time for traveling even from my district to Washington. That would be all that I could do. I could not even come vote on the floor of the House.

So, Mr. Speaker, it is important to our process to have people that represent the interests of a group of people. What we are doing here is a self-flagellation process. We are setting ourselves up for problems. We are inhibiting our ability to represent our districts by isolating us from meeting and knowing, having relations with as many people as we can. This is a people business, and I say to my colleagues, "You are most effective by networking with as many people across the country as you can in the amount of time that is allotted to you to do so."

□ 1230

Also, I call the Bryant bill the Kay Bailey Hutchison bill. It sets up certain criteria that leave us vulnerable to charges for totally innocent situations. We could go to a lunch with constituents that happen to be lobbyists. They pick up the tab and pay for the lunch with their credit card. We could be vulnerable to charges under this bill although the lunch is totally innocent. Yet we would have to go through the whole process of defending ourselves under that particular process.

Mr. Speaker, we should defeat this rule and go back to the drawing board and see how we can improve this.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the Speaker of the House, the gentleman from Washington [Mr. FOLEY].

Mr. FOLEY. Mr. Speaker, I rise in support of the rule and of the bill and I would like to complement the Subcommittee of the Committee on the Judiciary chaired by the gentleman from Texas [Mr. BRYANT] who has worked so effectively and—I must say—so tirelessly and patiently on this legislation for so many months.

Mr. Speaker, I think the bill that comes before us today is one in which the House can take great pride. There is in fact very little controversy about the underlying lobby disclosure provisions of this bill. Most of the controversy and excitement has occurred because of changes in the gift rules.

Again, the gentleman from Texas [Mr. BRYANT] has worked with others on both sides of the aisle in an attempt to bring forward rules which will make it clear to the American people—and they should have no doubt about it—that this is an institution where we are voting on legislation without any appearance of influence from any quarter.

Mr. Speaker, I believe that the institution of lobbying is an honorable institution in that every organization in the country has a right—to approach Members of Congress to seek their support or opposition to any public issue before the Congress, and we should not be isolated from the advice and counsel of experts and people who have the most legitimate and honorable intention of petitioning the Government and placing before it requests for action.

But there is, in some quarters of public opinion, a belief—I think a wrong belief—that we are unduly influenced by the provision of meals, or entertainment, or some other opportunity for a gift of some kind from someone who is lobbying legislation.

Mr. Speaker, this bill clearly bans that activity. It is controversial in the House because I think many Members feel that there is an implication of impropriety where none exists. But I do think that it is important for us to make it very clear under these rules that those who are active in carrying forth lobbying activities, registered lobbyists, should not be involved in such activities, and I believe that the House will not only accept this legislation but will be proud that they have been in a Congress that enacted it.

Mr. Speaker, again I salute the gentleman from Texas [Mr. BRYANT] and all of his colleagues who have brought this legislation forward and I urge the adoption of the rule and passage of the suspension.

Mr. DREIER. Mr. Speaker, I am happy to yield 3 minutes to my very good friend from Millbrook, NY, the ranking member of the Committee on the Judiciary, the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, had I known the Speaker of the House were preceding me, I might have had second thoughts because it is with great trepidation that I follow him in this discussion.

Mr. Speaker, I am reminded, though, of a story Abraham Lincoln was fond of telling.

That was, he got a telegraph from his Collector of Customs in New Orleans—in those days that was a very profitable job for the collector—and the wire read: "Mr. President, I have been offered a bribe of $20,000. I request a transfer. They are nearing my price."

Mr. Speaker, the Speaker of the House spoke of perception here rather than reality. I agree with his comments with respect to the importance of lobbyists in our consideration of legislation. But I do not think that we should legislate on the basis of public perception, particularly when it is legislation as ill-conceived and as flawed as this is.

Mr. Speaker, I speak as the ranking member of the full Committee on the Judiciary. This bill never came to us. I have yet to be told why; why it was a matter of subcommittee jurisdiction only and never considered by the full committee when it could have had the judgment and advice of many senior members of the committee who are not on the subcommittee.

Mr. Speaker, because of this, there are many unresolved issues, and consideration under suspension of the rules not allowing any amendments leaves these issues unresolved.

Mr. Speaker, I think all my colleagues know that I am not against gift disclosure. In fact, I do not know a single Member of this body who is against gift disclosure. This is the time-honored manner with which we deal with potential conflicts of interest as we did in 1978 in the Ethics in Government Act, imposing financial disclosure.

Mr. Speaker, I understand the Senate version of this bill that started this whole process calls for disclosure. But before us is not disclosure; it is a ban. We cannot consider an amendment to go back to our usual process today.

Mr. Speaker, I point out one major flaw here and I do not know really how this was allowed to happen. It is the totally different, uneven treatment accorded staff—our personal staff—and by that I mean case workers and legislative assistants—and GS–12's, 13's, 14's, 15's, and 16's, members of the executive branch with substantial responsibilities and the ability to make mul-

timillion-dollar decisions who are not covered. Why are our personal staffs covered by this legislation and not the officials of the executive branch who certainly are in a position to make far more important decisions in terms of impact on the taxpayer?

Mr. Speaker, for these reasons I think that it is important today to vote down this rule.

Mr. MOAKLEY. Mr. Speaker, for the purpose of debate only, I yield 2 minutes to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Speaker, I rise in support of this rule and this bill. I am a bit amused listening to my good friend, the gentleman from Texas, the secretary of the Republican conference. On the one hand, he and others argue that the bill is not tough enough, citing uncommon allies like the New York Times and Common Cause, and then the gentleman from Texas [Mr. DELAY], if I am paraphrasing him correctly, says that the provisions of the bill are oppressive, that we work too hard to be burdened by the requirements of this bill, and he cites this morning that he was very busy and that he has been busy the last few days, and we are all very busy. But it strikes me what he is basically saying is the bill's provisions are too tough. And I think that is the argument against this bill we are getting from people who do not like it, is they think the provisions, the burdens, the lobbying requirements, the restrictions on getting gifts are too tough and that we should perhaps abide by a lesser standard, a lower standard of rules, and I think that is the issue in this bill.

If we believe in good, strong, tough restrictions on behalf of lobbyists of Members of Congress and others as well, then we ought to vote for this rule and this bill, and I think it is worthwhile repeating what the gentleman from Texas [Mr. BRYANT] said are the main parts of this particular bill:

No. 1, it prohibits registered lobbyists or lobbying firms from providing meals, entertainment, or gifts to Members of Congress directly or indirectly. That is new. That is a powerful new requirement.

No. 2, it bans lobbyists and lobbying firms in most circumstances from paying for travel and travel-related meals, lodging, and entertainment for these same people.

No. 3, it generally prohibits lobbyists and lobbying firms from providing meals and entertainment to Members and staff.

And, No. 4, it significantly tightens and restricts the ability for organizations, companies, or unions with lobbyists who pay for travel-related expenditures, the vacations that we have seen on TV, the things that have gotten us into a great amount of trouble. It says that if it is done, it is done under very restrictive circumstances, and quite frankly, I think many of us who take advantage of this are probably a little bit nuts, because I think it is going to significantly restrict those kinds of things, all for the good.

All I am saying is this: This is a good, tough set of rules. The gentleman from Texas [Mr. BRYANT] did a superb job, and there was significant input from the other side.

The SPEAKER pro tempore (Mr. VISCLOSKY). The time of the gentleman from Kansas [Mr. GLICKMAN] has expired.

Mr. MOAKLEY. Mr. Speaker, I yield 30 additional seconds to the gentleman from Kansas [Mr. GLICKMAN].

Mr. WASHINGTON. Mr. Speaker, will the gentleman yield?

Mr. GLICKMAN. Mr. Speaker, I think that the leadership on the subcommittee, the gentleman from Texas [Mr. BRYANT] particularly, but also the gentleman from Pennsylvania [Mr. GEKAS] and other Republicans, were very constructive in trying to work this out as well as they possibly could. It is not a perfect bill, but it is a good, productive, first step.

It starts us down the road toward opening up the governing process to the sunshine and closing down the public perception that gifts and meals to legislators are traded for time and favors. While I do not think that is true, the perception out there in the country is that it is true, and I think this is a good, tough set of rules to begin the process to make us more accountable.

Mr. WASHINGTON. Mr. Speaker, will the gentleman yield?

Mr. GLICKMAN. I am glad to yield to the gentleman from Texas.

The SPEAKER pro tempore. The time of the gentleman from Kansas [Mr. GLICKMAN] has expired.

□ 1240

Mr. WASHINGTON. Mr. Speaker, will the gentleman yield?

Mr. GLICKMAN, Mr. Speaker, I yield to the gentleman from Texas.

Mr. WASHINGTON. Mr. Speaker, my concern is this. The very last thing the gentleman said, he said he does not believe that Members of Congress are for sale for a meal or a trip or any of those things. I believe that, too. I honestly do. It troubles me.

I have been in legislative service for 22 years now. There are naysayers out there that think the worst about us, DAN, and you and I both know better. Some of the most wonderful people I have ever met have been people that serve in the legislature, Democrats and Republicans.

Why do we not have the guts to stand up and tell them so, instead of caving in to every little willy-nilly idea they have?

I am not going to be a part of it, but one of these days they are going to nail your hands to the floor so much, you are going to have the courage to stand up and say there is not a Member of Congress for sale for a $50 meal. If you run from them now, one of these days you are going to have to stand up to them.

Mr. GLICKMAN. Mr. Speaker, reclaiming my time, I would say to the gentleman from Texas, I understand that. The fact of the matter is 99 percent of us are extraordinarily honest and would never sell our souls.

Mr. WASHINGTON. Mr. Speaker, the ones that are going to sell their soul are not going to be stopped by this bill.

Mr. GLICKMAN. Mr. Speaker, Virtually every State legislature in the world has significant restrictions on gifts. The public believes on occasion we do in fact take favors, and I think this is a good first step to establish some principles that were honest and true and we do not do that kind of thing.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

I would like to comment on the statement from my friend from Wichita and simply say I, for one, do not think that this bill is too tough. I happen to believe very strongly, as was said earlier by the ranking members of the Committee on the Judiciary and as I said in response to the statement from the gentleman from Texas [Mr. BRYANT], it is very important for us to go through the process to allow the full Committee on the Judiciary to have this. I am told by the full Committee on the Judiciary staff on this side that the package we had last night in the Committee on Rules is not what we are going to be considering if we pass this rule. We got this morning what is actually going to be considered by this rule.

Mr. BRYANT. Mr. Speaker, will the gentleman yield?

Mr. DREIER. I do not have time to yield. Perhaps the gentleman from Massachusetts [Mr. MOAKLEY] could yield time to the gentleman.

Mr. Speaker, I am happy to yield 4 minutes to my friend, the gentleman from Florida [Mr. MICA].

Mr. MICA. Mr. Speaker and my colleagues in the House, I am probably one of the few Members who in their previous experience had the opportunity to register to lobby. I did not have to register to lobby under the current rules. I am not sure how many of you are familiar with what you have to do today to register to lobby. I have a copy of the lobby registration forms here. The problem that you have today is that there is no requirement for compliance. We already have registration and disclosure, but there is no requirement to comply.

Now, I thought as someone who is experienced in dealing with this matter, having seen it from a practical standpoint and having had a firsthand opportunity to participate in the process, I could possibly help improve the process.

Let me tell you what you have before you. You have an oppressive rule, and you have a bill which has holes in it like Swiss cheese.

Let me tell you, you have more loopholes in this particular piece of legislation than you have in your current law. You have loopholes here that you could drive a lobbyist's limousine through.

There are 20,000 attorneys in this town, and only 6,000 currently registered lobbyists. I guarantee you under this proposal there are loopholes that these people can slide through.

I have only had a brief chance to read through this measure but let me point out the loopholes. You have a $2,500 threshold. Actually current law is stricter now, if you just complied with what we have on the books and disclosed who gave it and who got it. That is what we should be disclosing under this proposal and let the public have the right to know.

But we will not even have the opportunity to offer an amendment to correct this legislation. Actually there is less reporting under this proposal. Current law requires quarterly reporting. This proposal is every 6 months.

Look at the groupings provisions. You can group the cash, $5,000, in here, and no one knows exactly how that works. You have opposition to this confusing proposal from nonprofit organizations, threatening organizations, like the American Jewish Committee, American Library Association, American Lung Association, dozens and dozens of groups who say this bill is defective in its present form.

Mr. Speaker, we have heard people come to the well and say this will cure the problem of lobbyist-sponsored trips. I live in sunny Florida. I go there every weekend, and Members come down there with these groups and get criticized for it. Do not think for a minute this proposal is going to stop one of these trips.

Common Cause looked at this bill and said these trips and others like them would not be banned under H.R. 823. In fact, just the opposite would occur. Let me quote from Common Cause's letter:

> The bill would statutorily authorize corporate and other special interests paying for Member participation in golf, tennis, skiing and recreation trips.

Then what is created by this proposal? We solve problems by creating a big bureaucracy. Right now you can go and get the information right here. What are you going to do under this proposal? Create a big bureaucracy with the Department of Justice. We shift from criminal penalties to civil penalties that were put in this bill of which we do not even understand the weakening implications. And you are not allowing the opportunity for amendments.

Once again we see an oppressive Committee on Rules trying to rush legislation through on a suspension. Now, do you know what a suspension is, ladies and gentlemen and the American public? They are going to do this in a quick special order here and jam it through the House of Representatives.

I thought I would have an opportunity to improve this legislation. I thought we would have an opportunity to make sure that the American public knew what is going on with lobbying and lobby disclosure here, who gave it, who got it, and stop the nonsense that goes on.

But instead, what are we going to do? We are going to further dismay the American public. We dismay this process and we do not do the job we were sent here to accomplish.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentlewoman from Utah [Ms. SHEPHERD].

Ms. SHEPHERD. Mr. Speaker, I am simply not among those people who say that this is a bad institution filled with bad people. Quite the contrary, it is an honorable institution, and everybody that I have met here is an honorable person, working extraordinarily hard to do their jobs, and their jobs are doing the people's business.

But the fact of the matter is, there is a public perception that we are not serving people as well as we serve lobbyists. The guy who just lost his job cannot take me to dinner. He cannot afford it. And that is the reason why a lobbyist should not be able to take me to dinner.

With all due respect to Mr. MICA, he does not understand the bill, and I do not frankly think he has read it. It has very, very broad, tight restrictions on who is a lobbyist. It casts a broad net. Virtually everybody in Washington is going to be defined as a lobbyist, period.

They will not be able to do the things that they are able to do now. They will not give us Orioles tickets. they will not give us Kennedy Center tickets. They will not buy us meals, and everything that they are allowed to do will be fully disclosed, and the public will know about it, period.

That is how it should be, because we are people, just like every other person who lives in this United States of America, and we are not entitled to special privileges. We are entitled to do our job, to do it well, and to do it honestly, and to do it in the open, and to make sure that everybody knows that.

Now, we do work hard. We work extraordinarily hard, harder than I ever believed I would work in my whole life, and I owned a business for 10 years. Believe me, that is hard to say, because I worked hard in that business. But that hard work does not entitle me to extraordinary privileges. Period. It does not.

Therefore, I say that if you do not want to pass this bill, you do not want to live by the rules it proposes, and you are sandbagging.

Mr. Speaker, I urge everyone here to vote for the rule, to vote for this bill, and to give this body back the respectability it deserves with this Congress and with this public.

Mr. Speaker, I am not among those who believe that this is a bad institution filled with bad people. Quite the contrary. This is the most important Democratic Institution in the world and it is filled with some of the most honorable people I have ever met.

But Mr. Speaker, the public's perception of the people who make up the Congress is extraordinarily cynical. They believe that special interests have more say in how we do our business than the average citizen. We need to take serious steps if we are to regain the public's trust and get to the point where the American people can once again look to the Congress with pride and confidence.

The Lobbying Disclosure Act will go a long way toward restoring that trust.

Let's look at what this bill does:

Today a lobbyist buys a Member a dinner at La Colline. Under the provisions of this legislation that everyday activity will be banned.

Today a lobbyist buys a staffer lunch at Bullfeathers. Under the provisions of this bill that everyday activity will be banned.

Today a phone company lobbyist gives a telecommunications aide Orioles tickets. Under this bill that activity will be banned.

Today a lobbyist takes a Member to the Congressional Club for a round of golf. Under this bill, if a Member wants to play that golf game, he or she will have to pay their own way.

Today companies fund the Republican retreat at Princeton, NJ, and nothing is disclosed. Under this bill such funding would for the first time be disclosed.

Chairman JOHN BRYANT and the House leadership deserve praise for bringing this important legislation to the floor today. It makes everyone who lobbies register as a lobbyist. It consolidates and closes loopholes in existing laws related to foreign and domestic lobbying. It provides the first serious effort to ban gifts from lobbyists and requires complete disclosure of how they spend their money in their efforts to influence legislation.

This bill is not perfect. I have argued—and will continue to argue—for strengthening provisions when this legislation goes to conference. Specifically, the provisions concerning attendance at so-called charitable events need to be tightened as do the disclosure requirements for meals provided by clients.

There are a number of people who do not want to see this legislation move forward. In spite of their protestations to the contrary, their real motives will be clear—they like the rules just the way they are. I urge my colleagues to not be fooled by those who have spent the better part of a year trying to derail this legislation when they stand on the House floor today and say they will oppose this bill because it is not strong enough.

I am not one to make the perfect the enemy of the good. This is an important step in the right direction. We should pass this bill and I urge all of you to vote for its passage.

□ 1250

The SPEAKER pro tempore (Mr. VISCLOSKY). The Chair would advise Mem-

bers that the gentleman from California [Mr. DREIER] has 6 minutes remaining, and the gentleman from Massachusetts [Mr. MOAKLEY] has 11½ minutes remaining.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, I rise in strong support of both the rule and of this legislation. I want to commend our colleague, the gentleman from Texas [Mr. BRYANT] for shepherding this legislation through the committee and to our colleagues, the gentlewoman from Utah (Ms. SHEPHERD] and the gentleman from Ohio [Mr. FINGERHUT] for being a driving force among the new Members of Congress to get us to bring this and to put this on the agenda of the House of Representatives.

We all arrive here under different circumstances and for different reasons and different purposes, as has been pointed out. But we all arrive here because of the popular vote of our constituents. And when we are successful in that election and we are sworn into the House of Representatives, we are, in fact, privileged people, because we are given an opportunity by the voters of this country to do something that very few people in the history of the country have been allowed to do. On any given day, there are only 535 of us that can debate on the floor of the Senate and the House of Representatives, that can air our differences and eventually can use this card to vote on behalf of what we believe in and what we believe is good for our constituents and what they tell us they would like us to do.

That is a privilege that no other American can have, unless they run for office and receive the majority vote of their constituents.

It is sacred and it should never, ever, ever be violated.

There is clearly a sense in this country that when we win election that somehow we win something else. That is, the right to free Redskins tickets or 49'er tickets, to the Kennedy Center, free meals, free trips, free golf. I do not believe that that is corrupting individuals in this institution, but I also believe it does have an impact. And it does not come with the voting card, and it does not come with the winning of an election. And it is not essential for us to be doing our business in a first-class manner.

We do not have to eat to talk to a lobbyist. They will talk to us without eating. And we may have more time on our schedule, if we do not eat quite as often with them as we have in the past.

And many people who want to lobby us, we trot out the PTA and the Children's Defense Fund and the social workers, a lot of them do not have the money to take us to four-star restaurants or to fancy private golf clubs, but they want that access just as much as the person we are willing to spend 5 hours with on a Saturday afternoon.

Most Members of Congress, when they retire, say, "I want to leave to spend more time with my family." Think of all those Saturday afternoons we are now saving Members by the passage of this legislation.

This is a very important piece of legislation, because we cannot live in this democratic institution with that perception of the public. And we must end it, and this bill does.

It will make life different for all of us, but it will make this a better institution. It will make this a better place to do work, and it will provide additional time for additional voices and individuals to speak to us about what they think this country should stand for an what we should be doing.

We should pass this legislation and honor our duty and forget all the accoutrements and the benefits that no longer can be justified.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

I support many of the goals that my friend from Martinez outlined. The problem was his opening statement in which he thanked our colleagues for shepherding this through the committee, which was wrong. This did not go through the committee.

Then he went on to talk about the need to end golf games and this sort of thing. Well, Common Cause has concluded that this will not end that process of Members going out on golf outings. Many of the things that he said are very admirable. I agree with those goals that were outlined. But tragically, while we Democrats and Republicans alike have wanted very much to strengthen this effort, the goals to which my friend and I aspire are not attained with this.

Unfortunately, as I said earlier, the bill that did not go through the Committee on the Judiciary ended up down here, stamped in after our Committee on Rules adjourned last night to bring this forward, is not the same package that we are going to be voting on.

I think that we need to defeat this rule and not kill, not kill lobbying reform. Bring it down in a way in which we can do the things that we as Republicans try to incorporate in here.

Reform the legislative service organization. Reform the executive branch lobbying process. Reform the role of consultants.

Let us really do the kinds of things that my friend really wants to accomplish.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. DREIER. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Speaker, I think having said all that, this bill is not a mystery to us. This bill has been around. We originally were going to take it up, and those who were deeply interested in golf and free meals got it killed.

Some would suspect it is on suspension so we can try and kill it, because we know on suspension it takes a two-thirds vote rather than a simple majority.

So there is a lot of shenanigans going on around this bill by a lot of Members who do not like this bill because they do not believe in fact it is real.

Mr. DREIER. Mr. Speaker, my friend is absolutely right. If we do not bring this up under suspension, we can pass lobbying reform with a simple majority. This way it is going to take two-thirds, and most Members suspect that it probably will be killed.

Mr. Speaker, I yield 1 minute to the gentleman from Sanibel, FL [Mr. GOSS], a member of the Committee on Standards of Official Conduct.

Mr. GOSS. Mr. Speaker, I thank the distinguished gentleman from California [Mr. DREIER], my friend, for handling this rule so well.

The point that I need to make here is that we did get this after we had adjourned last night. And the worst surprise is, we have been going through this bill trying to see really what is in it. I agree with the gentleman from California who has characterized this process as full of shenanigans. I agree. That is why I am opposed to this rule. Why we should go back and do the rule and the legislative process the right way.

My point here is, I have just discovered that on page 42, line 10, that we have amended the rules of the Committee on Standards of Official Conduct. That is going to be of great interest to every Member, employee, and staffer in this House, because we have suddenly taken on a new risk, a new liability that we did not even know was here.

I did not even know it was here. I am a member of the Committee on Standards of Official Conduct. I know the Committee on Standards of Official Conduct has not taken this up. I hope the chairman of the Committee on Standards of Official Conduct will come forward and speak on this.

I am sorry the ranking member is apparently not available to do that. I do not know what the implications are, but it seems to me that if we are going to suddenly put the Members at additional jeopardy under the rules of the Committee on Standards of Official Conduct, when we have got a bill that is supposed to be talking about lobbyists, we have done something that needs further explanation.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the gentlewoman from Indiana [Ms. LONG].

Ms. LONG. Mr. Speaker, I rise in support of this rule and in strong support of the Lobby Disclosure Act, and commend the gentleman from Texas [Mr.

BRYANT], the chairman of the subcommittee for his tireless—and by and large thankless—work on this issue.

The bill would make a number of major changes to current law. They are significant improvements, in my opinion.

It would—as has been stated—prohibit registered lobbyists—and lobbying firms—from providing meals, entertainment, travel, or gifts to Members or their staff.

As with any other law, there will be those that try and find clever ways to get around or circumvent our intent. But make no mistake about it—this is a good bill.

The Members of this and the other body are—by and large—true professionals who are all too often unappreciated for the long hours and tireless work that they do. I have never worked with a group of individuals who are more committed to trying to do good, as I have had the honor of doing since becoming a Member of the House.

But, unfortunately, and the membership surely must acknowledge this—unfortunately, there is a negative perception among the population that many elected officials are crooked. That we take lots of gifts and trips. That we have lavish lifestyles.

They are wrong. It is unfortunate. But nevertheless—it is—and I think undeniably—the perception.

I do not want that perception to continue. This bill simply takes a weapon away from the critics of Congress. And it take away things that I do not believe are important to the majority of Members anyway.

Passing this bill will not discourage people from running for the House or Senate. It will not impact our lives in any significant fashion.

It will—however—greatly hinder the negative impression that the public has of the Congress—not only now—but in the future.

I know my colleagues want to improve our reputation—and those of us who work hard for our constituents. I ask them to join me in supporting this rule and the lobbying reform and gifts ban bill so that we can get on with more important issues confronting our Nation.

□ 1300

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 1 minute to the gentleman from Wisconsin [Mr. BARRETT].

Mr. BARRETT of Wisconsin. Mr. Speaker, I love this institution. I have only been here a little over a year, but I can tell the Members that this is the finest democratic institution in the world, and the people who work here are wonderful people. However, we have a problem. The problem is that the American people perceive that we have privileges that they are not entitled to. That is a cloud that hangs over this institution. It is a cloud that I think we can made disappear today. We can take that cloud away by passing this rule and passing this legislation. This is not perfect legislation, but it moves in the right direction.

I think we have both the opportunity and the duty to the American people to say to them, "Yes, we are your Representatives, but we do not think we are any better than you are. We think we are as good as you are. We do not think we are any better."

If all it is going to take is getting rid of the practice of having a meal purchased by a lobbyist, or ultimately trips and tennis matches of golf outings purchased by a lobbyist, for me that is an easy decision. Let us get rid of the goofy meals, let us get rid of the goofy trips, and let us do the people's business.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Speaker, I rise in support of the rule and the legislation. My first job in government was with Senator Paul Douglas of Illinois in the early 1960's. Senator Douglas, who enjoyed a reputation as one of the more ethical Members to ever serve on Capitol Hill, had a rule in his office where he would not accept a gift of value in excess of $2.50. As a member of his staff, we had to assess everything that came through the door to determine whether or not it exceeded that amount in value.

This was a royal pain. It resulted in some embarrassment and ridicule, but the final analysis is this: Paul Douglas enjoyed the highest reputation. People came to know him as an honest man.

I hope this legislation will help this institution and all the Members enjoy the reputation nationwide which they deserve as honest men and women.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. WASHINGTON].

Mr. WASHINGTON. Mr. Speaker, I was on my way to make a speech when I was listening to some of the debate on television. I decided to come over here, not for or against the rule or the bill, but in defense of Congress. I rise in defense of Congress, because there are not enough people here who are willing to defend this institution. They will say, "Everybody here is honest, but we need this public perception."

The Bible says, "So thinkest the man, such is he."

If you think that somebody else is for sale for a golf outing, that probably means that you are for sale for a golf outing. That does not mean that that person is for sale for a golf outing. It takes courage to stand up to constituents and say, "Your perception is wrong."

I would say to the gentleman from Ohio [Mr. FINGERHUT], tell them their perception is wrong, if that is what the gentleman believes in his heart today, but do not pretend to help Congress by holding us up to ridicule.

The gentleman, Mr. MILLER, said, "We believe Members of Congress are good, but we have to decide between doing what is right and doing what the people tell us to do." That is what we got elected to do, to do what is right, to have the courage to stand up and to tell people that the people here are honest, because if we do not, then that reminds me of the guy who was in the fight with a bear and his friends were trying to help him so much.

If the Members cannot defend this institution any better than this, if they ever see me in a fight with a bear, throw some honey on me, please.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. FINGERHUT].

Mr. FINGERHUT. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I just want to commend the gentleman from Texas for his sponsorship of this bill, and I also want to commend the Speaker of this House for taking the unusual step of coming down here to speak on this very important piece of legislation.

Mr. Speaker, we are all familiar with the expression that "a journey of a thousand miles begins with a single step." Clearly, restoring the public's faith and confidence in this institution is a journey of a thousand miles. We take more than a single step here today. In fact, we take two major steps. First of all, we close the loopholes that have allowed most of the lobbyists in this town to not register. We bring them within the ambit of the lobbyist registration laws.

Second, we say that anybody who is a registered lobbyist, whose business it is to influence Congress, cannot provide a financial benefit to the Member of Congress that they are trying to lobby. These are two very important steps forward.

A word, very quickly, to our critics. If there is anything that I have heard in this body too much, it is, "We did not go far enough. We did not go far enough in reducing the deficit. We did not go far enough in fixing this problem or that problem."

However, we have to start somewhere. This bill does that, clearly.

We have tried to bring people into this debate. The gentlewoman from Utah [Ms. SHEPHERD] and I have all year tried to bring other people in to help us improve the measure, to help us decide how we can go further. This is an important rule. It is an important bill. Let us pass it now.

Mr. DREIER. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, we have had a lot of discussion on the floor today about this bill, and we have tried to center it, I think, on the Congress, from everything I have heard. What we did not hear is what this bill fails to do, and that is deal with the special interest power as it lobbies the administration. There is an awful lot of concern about that.

Very recently, the Capital Research Center has done a rather elaborate look at what kind of special interest power is influencing the administration, and the direct ties of members of the administration with special interest groups.

If we just look at one department, it gives us concern. These are the kinds of things not addressed in this bill at all. In one department, the Department of Housing and Urban Development, the Secretary has direct ties to the Citizens Transition Project, the national Council on Aging, and the National Unity Task Force. The Secretary has direct ties to the Community Information Exchange, the National Community Development Association, and the National Council of State Housing Agencies.

The Assistant Secretary for Fair Housing and Equal Opportunity has direct ties to California Women Lawyers, the Lesbian Rights Project of Equal Rights Advocates, Inc., the National Center for Lesbian Rights, and the United Way of the Bay Area.

The Assistant Secretary for Policy Development and Research has direct ties to urban America, and the Urban Land Institute.

The Assistant Secretary for Public Affairs has direct ties to the Enterprise Foundation.

The Assistant Secretary for Housing and Federal Housing Commissioner has direct ties to the Community Development Training Institute, the National Community Development Association, and the Rhode Island Coalition for the Homeless.

When we go down through one department, we find all of these direct ties to special interest groups, and yet this bill does not speak at all to this lobbying effort that goes on all the time in the administration. We speak only to the Congress.

It may be worthwhile to speak to Congress, although Common Cause and a number of other major groups think it is a pretty weak effort there, but we do not get to the problem that is really infesting this town at the present time, that we have an administration that is highly suspect in its dealings anyhow, and now we do not even speak to it in this lobbying reform law.

Mr. MOAKLEY. Mr. Speaker, I would require of the gentleman from California [Mr. DREIER] if he has consumed all his remaining time.

Mr. DREIER. Mr. Speaker, I yield my remaining minute to the gentleman from Texas [Mr. BRYANT], with the understanding that if there are any great questions sparked by his eloquence, I may be allowed to ask them.

Mr. MOAKLEY. Mr. Speaker, I yield the remaining time to the gentleman from Texas [Mr. BRYANT].

The SPEAKER pro tempore (Mr. VISCLOSKY). The gentleman from Texas [Mr. BRYANT] is recognized for 3½ minutes.

Mr. BRYANT. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, the gentleman from Pennsylvania [Mr. WALKER] has the moral and professional obligation to read this bill before he comes to the floor. This bill applies all the same rules of lobbying the executive branch that it applies to lobbying the legislative branch. It has been that way for many, many, many months. I do not think it is correct of the gentleman to stand here and say otherwise.

We have heard a number of statements made on the other side there that ought to be responded to. I am certain I will not have time to respond to all of them.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. BRYANT. I yield to the gentleman from Pennsylvania, if it will count toward the 1 minute yielded to me by the gentleman from California [Mr. DREIER].

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, I would ask the gentleman, does the administration have to come before the ethics committee?

Mr. BRYANT. Mr. Speaker, this bill does not have anything to do with the ethics committee.

Mr. WALKER. Mr. Speaker, on page 42 there is a whole line there on the ethics committee. The gentleman has not read his own bill. I would say that the administration does not have to come before the ethics committee.

Mr. BRYANT. In the first place, I do not know what difference that would make either way.

Mr. WALKER. If the gentleman will continue to yield, that is one of the enforcement mechanisms.

Mr. BRYANT. Mr. Speaker, there was a statement made by the gentleman from Florida [Mr. GOSS] that he interpreted that there was a reference to the House rules in here. At the request of the gentleman from Georgia [Mr. GINGRICH], who is the leader-elect on your side, we inserted a provision that said that anything that a lobbyist is prohibited from doing is a violation of the House rules if a Member does it.

He asked for that provision. Otherwise there is no reference at all there.

Mr. WALKER. If the gentleman will yield further, I am just asking whether that applies to the administration. The gentleman said everything here applies to the administration. I would ask, does that apply?

Mr. BRYANT. Of course. Everything that applies to a lobbyist with regard to lobbying the House applies to lobbying the executive branch.

Mr. WALKER. That provision does not apply to the administration?

Mr. BRYANT. It is clear it does apply. The gentleman should not come forward and try to obfuscate this issue.

Mr. Speaker, I reclaim my time.

□ 1310

I also heard the gentleman from Florida [Mr. MICA] get up a moment ago and make reference to criminal penalties. There are no criminal penalties in this bill at all. Where have you been for the last several months, I ask the gentleman from Florida [Mr. MICA]? Why would you stand up and say there are criminal penalties in this bill? The gentleman made reference to the Department of Justice. This bill does not relate to the Department of Justice, it relates to an agency called the Office of Lobbying Registration.

Another Republican Member complained about some amendments he had not seen until last night. These are the Republicans' amendments you asked for. We added them because you asked for them. That is why they are here. Where is your help, where is whoever it is over there who is supposed to be reading these amendments? I could go on and on.

What is at stake here today is very simply this: Do you folks want to join us in making it against the law for lobbyists to buy a free meal for a Member of Congress or not? Do you want to join with us in making it against the law for a lobbyist to pay for golf and entertainment for Members of Congress or not?

Do you want to join with us in making it against the law for lobbyists to pay for travel with us or not?

That is what is at stake here. We have a rule on the floor today to let us bring this up on suspension as we intended to before you all asked for a delay. Now we gave you the delay. It has been 2 days. We are asking now that we are able to bring it up on suspension today just as we would have on Tuesday, so we can vote for this bill, make clear to the American people that these people who work around us here in Washington, DC, do not have any more opportunity and any more influence than the folks back home do. That is what is at stake.

I appeal to Members for their vote on this rule. Let us get a clear vote on this issue and then I appeal to Members to vote for us to pass this bill, and to help restore some confidence in an institution that has been much maligned, unfairly maligned, but nevertheless a perception we have to deal with.

Mr. MICA. Mr. Speaker, will the gentleman yield?

Mr. BRYANT. If I have time, I yield to the gentleman from Florida.

Mr. MICA. Mr. Speaker, I would ask the gentleman, can he explain to me, I have carefully read the bill and the definition of lobbyists on page 14, the provision that exempts those who spend less than 10 percent of their time lobbying and not reporting?

Mr. BRYANT. Mr. Speaker, if there is time, I am happy to explain.

The SPEAKER pro tempore (Mr. VISCLOSKY). All time for debate has expired.

Mr. MOAKLEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DREIER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 221, nays 202, answered "present," not voting 10, as follows:

[Roll No. 89]

YEAS—221

Ackerman	Dixon	Kennelly
Andrews (ME)	Durbin	Kildee
Andrews (NJ)	Edwards (CA)	Kleczka
Andrews (TX)	Engel	Klein
Applegate	English	Klink
Bacchus (FL)	Eshoo	Kopetski
Baesler	Evans	Kreidler
Barca	Farr	LaFalce
Barcia	Fazio	Lancaster
Barlow	Fields (LA)	Lantos
Barrett (WI)	Filner	LaRocco
Becerra	Fingerhut	Leach
Beilenson	Flake	Lehman
Berman	Foglietta	Levin
Bevill	Frank (MA)	Lewis (GA)
Bilbray	Frost	Lipinski
Bishop	Furse	Long
Blackwell	Gejdenson	Lowey
Bonior	Gephardt	Maloney
Borski	Gibbons	Mann
Browder	Glickman	Margolies-Mezvinsky
Brown (CA)	Gonzalez	Markey
Brown (FL)	Gordon	Martinez
Brown (OH)	Green	Matsui
Bryant	Gutierrez	Mazzoli
Byrne	Hall (OH)	McCloskey
Cantwell	Hall (TX)	McCurdy
Cardin	Hamburg	McDermott
Carr	Harman	McHale
Clayton	Hastings	McKinney
Clyburn	Hilliard	McNulty
Coleman	Hinchey	Meehan
Collins (IL)	Hoagland	Meek
Collins (MI)	Hochbrueckner	Menendez
Condit	Holden	Meyers
Conyers	Hoyer	Mfume
Coppersmith	Hughes	Miller (CA)
Costello	Hutchinson	Mineta
Coyne	Inglis	Minge
Cramer	Inslee	Mink
Danner	Jefferson	Moakley
Darden	Johnson (CT)	Mollohan
de la Garza	Johnson (GA)	Montgomery
Deal	Johnson (SD)	Moran
DeFazio	Johnson, E. B.	Murtha
DeLauro	Johnston	Nadler
Dellums	Kanjorski	Neal (MA)
Derrick	Kaptur	Neal (NC)
Deutsch	Kasich	Oberstar
Dicks	Kennedy	Obey
Olver	Sanders	Tejeda
Ortiz	Sarpalius	Thompson
Owens	Sawyer	Thornton
Pallone	Schenk	Thurman
Parker	Schroeder	Torres
Payne (NJ)	Schumer	Torricelli
Pelosi	Scott	Traficant
Penny	Serrano	Unsoeld
Peterson (FL)	Sharp	Valentine
Peterson (MN)	Shepherd	Velazquez
Pomeroy	Skaggs	Vento
Poshard	Skelton	Visclosky
Price (NC)	Slattery	Waters
Rahall	Slaughter	Watt
Reed	Smith (IA)	Waxman
Regula	Spratt	Wheat
Reynolds	Stark	Whitten
Richardson	Stokes	Williams
Roukema	Strickland	Wise
Rowland	Studds	Woolsey
Roybal-Allard	Stupak	Wyden
Royce	Swett	Wynn
Rush	Swift	Yates

NAYS—202

Abercrombie	Gillmor	Packard
Allard	Gilman	Pastor
Archer	Gingrich	Paxon
Armey	Goodlatte	Payne (VA)
Bachus (AL)	Goodling	Petri
Baker (CA)	Goss	Pickett
Baker (LA)	Grams	Pombo
Ballenger	Greenwood	Porter
Barrett (NE)	Gunderson	Portman
Bartlett	Hamilton	Pryce (OH)
Barton	Hancock	Quillen
Bateman	Hansen	Quinn
Bentley	Hastert	Ramstad
Bereuter	Hayes	Rangel
Bilirakis	Hefley	Ravenel
Bliley	Hefner	Ridge
Blute	Herger	Roberts
Boehlert	Hobson	Roemer
Boehner	Hoekstra	Rogers
Bonilla	Hoke	Rohrabacher
Boucher	Horn	Ros-Lehtinen
Brewster	Houghton	Rose
Brooks	Huffington	Rostenkowski
Bunning	Hunter	Roth
Burton	Hutto	Sangmeister
Buyer	Hyde	Santorum
Callahan	Inhofe	Saxton
Calvert	Istook	Schaefer
Camp	Jacobs	Schiff
Canady	Johnson, Sam	Sensenbrenner
Castle	Kim	Shaw
Chapman	King	Shays
Clay	Kingston	Shuster
Clement	Klug	Sisisky
Clinger	Knollenberg	Skeen
Coble	Kolbe	Smith (MI)
Collins (GA)	Kyl	Smith (NJ)
Combest	Lambert	Smith (OR)
Cooper	Laughlin	Smith (TX)
Cox	Lazio	Snowe
Crane	Levy	Solomon
Crapo	Lewis (CA)	Spence
Cunningham	Lightfoot	Stearns
DeLay	Linder	Stenholm
Diaz-Balart	Livingston	Stump
Dickey	Lloyd	Sundquist
Dingell	Machtley	Talent
Dooley	Manton	Tanner
Doolittle	Manzullo	Taylor (MS)
Dornan	McCandless	Taylor (NC)
Dreier	McCollum	Thomas (CA)
Duncan	McCrery	Thomas (WY)
Dunn	McDade	Torkildsen
Edwards (TX)	McHugh	Towns
Ehlers	McInnis	Upton
Emerson	McKeon	Volkmer
Everett	McMillan	Vucanovich
Ewing	Mica	Walker
Fawell	Michel	Walsh
Fields (TX)	Miller (FL)	Washington
Fish	Molinari	Weldon
Ford (MI)	Moorhead	Wolf
Fowler	Morella	Young (AK)
Franks (CT)	Murphy	Young (FL)
Franks (NJ)	Myers	Zeliff
Gekas	Nussle	Zimmer
Geren	Orton	
Gilchrest	Oxley	

NOT VOTING—10

Ford (TN)	Lewis (FL)	Tucker
Gallegly	Natcher	Wilson
Gallo	Pickle	
Grandy	Tauzin	

□ 1336

The Clerk announced the following pair:

On this vote:

Mr. Tucker for, with Mr. Grandy against.

Messrs. LAZIO, HAYES, MANTON, ROTH, and TOWNS, and Mrs. LLOYD changed their vote from "yea" to "nay."

Messrs. BISHOP, HILLIARD, BARCIA of Michigan, CONDIT, GONZALEZ, ROYCE, ACKERMAN, MFUME, and STOKES, and Ms. EDDIE BERNICE JOHNSON of Texas changed their vote from "nay" to "yea."

Mr. MINETA changed his vote from "present" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. BRYANT. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 349) to provide for the disclosure of lobbying activities to influence the Federal Government, and for other purposes, as amended, insist on the House amendment thereto, and request a conference with the Senate thereon.

The Clerk read as follows:

S. 349

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 "Lobbying Disclosure Act of 1994".

SEC. 2. FINDINGS.

The Congress finds that—

(1) responsible representative Government requires public awareness of the efforts of paid lobbyists to influence the public decision making process in both the legislative and executive branches of the Federal Government;

(2) existing lobbying disclosure statutes have been ineffective because of unclear statutory language, weak administrative and enforcement provisions, and an absence of clear guidance as to who is required to register and what they are required to disclose; and

(3) the effective public disclosure of the identity and extent of the efforts of paid lobbyists to influence Federal officials in the conduct of Government actions will increase public confidence in the integrity of Government.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) AGENCY.—The term "agency" has the meaning given that term in section 551(1) of title 5, United States Code.

(2) CLIENT.—The term "client" means any person or entity (including a State or local government) who employs or retains another person for financial or other compensation to conduct lobbying activities on behalf of that person or entity or another person or entity. An organization whose employees act as lobbyists on its own behalf is both a client and an employer of such employees. In the

case of any person or entity that employs or retains a lobbyist to conduct lobbying activities on behalf of another person or entity, the client is both the person or entity that employs or retains the lobbyist and the person or entity on whose behalf the lobbyist conducts lobbying activities. In the case of a coalition or association that employs or retains other persons to conduct lobbying activities, the client is—

(A) the coalition or association and not its individual members when the lobbying activities are conducted on behalf of its membership and financed by the coalition's or association's dues and assessments, or

(B) the individual member or members, when the lobbying activities are, directly or indirectly, financed separately by one or more individual members and not by the coalition's or association's dues and assessments.

(3) COVERED EXECUTIVE BRANCH OFFICIAL.—The term "covered executive branch official" means—

(A) the President or the President-elect;

(B) the Vice President or the Vice President-elect;

(C) any officer or employee (other than a clerical or secretarial employee) of the Executive Office of the President or any individual functioning in the capacity of such an officer or employee on an unpaid basis;

(D) any officer or employee serving in a position in level I, II, III, IV, or V of the Executive Schedule, as designated by statute or executive order;

(E) any officer or employee serving in a Senior Executive Service position, as defined in section 3132 (a)(2) of title 5, United States Code;

(F) any member of the uniformed services whose pay grade is at or above O–7 under section 201 of title 37, United States Code; and

(G) any officer or employee serving in a position of a confidential, policy-determining, policy-making, or policy-advocating character described in section 7511(b)(2) of title 5, United States Code, including an employee listed in schedule C of subpart C of part 213 of title 5 of the Code of Federal Regulations.

(4) COVERED LEGISLATIVE BRANCH OFFICIAL.—

(A) IN GENERAL.—The term "covered legislative branch official" means—

(i) a Member of Congress or a Member-elect of Congress;

(ii) an elected officer of either House of Congress;

(iii) any employee of a Member of Congress or of a committee of either House of Congress;

(iv) any employee on the leadership staff of the House of Representatives and any employee on the leadership staff of the Senate;

(v) any employee of a joint committee of the Congress; and

(vi) any employee of a working group or caucus organized to provide legislative services or other assistance to Members of Congress.

(B) DEFINITIONS.—For purposes of subparagraph (A)—

(i) the terms "employee on the leadership staff of the House of Representatives" and "employee on the leadership staff of the Senate" have the meanings given these terms in section 207(e)(4) of title 18, United States Code;

(ii) the term "employee" includes any individual functioning in the capacity of an employee described in subparagraph (A) on an unpaid basis but the term does not include a clerical or secretarial employee, and

(iii) the term "Member of Congress" means a Senator or a Representative in, or Delegate or Resident Commissioner, to the Congress.

(5) DIRECTOR.—The term "Director" means the Director of the Office of Lobbying Registration and Public Disclosure.

(6) EMPLOYEE.—Except as provided in paragraph (4)(B)(ii), the term "employee" means any individual who is an officer, employee, partner, director, or proprietor of an organization, but does not include—

(A) independent contractors; or

(B) volunteers who receive no financial or other compensation from the organization for their services.

(7) FOREIGN ENTITY.—The term "foreign entity" means a foreign principal as such term is defined in subsection (b) of section 1 of the Foreign Agents Registration Act of 1938 (22 U.S.C. 611 (b)).

(8) GRASS ROOTS LOBBYING COMMUNICATIONS.—The term "grass roots lobbying communications" means—

(A) any communication that attempts to influence any legislation through an attempt to affect the opinions of the general public or any segment thereof;

(B) any communication between an organization and any bona fide member of such organization to directly encourage such member to make a communication to a covered executive branch official or a covered legislative branch official with regard to a matter described in clause (i), (ii), (iii), or (iv) of paragraph (10)(A) of section 3; and

(C) any communication between an organization and any bona fide member of such organization to directly encourage such member to urge persons other than members to communicate as provided in either subparagraph (A) or subparagraph (B).

(9) LOBBYING ACTIVITIES.—

(A) DEFINITION.—The term "lobbying activities" means lobbying contacts and efforts in support of such contacts, including preparation and planning activities, research and other background work that is intended at the time it is performed, for use in contacts, and coordination with the lobbying activities of others. Except as provided in subparagraph (B), lobbying activities also include—

(i) grass roots lobbying communications, and

(ii) any communication described in clause (iii), (v), (vii), (viii), or (xvi) of paragraph (10)(B),

to the extent that such communications are made in support of a lobbying contact.

(B) RELIGIOUS ORGANIZATIONS.—Lobbying activities do not include grass roots lobbying communications by churches, their integrated auxiliaries, conventions or associations of churches, and religious orders that are exempt from filing Federal income tax returns under paragraph (2)(A)(i) or (2)(A)(iii) of section 6033(a) of the Internal Revenue Code of 1986, unless such communications are made by any person or organization required to be identified under section 4(b)(5) of this Act.

(10) LOBBYING CONTACT.—

(A) DEFINITION.—The term "lobbying contact" means any oral or written communication (including an electronic communication) to a covered executive branch official or a covered legislative branch official that is made on behalf of a client with regard to—

(i) the formulation, modification, or adoption of Federal legislation (including legislative proposals);

(ii) the formulation, modification, or adoption of a Federal regulation, Executive order, or any other program, policy, or position of the United States Government;

(iii) the administration or execution of a Federal program or policy (including the negotiation, award, or administration of a Federal contract, grant, loan, permit, or license), except that this clause does not include communications that are made to any covered executive branch official—

(I) who is serving in a Senior Executive Service position described in paragraph (3)(E), or

(II) who is a member of the uniformed services whose pay grade is lower than O-9 under section 201 of title 37, United States Code,

in the agency responsible for taking such administrative or executive action; or

(iv) the nomination or confirmation of a person for a position subject to confirmation by the Senate.

(B) EXCEPTIONS.—The term "lobbying contact" does not include communications that are—

(i) made by public officials acting in their official capacity;

(ii) made by representatives of a media organization if the purpose of the communication is gathering and disseminating news and information to the public;

(iii) made in a speech, article, publication, or other material which is widely distributed to the public through radio, television, cable television, or other medium of mass communication;

(iv) made on behalf of a government of a foreign country or a foreign political party and disclosed under the Foreign Agents Registration Act of 1938 (22 U.S.C. 611 et seq.);

(v) requests for meetings, requests for the status of matters described in clauses (i), (ii), (iii), and (iv) of subparagraph (A), or other similar requests, if the requests do not include attempts to influence a covered executive branch official or a covered legislative branch official;

(vi) made in the course of participation in an advisory committee subject to the Federal Advisory Committee Act;

(vii) testimony given before a committee, subcommittee, or task force of the Congress, or submitted for inclusion in the public record of a hearing conducted by such committee, subcommittee, or task force;

(viii) information provided in writing in response to a written request for specific information from a covered executive branch official or a covered legislative branch official;

(ix) required by subpoena, civil investigative demand, or otherwise compelled by statute, regulation, or other action of the Congress or an agency;

(x) made in response to a notice in the Federal Register, Commerce Business Daily, or other similar publication soliciting communications from the public and directed to the agency official specifically designated in the notice to receive such communications;

(xi) not possible to report without disclosing information, the unauthorized disclosure of which is prohibited by law;

(xii) made to officials in an agency with regard to—

(I) a judicial proceeding or a criminal or civil law enforcement inquiry, investigation, or proceeding, or

(II) a filing or proceeding that the Government is specifically required by statute or regulation to maintain or conduct on a confidential basis,

if that agency is charged with responsibility for such proceeding, inquiry, investigation, or filing;

(xiii) made in compliance with written agency procedures regarding an adjudication conducted by the agency under section 554 of

title 5, United States Code, or substantially similar provisions;

(xiv) written comments filed in the course of a public proceeding or other communications that are made on the record in a public proceeding;

(xv) a petition for agency action made in writing pursuant to established agency procedures;

(xvi) made on behalf of an individual with regard to that individual's benefits, employment, or other personal matters involving only that individual, except that this subclause does not apply to any communication with respect to the formulation, modification, or adoption of private legislation for the relief of that individual;

(xvii) disclosures by an individual to the appropriate authority on account of which that individual is protected against adverse personnel actions, or other reprisals, under the amendments made by the Whistleblower Protection Act of 1989, the Inspector General Act of 1978, or other provision of law;

(xviii) made by a church, its integrated auxiliary, a convention or association of churches, or a religious order that is exempt from filing a Federal income tax return under paragraph (2)(A)(i) or (2)(A)(iii) of section 6033(a) of the Internal Revenue Code of 1986 if the communication constitutes the free exercise of religion or is for the purpose of protecting the right to the free exercise of religion; and

(xix) between—

(I) officials of a self-regulatory organization recognized by Federal law, and

(II) the Federal regulatory agency with jurisdiction over such organization,

relating to the regulatory responsibilities of such organization under such law.

The term "media organization", as used in clause (ii), means an organization engaged in disseminating information to the general public through a newspaper, magazine, other publication, radio, television, cable television, or other medium of mass communication.

(11) LOBBYIST.—The term "lobbyist" means any individual who is employed or retained by a client for financial or other compensation for services that include one or more lobbying contacts, other than an individual whose lobbying activities constitute less than 10 percent of the time engaged in the services provided by such individual to that client.

(12) ORGANIZATION.—The term "organization" means any corporation, company, foundation, association, labor organization, firm, partnership, society, joint stock company, or group of organizations.

(13) PUBLIC OFFICIAL.—The term "public official" means any elected official, appointed official, or an employee of—

(A) a Federal, State, or local unit of government in the United States other than—

(i) a college or university which is an agency or instrumentality of the government of any State or of a local unit of government thereof, or which is owned or operated by such a government or by any agency or instrumentality of one or more such governments;

(ii) a government-sponsored enterprise as defined in section 3(8) of the Congressional Budget and Impoundment Control Act of 1974; or

(iii) a public utility, including any entity that provides gas, electricity, water, or communications, which is an agency or instrumentality of the government of any State or States or of a local unit of government of a State or which is owned, controlled, or operated by such a government or by any agency or instrumentality of one or more such governments;

(B) a Government corporation (as defined in section 9101 of title 31, United States Code);

(C) an organization of State or local elected or appointed officials other than officials of an entity described in clause (i), (ii), or (iii) of subparagraph (A);

(D) an Indian tribe (as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)),

(E) a national or State political party or any organizational unit thereof, or

(F) a national, regional, or local unit of any foreign government.

(14) The term "State" means each of the several States, the District of Columbia, and any commonwealth territory, or possession of the United States.

SEC. 4. REGISTRATION OF LOBBYISTS.

(a) REGISTRATION.—

(1) GENERAL RULE.—Not later than 30 days after a lobbyist first makes a lobbying contact or is employed or retained to make a lobbying contact, whichever is earlier, such lobbyist (or, as provided under paragraph (2), the organization employing such lobbyist), shall register with the Office of Lobbying Registration and Public Disclosure.

(2) ORGANIZATION RULE.—Any organization that has one or more employees who are lobbyists shall make the registration required by paragraph (1) on behalf of such employees.

(3) EXEMPTION.—

(A) GENERAL RULE.—Notwithstanding paragraph (1) or (2), an individual or organization whose—

(i) total income for matters related to lobbying activities on behalf of a particular client (in the case of a lobbyist making lobbying contacts on behalf of a client other than the organization employing such lobbyist), or

(ii) total expenses in connection with lobbying activities (in the case of a lobbyist making lobbying contacts on behalf of the organization employing such lobbyist),

do not exceed, or are not expected to exceed $2,500 (as estimated under section 5) in the semiannual period described in section 5(a) during which the registration would be made is not required to register under subsection (a) with respect to such client.

(B) ADJUSTMENT.—The $2,500 figure in subparagraph (A) shall be adjusted—

(i) on January 1, 1997, to reflect changes in the Consumer Price Index (as determined by the Secretary of Labor) since the date of the enactment of this Act, and

(ii) on January 1 of each fourth year occurring after January 1, 1997, to reflect changes in the Consumer Price Index (as determined by the Secretary of Labor) during the preceding 4-year period,

rounded to the nearest $100.

(b) CONTENTS OF REGISTRATION.—Each registration under this section shall be in such form as the Director shall prescribe by regulation and shall contain—

(1) the name, address, business telephone number, and principal place of business of the registrant, and a general description of its business or activities;

(2) the name, address, and principal place of business of the registrant's client, and a general description of its business or activities (if different from paragraph (1));

(3) the name, address, and principal place of business of any organization, other than the client, that—

(A) contributes or has agreed to contribute more than $5,000 toward the lobbying activities of the registrant in the semiannual period described in section 5(a) in which the registration is made; and

(B) significantly participates or has agreed to participate significantly in the planning, supervision, or control of such lobbying activities;

(4) the name, address, principal place of business, amount of any contribution of more than $5,000 to the lobbying activities of the registrant, and approximate percentage of equitable ownership in the client (if any) of any foreign entity that—

(A) holds at least 20 percent equitable ownership in the client or any organization identified under paragraph (3);

(B) directly or indirectly, in whole or in major part, plans, supervises, controls, directs, finances, or subsidizes the lobbying activities of the registrant; or

(C) is an affiliate of the client or any organization identified under paragraph (3) and has a direct interest in the outcome of the lobbying activity;

(5) the name, address, and principal place of business of any person or organization retained by the registrant (other than an employee of the registrant) to conduct grass roots lobbying communications on behalf of the registrant or the client of the registrant (other than a person or organization that is separately registered under this Act in connection with such representation);

(6) a statement of—

(A) the general issue areas in which the registrant expects to engage in lobbying activities on behalf of the client, and

(B) to the extent practicable, specific issues that have (as of the date of the registration) already been addressed or are likely to be addressed in lobbying activities; and

(7) the name of each employee of the registrant who has acted or whom the registrant expects to act as a lobbyist on behalf of the client and, if any such employee has served as a covered executive branch official or a covered legislative branch official in the 2 years before the date on which such employee was first required to register as a lobbyist on behalf of the client, the position in which such employee served.

(c) GUIDELINES FOR REGISTRATION.—

(1) MULTIPLE CLIENTS.—In the case of a registrant making lobbying contacts on behalf of more than one client, a separate registration under this section shall be filed for each such client.

(2) MULTIPLE LOBBYISTS.—Any organization that has one or more employees who are lobbyists shall file a single registration under this section for each client on whose behalf its employees act as lobbyists covering all lobbying contacts made by such employees on behalf of such client.

(3) MULTIPLE CONTACTS.—If a registrant makes another lobbying contact for the same client with a covered executive branch official or covered legislative branch official, such contact will not require another registration under paragraph (1).

(d) TERMINATION OF REGISTRATION.—A registrant who after registration does not—

(1) engage in any lobbying activities in a semiannual reporting period on behalf of the client with respect to which the registrant registered, and

(2) anticipate any additional lobbying activities for such client in the 12-month period following such reporting period,

shall notify the Director of the termination of such activities and shall not be required to file any additional reports with respect to such client under this section.

SEC. 5. REPORTS BY REGISTERED LOBBYISTS.

(a) SEMIANNUAL REPORT.—

(1) IN GENERAL.—No later than 30 days after the end of the semiannual period beginning on the first day of each January and the first day of July of each year in which a registrant is registered under section 4, each registrant shall file a report with the Office of Lobbying Registration and Public Disclosure on its lobbying activities during such semiannual period. A separate report shall be filed for each client of the registrant.

(2) EXEMPTION.—

(A) INCOME OR EXPENSES OF LESS THAN $2,500.—Any registrant whose—

(i) total income for a particular client for matters that are related to lobbying activities on behalf of that client (in the case of a registrant described in subsection (b)(3)), or

(ii) total expenses in connection with lobbying activities (in the case of a registrant described in subsection (b)(4)),

are less than $2,500 in a semiannual period (as estimated under paragraph (3) or (4) of subsection (b), or paragraph (3) of subsection (c), as applicable) is deemed to be inactive during such period and may comply with the reporting requirements of this section by so notifying the Director in such form as the Director may prescribe.

(B) ADJUSTMENT.—The $2,500 figure in subparagraph (A) shall be adjusted as provided in section 4(a)(3)(B).

(b) CONTENTS OF REPORT.—Each semiannual report filed under subsection (a) shall be in such form as the Director shall prescribe by regulation and shall contain—

(1) the name of the registrant, the name of the client, and any changes or updates to the information provided in the initial registration;

(2) for each general issue area in which the registrant engaged in lobbying activities on behalf of the client during the semiannual filing period—

(A) a list of the specific issues upon which the registrant engaged in lobbying activities, including, to the maximum extent practicable, a list of bill numbers and references to specific regulatory actions, programs, projects, contracts, grants, and loans;

(B) a statement of the Houses and committees of Congress and the Federal agencies contacted by lobbyists employed by the registrant on behalf of the client during the semiannual filing period;

(C) a list of the employees of the registrant who acted as lobbyists on behalf of the client;

(D) a description of the interest in the specific issues, if any, of any foreign entity identified under section 4(b)(4); and

(E) a list of the specific issues on which any person or organization required to be identified under section 4(b)(5) has engaged in grass roots lobbying communications on behalf of the client;

(3) in the case of a registrant engaged in lobbying activities on behalf of a client other than the registrant, a good faith estimate of the total amount of all income from the client (including any payments to the registrant by any other person for lobbying activities on behalf of the client) during the semiannual period, other than income for matters that are unrelated to lobbying activities;

(4) in the case of a registrant engaged in lobbying activities on its own behalf, a good faith estimate of the total expenses that the registrant and its employees incurred in connection with lobbying activities during the semiannual filing period; and

(5) a good faith estimate of the total expenses that the registrant and its employees incurred in connection with grass roots lobbying communications on behalf of the client (including any amount paid in connection with such communications to a person or organization required to be identified under section 4(b)(5)).

(c) ESTIMATES OF INCOME OR EXPENSES.—For purposes of this section, estimates of income or expenses shall be made as follows:

(1) $200,000 OR LESS.—Income or expenses of $200,000 or less shall be estimated in accordance with the following categories:

(A) At least $2,500 but not more than $10,000.

(B) More than $10,000 but not more than $20,000.

(C) More than $20,000 but not more than $50,000.

(D) More than $50,000 but not more than $100,000.

(E) More than $100,000 but not more than $200,000.

(2) MORE THAN $200,000.—Income or expenses in excess of $200,000 shall be estimated and rounded to the nearest $100,000.

(3) ESTIMATES BASED ON TAX REPORTING SYSTEM.—In the case of any registrant that reports lobbying expenditures as required by section 6033 of the Internal Revenue Code of 1986, regulations prescribed under section 7 of this Act shall provide that the registrant may make a good faith estimate of amounts that would be required to be disclosed under such section of the Internal Revenue Code of 1986 for the applicable semiannual period (by category of dollar value) to meet the requirements of subsection (b)(4), if each time the registrant makes such an estimate, the registrant informs the Director that the registrant is making such an estimate.

(4) CONSTRUCTION.—In estimating total income or expenses under this section, a registrant is not required to include—

(A) the value of contributed services for which no payment is made; or

(B) the expenses for services provided by an independent contractor of the registrant who is separately registered under this Act.

(d) CONTACTS.—

(1) CONTACTS CONSIDERED CONTACTS WITH COMMITTEES.—For purposes of subsection (b)(2), any contact with a member of a committee of Congress, an employee of a committee of Congress, or an employee of a member of a committee of Congress regarding a matter within the jurisdiction of such committee shall be considered a contact with the committee.

(2) CONTACTS CONSIDERED CONTACTS WITH HOUSE OF CONGRESS.—For purposes of subsection (b)(2), any contact with a Member of Congress or an employee of a Member of Congress regarding a matter which is not within the jurisdiction of a committee of Congress of which that Member is a member shall be considered a contact with the House of Congress of that Member.

(3) CONTACTS CONSIDERED CONTACTS WITH FEDERAL AGENCIES.—For purposes of subsection (b)(2), any contact with a covered executive branch official shall be considered a contact with the Federal agency that employs that official.

(e) EXTENSION FOR FILING.—The Director may grant an extension of time of not more than 30 days for the filing of any report under this section, upon the request of the registrant, for good cause shown.

SEC. 6. PROHIBITION ON GIFTS, MEALS, TRAVEL, ENTERTAINMENT, REIMBURSEMENTS, AND LOANS; ITEMIZATION OF CERTAIN EXPENDITURES

(a) IN GENERAL.—

(1) REGISTRANTS AND LOBBYISTS.—In accordance with this section, each registrant (including a lobbyist employed by, or a lobbyist who is a member of, a registrant) or any client of a registrant shall be—

(A) prohibited from providing, directly or indirectly, gifts, meals, travel, entertainment, reimbursements, and loans described in subsection (b), and

(B) required to make an itemized disclosure of expenditures described in subsection (c) and provided, directly or indirectly,

to a covered legislative branch official, to an entity that is maintained or controlled by a covered legislative branch official, or to any other person or entity on behalf of a covered legislative branch official (collectively referred to in this subsection as a "covered person or entity").

(2) FOREIGN LOBBYISTS.—For purposes of this section, a registrant or any client of a registrant shall include a foreign principal (as defined in section 1(b) of the Foreign Agents Registration Act) and an agent of a foreign principal (as defined in section 1(c) of such Act).

(b) PROHIBITION.—A registrant (including a lobbyist) or any client of a registrant may not provide, directly or indirectly (with funds of a registrant or a client), to or on behalf of or for a covered person or entity:

(1) TRAVEL, ENTERTAINMENT, FOOD, AND LODGING.—Payment for local or long-distance transportation, entertainment, food, or lodging, whether provided in kind, by purchase of a ticket, by payment in advance or by reimbursement, or otherwise.

(2) REIMBURSEMENT.—Reimbursement of an expense.

(3) LOAN.—A loan.

(4) GIFTS.—Any other item of value.

(c) DISCLOSURE.—With respect to expenditures described in this subsection, the prohibitions prescribed by subsection (b) with respect to an expenditure will not apply to a registrant or any client of a registrant if the registrant discloses the expenditure of the registrant or the client, in the registrant's semiannual report under section 5(a) or in a separate report on itemized expenditures subject to the same filing requirements, as follows:

(1) IN GENERAL.—With respect to each expenditure described in paragraph (2), the registrant shall disclose—

(A) the name and position of the covered legislative branch official or other covered person or entity to whom or which or on behalf of whom or which the expenditure was made;

(B) the type of the expenditure;

(C) the date on which the expenditure was made; and

(D) the amount of the expenditure.

(2) EXPENDITURES SUBJECT TO DISCLOSURE.—The following expenditures are subject to disclosure under paragraph (1):

(A) Necessary travel-related expenditures made by a registrant described in section 5(b)(4) or a client of a registrant described in section 5(b)(3) for a covered legislative branch official or a person on behalf of such an official in connection with speaking engagements, fact finding trips, substantial participation in an event sponsored by an entity described in section 170(c) or 527(e) of the Internal Revenue Code of 1986, and similar events if the expenditure covers the costs of a trip for a period of not more than—

(i) 4 consecutive days in the case of domestic travel and 7 consecutive days (excluding travel days) in the case of international travel, and

(ii) 24 hours before or after such person's actual participation in the event in the case of domestic travel or 48 hours before or after such person's actual participation in the event in the case of international travel.

Necessary travel-related expenditures include reimbursements for necessary transportation whether or not such transportation occurs within the periods described in clause (i) or (ii), but does not include expenditures for travel, lodging, or entertainment collateral to the event or meals taken other than in a group setting to which all other attendees are invited.

(B) Honorary degrees and associated meals and entertainment provided to a covered person or entity.

(C) Food, refreshment, or entertainment provided a covered person or entity while attending a meeting or event with persons who are not United States citizens while on official travel to a foreign area.

(3) CONFERENCES.—With respect to each financial contribution or expenditure relating to a conference, retreat, or similar event for or on behalf of covered legislative branch officials which is sponsored by or affiliated with an official congressional organization, the registrant shall disclose—

(A) the nature of the conference, retreat, or similar event;

(B) the date or dates on which the conference, retreat, or other event occurred;

(C) the identity of the organization that sponsored or is affiliated with the event; and

(D) a single aggregate figure for the contributions or expenditures made by the registrant or client of the registrant in connection with the conference, retreat, or similar event.

(4) EVENTS.—With respect to each financial contribution or expenditure that relates to a widely attended event that is hosted or cohosted with, or in honor of, 1 or more covered legislative branch officials, the registrant shall disclose—

(A) the name and position of each such covered legislative branch official that hosted, cohosted, or was honored at such event

(B) the nature of the event;

(C) the date on which the event occurred; and

(D) a single aggregate figure for the contributions or expenditures made by the registrant in connection with the event.

(5) CHARITABLE CONTRIBUTIONS.—With respect to each charitable contribution (as defined in section 170(c) of the Internal Revenue Code of 1986) made in lieu of an honorarium on the basis of a designation, recommendation, or other specification made by a covered legislative branch official, the registrant shall disclose—

(A) the name and position of each such covered legislative branch official;

(B) the name of any covered person or entity to whom or which the contribution was made;

(C) the date on which the contribution was made; and

(D) the value of the contribution.

(6) CONTRIBUTIONS TO LEGAL DEFENSE FUND.—With respect to each contribution or other payment made to a legal defense fund established for the benefit of a covered legislative branch official, the registrant shall disclose—

(A) the name and position of each such covered legislative branch official;

(B) the name of any other person or entity to whom or which the contribution was made;

(C) the date on which the contribution was made; and

(D) the value of the contribution.

(7) NOTIFICATION.—Not less than 3 weeks after an expenditure required to be reported under this subsection is made, the registrant or any client of a registrant who made or for whom was made such expenditure shall provide, in a standard format determined by the Office of Lobbying Registration and Public Disclosure, to any covered person or entity, whose name the registrant or client intends for the registrant to include in either the registrant's semiannual report under section 5(a) or a separate report on itemized expenditures under this subsection, a complete list of the information the registrant intends to disclose relative to that covered person or entity. The registrant shall not list in its report referred to in this paragraph any information relative to a covered person or entity who—

(A) was not the subject of the expenditure referred to in the preceding sentence, or

(B) reimburses the person making such expenditure the full amount of such expenditure within 30 days of the receipt of notification under this paragraph.

(d) EXCEPTIONS.—The following are not subject to subsection (b) or (c):

(1) Anything for which market value is paid by the recipient.

(2) A contribution, as defined in the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) that is lawfully made under that Act.

(3) An item of little intrinsic value such as a greeting card, baseball cap, or a T-shirt or a personalized item such as a plaque, certificate, or trophy that is intended solely for recognition of a covered legislative branch official.

(4) Food and attendance provided to a covered person or entity at an event sponsored by an organization described in section 170(c) or 527(e) of the Internal Revenue Code of 1986.

(5)(A) An item described in subsection (b) (hereafter in this paragraph referred to as an "item") given under circumstances which make it clear that the item is given for a nonbusiness purpose and is motivated by a family relationship or personal friendship and not by the position of the recipient. In determining if the giving of an item is motivated by a family relationship or personal friendship, at least the following factors shall be considered:

(i) The history of the relationship between the individual giving the item and the individual receiving the item, including whether or not items have previously been exchanged by such individuals.

(ii) Whether the item was purchased by the individual who gave the item.

(iii) Whether the individual who gave the item also at the same time gave the same or similar item to other covered persons or entities.

(B) The giving of an item shall not be considered to be motivated by a family relationship or personal friendship if the family member or friend seeks—

(i) to deduct the value of such item as a business expense on the family member's or friend's Federal income tax return, or

(ii) reimbursement either from a registrant or from a client.

(6) Items which are not used and which are promptly returned to the donor.

(7) Except with respect to items described in subsection (c)—

(A) attendance, food, and refreshments at widely attended gatherings, including conventions, conferences, symposiums, retreats, dinners, receptions, viewings, or similar events if such attendance, food, and refreshments are unsolicited by the recipient and provided by the sponsor of the event,

(B) meals or entertainment that are unsolicited by the recipient and not paid for either directly or indirectly (including with funds of a registrant or client) by a lobbyist or an agent of a foreign principal (as defined in section 1(c) of the Foreign Agents Registration Act) and not paid for either directly or indirectly by a registrant described in section 5(b)(3), if an employee (other than a lobbyist) of—

(i) a registrant described in section 5(b)(4), or

(ii) a client of a registrant described in section 5(b)(3),

acting in a representational capacity, substantially participates in the meal or entertainment, and

(C) modest items of food or refreshment such as soft drinks, coffee, or doughnuts offered other than as part of a meal.

(8) Rewards and prizes given to competitors in contests or events, including random drawings open to the public.

(9) Loans from financial institutions on terms generally available to the public.

(10) Opportunities and benefits, including favorable rates and commercial discounts, available to the public or to a class consisting of all Government employees whether or not restricted on the basis of geographical considerations.

(11) Pension and other benefits resulting from continued participation in an employee welfare and benefits plan maintained by a former employer.

(12) Anything which is paid for by the Government or secured by the Government under Government contract.

(13) Any gift accepted under specific statutory authority except section 901 of the Ethics Reform Act of 1989 (2 U.S.C. 31-2).

(14) Reduced membership or other fees for participation in organizational activities offered to all Government employees by professional organizations if the only restrictions on membership relate to professional qualifications.

(15) Opportunities and benefits offered to members of a group or class in which membership is unrelated to congressional employment.

(16) Opportunities and benefits offered to members of an organization, such as credit unions, in which membership is related to congressional employment if similar benefits are broadly available to large segments of the public through organizations of similar size.

(17) Gifts resulting from the covered legislative branch official's outside business or employment activities when it is clear that such benefits have not been offered or enhanced because of the covered legislative branch official's official status.

(18) Gifts resulting from the business or employment activities of a covered legislative branch official's spouse when it is clear that such benefits have not been offered or enhanced because of the covered legislative branch official's official position.

(19) Informational materials that are sent to a covered legislative branch official's office in the form of books, articles, periodicals, other written materials, audio tapes, videotapes, or other forms of communication.

(20) Home State products, food, or other items of minimal value used primarily for promotional purposes.

(e) DEFINITION.—For purposes of this section, the term "market value" when applied to a gift means the retail cost a person would incur to purchase the gift. The market value of a gift of a ticket entitling the holder to food, refreshments, or entertainment is the retail cost of similar food, refreshments, or entertainment.

(f) CLIENTS.—

(1) NOTICE TO CLIENTS.—A registrant described in section 5(b)(3) shall by written notice inform any client of the registrant of the requirements of this section applicable to the client. Such notice shall be provided at the time the registrant registers on behalf of such client under section 4 and at the beginning of each semiannual reporting period under section 5(a).

(2) NOTICE BY CLIENTS.—If a client of a registrant makes an expenditure which such registrant will be required to report under subsection (c), the client shall promptly notify the registrant of such expenditure. Failure to provide such notice shall be considered to be a violation of this Act.

(g) HOUSE RULES.—Clause (4) of Rule XLIII of the Rules of the House of Representatives is amended by adding at the end the following: "A Member, officer, or employee of the House of Representatives shall not accept a gift given by a lobbyist or registrant subject to the Lobbying Disclosure Act of 1994 in knowing violation of that Act.".

SEC. 7. ESTABLISHMENT AND DUTIES OF OFFICE OF LOBBYING REGISTRATION AND PUBLIC DISCLOSURE.

(a) ESTABLISHMENT.—

(1) OFFICE AND DIRECTOR.—There is established as an independent agency in the executive branch an Office of Lobbying Registration and Public Disclosure, which shall be headed by a Director. The Director shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall be an individual who, by demonstrated ability, background, training, and experience, is especially qualified to carry out the functions of the position. The term of service of the Director shall be 5 years.

(2) COMPENSATION.—Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following:

"Director of the Office of Lobbying Registration and Public Disclosure.".

(3) EMPLOYEES AND SERVICES.—The Director may—

(A) appoint officers and employees, including attorneys, in accordance with chapter 51 and subchapter III of chapter 53 of title 5, United States Code; and

(B) contract for financial and administrative services (including those related to budget and accounting, financial reporting, personnel, and procurement) with the General Services Administration or such other Federal agency as the Director determines appropriate, for which payment shall be made in advance or by reimbursement from funds of the Office in such amounts as may be agreed upon by the Director and the head of the agency providing such services.

Contract authority under subparagraph (B) shall be effective for any fiscal year only to the extent that appropriations are available for that purpose.

(b) DUTIES.—The Director of the Office of Lobbying Registration and Public Disclosure shall—

(1) after notice and a reasonable opportunity for public comment, and consultation with the Secretary of the Senate, the Clerk of the House of Representatives, and the Administrative Conference of the United States, prescribe such regulations, forms, and penalty schedules as are necessary to carry out this Act;

(2) provide guidance and assistance on the registration and reporting requirements of this Act, including the issuance of published decisions and advisory opinions;

(3) review the registrations and reports filed under this Act and make such verifications or inquiries as are necessary to ensure the completeness, accuracy, and timeliness of the registrations and reports;

(4) develop filing, coding, and cross-indexing systems to carry out the purposes of this Act, including computerized systems designed to minimize the burden of filing and maximize public access to materials filed under this Act;

(5) ensure that the computer systems developed pursuant to paragraph (4)—

(A) allow the materials filed under this Act to be accessed by client name, lobbyist name, and registrant name;

(B) are compatible with computer systems developed and maintained by the Federal Election Commission, and that information filed in the two systems can be readily cross-referenced; and

(C) are compatible with computer systems developed and maintained by the Secretary of the Senate and the Clerk of the House of Representatives;

(6) make copies of each registration and report filed under this Act available to the public, upon the payment of reasonable fees, not to exceed the cost of such copies, as determined by the Director, in electronic and hard copy formats as soon as practicable after the date on which such registration or report is received;

(7) preserve the originals or accurate reproduction of—

(A) registrations filed under this Act, and

(B) of reports filed under this Act,

for a period of not less than 3 years from the date on which the registration or report is received;

(8) maintain a computer record of—

(A) the information contained in registrations, and

(B) the information contained in reports filed under this Act for not less than 5 years after the date on which such reports are received;

(9) compile and summarize, with respect to each semiannual period, the information contained in registrations and reports filed with respect to such period in a manner which clearly presents the extent and nature of expenditures on lobbying activities during such period;

(10) make information compiled and summarized under paragraph (9) available to the public in electronic and hard copy formats as soon as practicable after the close of each semiannual filing period;

(11) provide, by computer telecommunication or other transmittal in a form accessible by computer, to the Secretary of the Senate and the Clerk of the House of Representatives copies of all registrations and reports received under sections 4 and 5 and all compilations, cross-indexes, and summaries of such registrations and reports, as soon as practicable (but not later than 3 working days) after such material is received or created;

(12) make available to the public a list of all persons whom the Director determines, under section 9(c) or 10(c), to have violated this Act and submit such list to the Congress on a semiannual basis;

(13) upon request, indicate if an individual who may have been the subject of a lobbying contact is or has been within 3 years before the date of the request a covered executive branch official or a covered legislative branch official; and

(14) transmit to the President and the Congress a report, not later than March 31 of each year, describing the activities of the Office and the implementation of this Act, including—

(A) a financial statement for the preceding fiscal year;

(B) a summary of the registrations and reports filed with the Office with respect to the preceding calendar year;

(C) a summary of the registrations and reports filed on behalf of foreign entities with respect to the preceding calendar year; and

(D) recommendations for such legislative or other action as the Director considers appropriate.

SEC. 8. INITIAL PROCEDURE FOR ALLEGED VIOLATIONS.

(a) ALLEGATION OF A VIOLATION.—Whenever the Office of Lobbying Registration and Public Disclosure has reason to believe that a person may be in violation of the requirements of this Act, the Director shall notify the person in writing of the nature of the alleged violation and provide an opportunity for the person to respond in writing to the allegation within 30 days after the notification is sent or such longer period as the Director may determine appropriate in the circumstances.

(b) INITIAL DETERMINATION.—If the person responds within the period described in the notification under subsection (a), the Director shall—

(1) issue a written determination that the person has not violated this Act if the person provides adequate information or explanation to make such determination; or

(2) make a formal request for information under subsection (c) or a determination under section 9, if the information or explanation provided indicates that such person may have violated this Act.

A determination under paragraph (1) may be published by the Director with the names redacted if the Director determines the determination without the names provides useful guidance.

(c) FORMAL REQUEST FOR INFORMATION.—If a person fails to respond in writing within the period described in the notification under subsection (a) or the response is not adequate to determine whether such person has violated this Act, the Director may make a formal request for specific additional written information (subject to applicable privileges) that is reasonably necessary for the Director to make such determination. Each such request shall be structured to minimize any burden imposed, consistent with the need to determine whether the person is in compliance with this Act, and shall—

(1) state the nature of the conduct constituting the alleged violation which is the basis for the inquiry and the provision of law applicable thereto;

(2) describe the class or classes of material to be produced pursuant to the request with such definiteness and certainty as to permit such material to be readily identified; and

(3) prescribe a return date or dates which provide a reasonable period of time within which the person may assemble and make available for inspection and copying or reproduction the material so requested.

(d) NONDISCLOSURE OF INFORMATION.—Information provided to the Director under this section and sections 9 and 10 shall not be made available to the public without the consent of the person providing the information, except to the extent such information may be included in—

(1) any new or amended registration or report filed in connection with an inquiry under this section; or

(2) a written decision issued by the Director under section 9 or 10 after appropriate redaction by the Director to protect the interests of innocent parties.

SEC. 9. DETERMINATIONS OF VIOLATIONS.

(a) NOTIFICATION AND HEARING.—If the information provided to the Director under section 8 indicates that a person may have violated this Act, the Director shall—

(1) notify the person in writing of this finding and, if appropriate, a proposed penalty assessment and provide such person with an opportunity to respond in writing within 30 days after the notice is sent; and

(2) if requested in writing by that person within that 30-day period, afford the person an opportunity for a hearing on the record under the provisions of section 554 of title 5, United States Code.

(b) DETERMINATION.—Upon the receipt of a written response under subsection (a)(1) when no hearing under subsection (a)(2) is requested, upon the completion of a hearing requested under subsection (a)(2), or upon the expiration of 30 days in a case in which no such written response is received, the Director shall review the information received under this section (including evidence presented at any such hearing) and section 8 and make a final determination whether there was a violation and a final determination of the penalty, if any. If no written response was received under this section within the 30-day period provided, the determination and penalty assessment shall constitute a final order not subject to appeal.

(c) WRITTEN DECISION.—

(1) DETERMINATION OF VIOLATION.—If the Director makes a final determination under subsection (b) that there was a violation, the Director shall issue a public written decision—

(A) directing the person to correct the violation; and

(B) assessing a civil monetary penalty in an amount determined as follows:

(i) In the case of a minor violation, the amount shall be no more than $10,000, depending on the nature and extent of the violation.

(ii) In the case of a significant violation, the amount shall be more than $10,000, but no more than $200,000, depending on the nature and extent of the violation and the extent to which the person may have profited from the violation.

(2) DETERMINATION OF NO VIOLATION OR INSUFFICIENT EVIDENCE.—If the Director determines that no violation occurred or there was not sufficient evidence that a violation occurred, the Director shall issue a written notice of such determination to the person charged. Such notice may be published by the Director with names redacted if the Director determines it provides useful guidance.

(d) CIVIL INJUNCTIVE RELIEF.—If a person fails to comply with a directive to correct a violation under subsection (c), the Director shall refer the case to the Attorney General to seek civil injunctive relief in the appropriate court of the United States to compel such person to comply with such directive.

(e) PENALTY ASSESSMENTS.—

(1) GENERAL RULE.—No penalty shall be assessed under this section unless the Director finds that the person subject to the penalty knew or should have known that such person was in violation of this Act. In determining the amount of a penalty to be assessed, the Director shall take into account the totality of the circumstances, including the extent and gravity of the violation and such other matters as justice may require.

(2) REGULATIONS.—Regulations prescribed by the Director under section 7 shall define minor and significant violations. Significant violations shall be defined to include a failure to register and any other violation that is extensive or repeated if the person who commits such violation knew or should have known that the action constituting the violation was a violation of this Act.

(f) LIMITATION.—No proceeding shall be initiated under this section relating to a registration or report filed or required to be filed under this Act unless the Director notifies the person who is to be the subject to the proceeding of the alleged violation within 3 years after the date on which such registration or report was filed or was required to be filed.

SEC. 10. OTHER VIOLATIONS.

(a) LATE REGISTRATION OR FILING; FAILURE TO PROVIDE INFORMATION.—If a person registers or files a report after a registration or filing is required under this Act, or fails to provide information requested by the Director under section 8(c), the Director shall—

(1) notify the person in writing of the violation and a proposed penalty assessment and provide such person with an opportunity to respond in writing within 30 days after the notice is sent; and

(2) if requested by that person within that 30-day period, afford the person a hearing in accordance with section 9(a)(2).

(b) DETERMINATION.—Upon the receipt of a written response under subsection (a)(1) when no hearing under subsection (a)(2) is requested, upon the completion of a hearing requested under subsection (a)(2), or upon the expiration of 30 days in a case in which no such written response is received, the Director shall review the information received under subsection (a) (including evidence presented at any such hearing) and, unless the Director determines, on the basis of such information, that the late filing or failure to provide information was justified, the Director shall make a final determination of a violation and a final determination of the penalty, if any. If no written response or request for a hearing was received under subsection (a) within the 30-day period provided, the determination and penalty assessment shall constitute a final order not subject to appeal.

(c) WRITTEN DECISION.—

(1) DETERMINATION OF VIOLATION.—If the Director makes a final determination under subsection (b) that there was a violation, the Director shall issue a public written decision—

(A) in the case of a late registration or filing, assessing a civil monetary penalty of $200 for each week by which the filing was late, with the total penalty not to exceed $10,000; or

(B) in the case of a failure to provide information—

(i) directing the person to provide the information within a reasonable period of time; and

(ii) except where the Director determines that the violation was the result of a good faith dispute over the validity or appropriate scope of a request for information, assessing a civil monetary penalty in an amount not to exceed $10,000.

(2) DETERMINATION OF NO VIOLATION OR INSUFFICIENT EVIDENCE.—If the Director determines that no violation occurred or there was not sufficient evidence that a violation occurred, the Director shall issue a written notice of such determination to the person charged. Such notice may be published by the Director with names redacted if the Director determines it provides useful guidance.

(d) CIVIL INJUNCTIVE RELIEF.—In the case of a person failing to comply with a directive issued under subsection (c)(2)(A), the Director shall refer such matter to the Attorney General, who shall seek civil injunctive relief in the appropriate court of the United States to compel such person to comply with such directive unless the Attorney General finds no reasonable likelihood that the Government would prevail.

SEC. 11. JUDICIAL REVIEW.

(a) FINAL DECISION.—A written decision issued by the Director under section 9 or 10 shall become final 60 days after the date on which the Director provides notice of the decision, unless such decision is appealed under subsection (b) of this section.

(b) APPEAL.—Any person adversely affected by a written decision issued by the Director under section 9 or 10 may appeal such decision, except as provided under section 9(b) or 10(b), to the appropriate United States court of appeals. Such review may be obtained by filing a written notice of appeal in such court no later than 60 days after the date on which the Director provides notice of the Director's decision and by simultaneously sending a copy of such notice of appeal to the Director. The Director shall file in such court the record upon which the decision was issued, as provided under section 2112 of title 28, United States Code. The findings of fact of the Director shall be conclusive, unless found to be unsupported by substantial evidence, as provided under section 706(2)(E) of title 5, United States Code. Any penalty assessed or other action taken in the decision shall be stayed during the pendency of the appeal.

(c) RECOVERY OF PENALTY.—Any penalty assessed in a written decision which has become final under this Act may be recovered in a civil action brought by the Attorney General in an appropriate United States district court. In any such action, no matter that was raised or that could have been raised before the Director or pursuant to judicial review under subsection (b) may be raised as a defense, and the determination of liability and the determination of amounts of penalties and assessments shall not be subject to review.

SEC. 12. RULES OF CONSTRUCTION.

(a) CONSTITUTIONAL RIGHTS.—Nothing in this Act shall be construed to prohibit or interfere with—

(1) the right to petition the government for the redress of grievances,

(2) the right to express a personal opinion, or

(3) the right of association,

protected by the First Amendment to the Constitution.

(b) PROHIBITION OF ACTIVITIES.—Nothing in this Act shall be construed to prohibit, or to authorize the Director or any court to prohibit lobbying activities or lobbying contacts by any person, regardless of whether such person is in compliance with the requirements of this Act.

(c) AUDIT AND INVESTIGATIONS.—Nothing in this Act shall be construed to grant general audit or investigative authority to the Director, or to authorize the Director to review the files of a registrant, except in accordance with the requirements of section 8.

SEC. 13. AMENDMENTS TO THE FOREIGN AGENTS REGISTRATION ACT.

The Foreign Agents Registration Act of 1938 (22 U.S.C. 611 et seq.), is amended—

(1) in section 1—

(A) by striking out subsection (j);

(B) in subsection (o), by striking out "the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends

to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence" and inserting in lieu thereof "any activity which the person engaging in believes will, or which he intends to, in any way influence";

(C) in subsection (p) by striking out the semicolon and inserting in lieu thereof a period; and

(D) by striking out subsection (q);

(2) in section 3(g) (22 U.S.C. 613(g)), by striking out "established agency proceedings, whether formal or informal." and inserting in lieu thereof "judicial proceedings, criminal or civil law enforcement inquiries, investigations or proceedings, or agency proceedings required by statute or regulation to be conducted on the record.";

(3) in section 3 (22 U.S.C. 613), by adding at the end the following:

"(h) Any agent of a person described in section 1(b)(2) or an entity described in section 1(b)(3) of this Act if the agent is required to register and does register under the Lobbying Disclosure Act of 1994 in connection with the agent's representation of such person or entity.".

(4) in section 4(a) (22 U.S.C. 614(a))—

(A) by striking out "political propaganda" and inserting in lieu thereof "informational materials"; and

(B) by striking out "and a statement, duly signed by or on behalf of such an agent, setting forth full information as to the places, times, and extent of such transmittal";

(5) in section 4(b) (22 U.S.C. 614(b))—

(A) in the matter preceding clause (i) by striking out "political propaganda" and inserting in lieu thereof "informational materials"; and

(B) by striking out "(i) in the form of prints, or" and all that follows through the end of the subsection and inserting in lieu thereof "without placing in such informational materials a conspicuous statement that the materials are distributed by the agent on behalf of the foreign principal, and that additional information is on file with the Department of Justice, Washington, District of Columbia. The Attorney General may by rule define what constitutes a conspicuous statement for the purposes of this subsection.";

(6) in section 4(c) (22 U.S.C. 614(c)), by striking out "political propaganda" and inserting in lieu thereof "informational materials";

(7) in section 6 (22 U.S.C. 616)—

(A) in subsection (a), by striking out "and all statements concerning the distribution of political propaganda";

(B) in subsection (b), by striking out ", and one copy of every item of political propaganda"; and

(C) in subsection (c), by striking out "copies of political propaganda,";

(8) in section 8 (22 U.S.C. 618)—

(A) in subsection (a)(2), by striking out "or in any statement under section 4(a) hereof concerning the distribution of political propaganda"; and

(B) by striking out subsection (d); and

(9) in section 11 (22 U.S.C. 621), by striking out ", including the nature, sources, and content of political propaganda disseminated or distributed".

SEC. 14. AMENDMENTS TO THE BYRD AMENDMENT.

(a) REVISED CERTIFICATION REQUIREMENTS.—Section 1352(b) of title 31, United States Code, is amended—

(1) in paragraph (2), by striking out subparagraphs (A), (B), and (C) and inserting in lieu thereof the following:

"(A) the name of any registrant under the Lobbying Disclosure Act of 1994 who has made lobbying contacts on behalf of the person with respect to that Federal contract, grant, loan, or cooperative agreement; and

"(B) a certification that the person making the declaration has not made, and will not make, any payment prohibited by subsection (a).";

(2) in paragraph (3), by striking out all that follows "loan shall contain" and inserting in lieu thereof "the name of any registrant under the Lobbying Disclosure Act of 1994 who has made lobbying contacts on behalf of the person in connection with that loan insurance or guarantee."; and

(3) by striking out paragraph (6) and redesignating paragraph (7) as paragraph (6).

(b) REMOVAL OF OBSOLETE REPORTING REQUIREMENT.—Section 1352 of title 31, United States Code, is further amended—

(1) by striking subsection (d); and

(2) by redesignating subsections (e), (f), (g), and (h) as subsections (d), (e), (f), and (g), respectively.

SEC. 15. REPEAL OF CERTAIN LOBBYING PROVISIONS.

(a) REPEAL OF THE FEDERAL REGULATION OF LOBBYING ACT.—The Federal Regulation of Lobbying Act (2 U.S.C. 261 et seq.) is repealed.

(b) REPEAL OF PROVISIONS RELATING TO HOUSING LOBBYIST ACTIVITIES.—

(1) Section 13 of the Department of Housing and Urban Development Act (42 U.S.C. 3537b) is repealed.

(2) Section 536(d) of the Housing Act of 1949 (42 U.S.C. 1490p(d)) is repealed.

SEC. 16. CONFORMING AMENDMENTS TO OTHER STATUTES.

(a) AMENDMENT TO COMPETITIVENESS POLICY COUNCIL ACT.—Section 5205(e) of the Competitiveness Policy Council Act (15 U.S.C. 4804(e)) is amended by inserting "or a lobbyist for a foreign entity (as the terms 'lobbyist' and 'foreign entity' are defined in section 3 of the Lobbying Disclosure Act of 1994)" after "an agent for a foreign principal".

(b) AMENDMENTS TO TITLE 18, UNITED STATES CODE.—Section 219(a) of title 18, United States Code, is amended (1) by inserting "or a lobbyist required to register under the Lobbying Disclosure Act of 1994 in connection with the representation of a foreign entity, as defined in section 3(7) of that Act" after "an agent of a foreign principal required to register under the Foreign Agents Registration Act of 1938", and (2) by striking out ", as amended,". Section 201(c)(1) of such title is amended by inserting "or rule or regulation issued pursuant to section 7353(b) by the supervising ethics office as defined in section 7353(d)(1)(A) through (E) of title 5" after "as provided by law".

(c) AMENDMENT TO FOREIGN SERVICE ACT OF 1980.—Section 602(c) of the Foreign Service Act of 1980 (22 U.S.C. 4002(c)) is amended by inserting "or a lobbyist for a foreign entity (as defined in section 3(7) of the Lobbying Disclosure Act of 1994)" after "an agent of a foreign principal (as defined by section 1(b) of the Foreign Agents Registration Act of 1938)".

SEC. 17. IDENTIFICATION OF FOREIGN CLIENT.

(a) ORAL LOBBYING CONTACT.—Any person who makes an oral lobbying contact with a covered legislative branch official or a covered executive branch official on behalf of a foreign client shall, on the request of the official, identify the client on whose behalf the lobbying contact was made, state that such client is considered a foreign client under this section, and state whether such person is registered on behalf of that client under section 4. Such person shall, within one week of such lobbying contact, send to the covered legislative branch official or the covered executive branch official written confirmation of the information provided.

(b) WRITTEN LOBBYING CONTACT.—Any person who makes a written lobbying contact (including an electronic communication) with a covered legislative branch official or a covered executive branch official on behalf of a foreign client shall identify the client on whose behalf the lobbying contact was made, state that such client is considered a foreign client under this section, and state whether such person is registered on behalf of that client under section 4.

(c) DEFINITION.—For purposes of subsections (a) and (b), the term "foreign client" means a foreign entity as defined in section 3(7) or any organization or combination of persons under United States or foreign law if more than 50 percent of its members are foreign entities, if more than 50 percent of the equitable ownership of the organization or combination is held by foreign entities, or if more than 50 percent of its financial support is provided by foreign entities.

SEC. 18. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out this Act.

SEC. 19. SEVERABILITY.

If any provision of this Act, or the application thereof, is held invalid, the validity of the remainder of this Act and the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 20. EFFECTIVE DATES AND INTERIM RULE.

(a) IN GENERAL.—Except as otherwise provided in this section, the provisions of this Act shall take effect 1 year after the date of the enactment of this Act.

(b) ESTABLISHMENT OF OFFICE.—The provisions of sections 7 and 18 and the amendments made by section 16 shall take effect on the date of the enactment of this Act.

(c) REPEALS AND AMENDMENTS.—The repeals and amendments made under sections 13, 14, and 15 shall take effect as provided under subsection (a), except that such repeals and amendments—

(1) shall not affect any proceeding or suit commenced before the effective date under subsection (a), and in all such proceedings or suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this Act had not been enacted; and

(2) shall not affect the requirements of Federal agencies to compile, publish, and retain information filed or received before the effective date of such repeals and amendments.

(d) REGULATIONS.—Proposed regulations required to implement this Act shall be published for public comment no later than 270 days after the date of the enactment of this Act. No later than 1 year after the date of the enactment of this Act, final regulations required to implement this Act shall be published.

(e) PHASE-IN-PERIOD.—No penalty shall be assessed by the Director under section 9(e) for a violation of this Act, other than for a violation of section 6, which occurs during the first semiannual reporting period under section 5 after the effective date prescribed by subsection (a).

(f) INTERIM REPORTING RULE.—

(1) RULE.—For 3 years after the date of the enactment of this Act, any registrant engaged in lobbying activities on its own be-

half that is denied a deduction for expenditures associated with such lobbying activities under section 162(e) of the Internal Revenue Code of 1986, may make a good faith estimate (by category of dollar value) of the amount of the deduction denied for the applicable semiannual period to meet the requirements of section 5(b)(4) of this Act. Each time a registrant elects to estimate lobbying expenditures pursuant to this paragraph, the registrant shall inform the Director that it is making such an estimate.

(2) STUDY.—Within 120 days of the filing of reports by registrants under section 5 in the second semiannual reporting period, the Comptroller General of the United States shall review reporting by registrants under paragraph (1) in such periods and report to the Congress—

(A) the differences between the definition of lobbying activities in section 3 and the definition of lobbying expenditures in such section 162(e) as each are implemented by regulations;

(B) the impact any such differences may have on the amounts reported by the registrants who elect to estimate lobbying expenditures pursuant to paragraph (1); and

(C) any changes to this Act or to such section 162(e) which the Comptroller General may recommend to harmonize the two definitions.

(g) TRANSITIONAL FILING REQUIREMENT.—

(1) SIMULTANEOUS FILING.—Subject to the provisions of paragraph (2), each registrant shall transmit simultaneously to the Secretary of the Senate and the Clerk of the House of Representatives an identical copy of each registration and report required to be filed under this Act.

(2) SUNSET PROVISION.—The simultaneous filing requirement under paragraph (1) shall be effective until such time as the Director, in consultation with the Secretary of the Senate and the Clerk of the House of Representatives, determines that the Office of Lobbying Registration and Public Disclosure is able to provide computer telecommunication or other transmittal of registrations and reports as required under section 7(b)(11).

(3) IMPLEMENTATION.—The Director, the Secretary of the Senate, and the Clerk of the House of Representatives shall take such actions as necessary to ensure that the Office of Lobbying Registration and Public Disclosure is able to provide computer telecommunication or other transmittal of registrations and reports as required under section 7(b)(11) on the effective date of this Act, or as soon thereafter as reasonably practicable.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas [Mr. BRYANT] will be recognized for 20 minutes, and the gentleman from Pennsylvania [Mr. GEKAS] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas [Mr. BRYANT].

Mr. BRYANT. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker and Members of the House, we have before us today a bill that is the product of hours and hours of work on the part of many Members of the House, originally on both sides. Whether or not that continues to be the case remains to be seen today.

But it arises out of the fact that today in the United States we have a set of lobbying statutes that do not work, do not require the disclosure of necessary information so that the public can know what is going on, does not tell those who do lobby what they have to do and what they do not have to do, and are for all practical purposes useless.

Instead we have brought to the House today historic legislation that would require that lobbyists register, that they disclose what they spend in the pursuit of their lobbying objectives, that they make clear exactly what they are doing, and the upshot of it is that the American people will now know what is going on and who is spending what and who is doing what in pursuit of the objectives of the many organizations, most of them good ones, that lobby this Congress in hopes of passing legislation or changing legislation or defeating legislation.

In addition to that, we have added to this bill legislation that would change the rules with regard to what a lobbyist is able to spend money on a Member of the House of Representatives.

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It simply says that a lobbyist no longer will be permitted to buy lunch or dinner for a Member of Congress, will no longer be able to pay for golf outings or entertainment for a Member of Congress, or theater tickets, says they will no longer be able to buy gifts for a Member of Congress. It is unfortunate that we even need to deal with this because for 99 percent of the Members of this House this legislation will have no impact because 99 percent of the Members of this House never come in contact with any of that anyway.

This place is full of great people. My greatest surprise in coming here 11½ years ago was to find how high the quality of people here on both sides of the aisle was and is, and I am sure it will continue to be. People come here to do a good job and to serve the public interest, and they try hard at it, but for whatever reason the perception in the public today is different, and this legislation is designed to deal with that perception.

We have faced criticisms from those who do not want to do anything and criticisms from those who want to do things that will actually impede our ability to do our jobs. I submit to my colleagues that no legislation can solve everybody's objections, but this legislation has come as close as it possibly could.

What am I talking about? I am talking about the letter many of my colleagues have received from Common Cause saying that as of yesterday they decided to oppose the legislation. One year ago Common Cause came before our subcommittee and said to us, "We want you to disclose all of the expenditures that lobbyists make on Members of Congress," and what did we say?

We said, "OK. We're going to disclose all of those except the ones that we prohibit."

And so we have prohibited residual expenditures and we required a disclosure of the rest.

Now, 1 year later, for some reason they decided that they are going to move the goal and decide that they want—I guess they want disclosure instead of prohibitions, or they want prohibitions where we have disclosure. It is not possible to keep up with them.

The fact of the matter is we have prohibited the expenditures about which most people complain. We have stopped the entertainment, we have stopped the gifts that can be given today, and we have come forth with a very, very strong bill.

We have heard from the nonprofits. Most of these nonprofits represent interests that I agree with, the Sierra Club, many of the nonprofit hospitals. But the fact of the matter is they should be treated the way everybody else is treated. It is not fair for us to require that General Motors disclose its contacts with the executive branch or the Environmental Protection Agency when at the same time the Sierra Club, lobbying on the other side of the issue, does not have to disclose its contacts with the executive branch. I would probably support the Sierra Club's position, but I believe they ought to be governed by the same rules that their adversaries are governed by, and that is what the nonprofits have written our colleagues about: They do not want to be covered.

I ask my colleagues this question:

"Nonprofit hospitals; do you think that they should not have to disclose their lobbying contacts with the Department of Health and Human Services while others, who are in the private business of providing health care should have to disclose theirs?"

I do not think that is fair, and this bill does not permit that, but that is what the nonprofits that wrote us letters want us to do.

We have a strong bill. I urge the Members to support it.

Mr. MFUME. Madam Speaker, will the gentleman yield?

Mr. BRYANT. I yield to the gentleman from Maryland.

Mr. MFUME. Madam Speaker, I thank the gentleman from Texas [Mr. BRYANT], the sponsor of the legislation, for yielding to me.

Could the gentleman answer a question for me or at least attempt to? It is my understanding that the nonprofits now, through the files that they have to disclose with IRS, are engaged in much more disclosure than the for-profit organizations, and I think what nonprofits are asking for, everything from the Heritage Foundation to the NAACP, is the ability to use the definitions and the formula that they already use to disclose their activities in IRS to comply with the intent of this bill.

Mr. BRYANT. Madam Speaker, I say to the gentleman, Mr. MFUME, let me

answer you in the quickest way possible. The answer to that question is simply this:

They do not want to have to reveal their lobbying contacts with the executive branch, and they have cloaked that desire in rhetoric relating to the IRS regulations. We have been extremely generous with them in dealing with the way in which they have to keep up with their expenses, but this is a question of whether or not they can get by with contacting the executive branch and not having to disclose it, and we're not going to let them do that. It has nothing to do with the IRS.

Mr. MFUME. I ask the gentleman, "Aren't those already disclosed in the IRS forms?"

Mr. BRYANT. The answer is "no."

Mr. GEKAS. Madam Speaker, I yield myself such time as I may consume.

Members of the House, many moons ago, it seems like a decade ago, the gentleman from Texas [Mr. BRYANT] and I joined in a bipartisan effort to bring together the varying registration laws that were on the books, both for foreign commercial enterprises and governmental enterprises and for the same side of the domestic issue in registration, and then we joined, we on a bipartisan basis in a bicameral, bipartisan grouping, to try to bring some sense into the lobbying registration issue in our country, and I must say, when we proceeded on this pathway we felt proud of ourselves in crafting a pretty good product to present to the Congress of the United States and to the people. Even though we even left some cracks open, we believe, even in foreign registration and in domestic registration, nevertheless it was a good product.

For instance, one hybrid situation arises even today. Suppose a trade association has as part of its clientele two foreign governments that are involved in a multi, multifaceted trade association. Should they not register under our proposition in the FARA, in the Foreign Agents Registration Act, or under the domestic commercial registration? I believe that registration under the domestic would be enough, but the presence of two foreign governments in a hundred trade association kind of grouping might require FARA. We have got to clear all of that up.

But the point is it is a long way forward in doing what the American people have always wanted us to do, is get a handle on lobbying registration. Alas, somewhere down the line, probably because of action in the other Chamber, a mix was added to this issue when they wandered into the ethics side of reform measures, and that is what brings us to a confusing point where we find ourselves now. We are mixing the registration of lobbyists with gift ban for Members of Congress. It may be germane; we never really got a ruling on that, but apparently we are beyond that now.

But I find myself very reluctant now to have the enthusiastic support I originally had for our lobbying registration efforts. I still have that, and it still will compel me to vote for the bill at the end, but I have to be candid with both the gentleman from Texas [Mr. BRYANT] and others, that it really is, I believe, a blow to our lobbying registration efforts to have mixed into it the ethics question of the ban.

□ 1350

Madam Speaker, I will support the bill because I want to honor my commitment, and I think we are doing justice to the Congress in pursuing lobbying registration, collection, and reform. So I am in a very uncomfortable position, but that is not new. I will honor the commitment I made to pursue the passage of this legislation.

Mr. BRYANT. Madam Speaker, will the gentleman yield?

Mr. GEKAS. I yield to the gentleman from Texas.

Mr. BRYANT. Madam Speaker, I thank the gentleman for his cooperation in this process, and I assure him that as we deal with this matter in conference, if we get to conference today, we will take into consideration all the concerns the gentleman has.

Mr. WASHINGTON. Madam Speaker, will the gentleman yield?

Mr. GEKAS. Yes, I yield to the gentleman from Texas very quickly.

Mr. WASHINGTON. Madam Speaker, my concern is not with the lobbying registration portion of the bill but the prohibition of gifts to Members.

Would it not be better to have a requirement that a gift of any kind of character be reported both by the donor and the donee?

Mr. GEKAS. Madam Speaker, if I may take back my time, I favored that from the beginning. I felt that if we were going to mix apples with oranges here, at least the oranges should be in the nature of full disclosure, not a ban. That was my personal preference.

Mr. WASHINGTON. Madam Speaker, will the gentleman yield just briefly?

Mr. GEKAS. I yield briefly.

Mr. WASHINGTON. If that were done, then the public would be able to compare what gifts we have received and the votes we have made to see if there is any correlation rather than the inference that we leave by passing this bill that there is some connection between the two.

Mr. GEKAS. That is right.

Mr. WASHINGTON. Madam Speaker, I thank the gentleman.

Mr. GEKAS. Madam Speaker, a number of questions have come to my attention regarding the application of this legislation to specific organizations which engage in lobbying activities. For example, this bill will generally require a lobbyist for a foreign commercial entity to register with the new Office of Lobbying Registration and Public Disclosure. The same requirement applies to a lobbyist for a trade association whose membership includes one or more foreign corporations. It is my view that such a trade association, which is registered to lobby with the Office of Lobbying Registration, would not also register under FARA simply because a minority of its members were owned or controlled by the government of the country in which they are based.

Mr. GEKAS. Madam Speaker, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. CLINGER].

Mr. CLINGER. Madam Speaker, I rise in reluctant support of the legislation.

I support the provision putting in section 201 of title 18 the supervising ethics office rules as specifying what officials can, and cannot, receive. Especially since the 1970's, as the rules in each branch of Government have changed, officials have had to take the rules of their branch with the utmost seriousness.

The history and procedures for this provision warrant some discussion. While each branch's internal ethics offices have roots going back to the Constitution, it was not until the post-Watergate era that we saw the creation in the late 1970's of the Office of Government Ethics, the congressional ethics committees, and the Judicial Conference's Judicial Ethics Committee.

From the post-Watergate creation of these offices, it was always intended that such offices give interpretations that would establish the law to be followed regarding what can be received. Section 201(c) of title 18, by excepting what is received that is provided by law, had always made room for such a mechanism of authoritative guidance. No one familiar with the laws creating these offices imagined that an officer in any branch, who understood from the interpretations of his ethics office that he was allowed to receive something, would then discover a second, different view was held by the authorities who press charges under section 201(c).

In the face of some dispute of this principle—to the peril of officials in all three branches—Congress in 1989, by enacting section 7353 of title 5, sought to codify that principle of the rules and interpretations of each branch providing authoritative guidance. A floor discussion between two principal authors of the 1989 Ethics Act, Representative FAZIO and Representative MCCOLLUM, had expressed again this principle. This current provision represents the ultimate codification step for this long-standing principle.

The complexity and changes of ethnic rules and interpretations, and the resulting need for an appropriate procedure under section 201(c), can be shown by an example. Take the case of an official in any of the three branches with a law degree who in 1988 accepted private reimbursement for a trip for himself and his spouse to a domestic or foreign bar conference, arranged by a local bar group as a recognition of his work.

Was he right in how he resolved the question of whether he could accept the trip, one of those many questions that arise all the time in this context? The whole idea of having an ethics office in each branch is so that, in such situations, where there is a need for guidance, the official can depend on what his ethics office's interpretations said in 1988 could, or

could not, be accepted under the contemporary rules. It should not depend on some second, alternative, external judgment under section 201(c) by those not involved in that branch's ethics interpretations. Yet a perfectly ethical legislator, agency lawyer, or even judge could find himself the target of charges as a result of following his own branch's rules, and without procedures to protect him, could even find himself before a jury for resolving what is, after all, a question of legal interpretation of rules of a kind that Federal officials have to make every day.

This amendment of section 201(c), in light of that history and purpose, intends for the protection of the ethical Federal official to impose certain requirements. By directly amending the description of the elements of an offense under this statute, it requires that any charge must explicitly allege, as such an element of the offense, that each item of challenged reimbursement or receipt was not authorized by the Federal ethics rules of that branch effective at the time the item was received. If the official disputes this, a court, on a motion to dismiss, would review such allegations as a matter of law item by item, requiring a listing of the items at issue, possibly with current input from the ethics office of that branch for guidance.

This in an example stated, the charges against the agency lawyer, legislator, or judge going to the bar conference would be dismissed unless they explicitly alleged that the ethics rules in that branch in 1988 forbid a reimbursed visit to such a bar conference, and unless the allegation that the rules so forbid was shown to be true as a matter of law upon the requisite itemization and testing by motion.

Only in this way can officials who acted consistent with the interpretations of their supervising ethics offices, including the congressional ethics committees, at the applicable time have that recognized in all pending and future cases, whether the issue arose under the rules 10 years ago, now, or 10 years hence. This will bring to fruition elaborate 20-years evolution of the elaborate ethics apparatus—the Office of Government Ethics, the congressional ethics committees, and the Judicial Conference's ethics and conduct committees—in each branch of our Government.

Mr. GEKAS. Madam Speaker, I yield 2 minutes to the gentleman from Louisiana [Mr. LIVINGSTON].

Mr. LIVINGSTON. Madam Speaker, I rise in opposition to what I believe to be a half-hearted and not altogether honest attempt at lobbying reform. It is only half a loaf. Even if it were a completely good lobbying bill, it does not go far enough, and it never will.

Yes, it bans meals, dinners, and gifts from lobbyists, but it does not ban meals, gifts, and dinners from corporate representatives back home. Common Cause and The New York Times have editorialized against it. They do not think it goes far enough.

So even if we support this bill and it passes, we are still going to catch hell from the newspapers and from the tabloids that want to raise heck with us. If we want to go out and have a dinner or a golf game with a hometown corporate leader, the press is still going to condemn us even if this passes.

This bill does not cover the LSO's, the legislative service organizations. We have read lots and lots about abuses by those organizations and the improper contacts they have had with various representatives around the world. There are big abuses. This bill does not do anything about that. The bill does not affect the nonprofit entities and compel folks like Ralph Nader's Public Citizen to disclose their contributors. Just about 2 weeks ago a man from Public Citizen testified that they do not disclose their contributors, even though more than one person bragged that he's raised $100,000 for them in a day. The bill does not touch executive branch lobbyists or White House consultants.

For real reform, what I believe we need to do is go back to the original prompter of this legislation. Senator PAUL WELLSTONE did not have as bad an idea—full disclosure of all gifts, all dinners, and all games by anyone, not relative, over $20 in value, and he put the burden on the lobbyist to make the disclosure.

Mr. FAZIO. Madam Speaker, will the gentleman yield?

Mr. LIVINGSTON. No, I will not yield because I do not have enough time.

Mr. FAZIO. I will get the gentleman some time.

Mr. LIVINGSTON. Madam Speaker, if we are worried about disclosure, we should not accept the gift, we should not go to the dinner, we should not go to the golf game. Disclosure is the best reform, and this is a half-hearted attempt at reform.

The SPEAKER pro tempore (Mrs. KENNELLY). The time of the gentleman from Louisiana [Mr. LIVINGSTON] has expired.

Mr. BRYANT. Madam Speaker, I yield 1 minute to the gentleman from California [Mr. FAZIO].

Mr. FAZIO. Madam Speaker, I would ask the gentleman from Louisiana [Mr. LIVINGSTON] to engage in a dialog with me. The gentleman is a friend of mine, and we have had many, many meetings and conversations about this bill, and I want to try to clarify something.

Anybody who lobbies for anybody, spending 10 percent or more of their time, is covered by this bill, so if people are lobbying the executive branch, for example, they would be covered by this bill if it is more than 10 percent of their time. But I want to ask the gentleman, does he support the position of those who oppose this bill? I ask that because in all our conversations I do not remember the gentleman bringing me the arguments of The New York Times or the Common Cause organization. I ask the gentleman, where does the gentleman stand on this provision from their standpoint?

Mr. LIVINGSTON. Madam Speaker, if the gentleman will yield so I can reply, first of all, the 10 percent does not mean anything. Who is a lobbyist? What is a lobbyist?

Is the gentleman telling me that a corporate executive who devotes all of his time to the affairs of the company and takes you out to a golf game or a dinner, but does not spend 10 percent of his time is not a lobbyist? I suggest that he is.

Mr. FAZIO. Madam Speaker, anyone who spends 10 percent of their time lobbying the executive or legislative branch, regardless of what they do with the rest of their time, is covered as a lobbyist.

Mr. LIVINGSTON. Madam Speaker, I would suggest that that phrase is riddled with loopholes. I wish I had known that Common Cause was going to come out against this bill. I agree with them.

Mr. GEKAS. Madam Speaker, I reserve the balance of my time.

Mr. BRYANT. Madam Speaker, I yield such time as she may consume to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Madam Speaker, I rise in support of this legislation, although I recognize, as the chairman of the subcommittee has already said, that there are improvements to be made along the way in conference.

Madam Speaker, I rise in qualified support of this lobbying reform bill. I say qualified, for it is clear that this bill does not do enough to close the loopholes of our ethics laws.

These loopholes are exactly what is feeding the public perception of a Congress for sale. With all we have heard and seen of public outrage on this issue, I expected we would do better on this bill.

Nevertheless, under H.R. 823 we are taking first steps to improve the situation: We are improving the registration of lobbyists, and increasing reporting requirements for some meals and gifts. That's admirable.

On the big issues, however, I am afraid we have missed the boat. There are loopholes in this legislation. We must address them in conference with the other body, or this bill will have been a wasted exercise. Worse, it will fuel the public anger, and perception that Government access and power are for sale in the Nation's Capital. In a world where working middle-class families see every day that there is no free lunch, we're changing the rules, and saying "there's no free lunch—except for Congressmen."

Most glaringly, H.R. 823 prohibits lobbyists from paying for travel, meals, and entertainment for Members of Congress—but turns around and allows the employers of lobbyists to pick up the tab. With the lobbyist in the room. That is, in the words of a wise old man, a "difference that makes no difference."

On this issue the other body has adopted a much stronger piece of legislation, definitively closing loopholes and legal gimmicks, and dispelling the notion that any Member of Congress is for sale.

We should follow the lead of the other body, and adopt these real reform provisions in conference. I support H.R. 823 today because it's this bill or no bill, and I think we would do a disservice to stop the process.

But if any ethics reform is to earn my final support, it must contain comprehensive lobbying and disclosure provisions, and move to restore credibility to this institution. We can, and we must, do better. But on this vote we should not let the perfect be the enemy of the good.

Mr. BRYANT. Madam Speaker, I yield 3 minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Madam Speaker, I thank the chairman of the subcommittee for yielding me the time and I congratulate the gentleman from Texas [Mr. BRYANT] and the gentleman from Pennsylvania [Mr. GEKAS] for an extraordinary difficult job to be performed in this bill.

Why do I say that? Because we are dealing with perception in this bill, in my opinion, more than reality.

Members of this Congress and members of the legislative body that I served with in the past, the Senate of Maryland, are not subject to being influenced in their votes by the buying of meals or the playing of a golf game. The fact of the matter is, however, that we have had gridlock and we have not moved forward.

My opinion is that it is largely a matter of philosophy. There are significant differences between the executive and the legislative branches. But our public has said the reason for it is that we have the special interests.

The reason is that we have lobbyists. The reason is that we have some relationship with them that they do not feel is good.

Now, there are some who want the perfect who will say, "Let's not take the good." There are some who editorialize and write in that way. The common cause is moving forward, not having the perfect be the enemy of the good.

I have had some involvement with this legislation. I believe it is a step forward. It is a step to try to say to the American public, "We want you to know what is happening, No. 1, and No. 2, we are going to stop letting some of the things happen that you feel are undermining the doing of your business."

Why? Because in democracy we must have the confidence of our people. Whatever the reality may be, if we have lost the confidence of our people, we will not be successful as a democracy.

So I urge my colleagues to vote for this legislation and move it forward. It is, difficult piece of legislation, because all of us feel, first of all, that we are somehow personally being perceived as not operating honestly. I think we are.

Are there some who fall short of that? There are. There are human beings in this body. There are some who fall short in our society. But the overall majority are doing the business as we see fit.

But let us try in this small way to correct the perception, to make sure we have full lobbying disclosure and make sure the public knows we are not taking the gifts that they believe are affecting our actions.

I congratulate again the gentleman from Texas [Mr. BRYANT] and the gentleman from Pennsylvania [Mr. GEKAS] for the effort they have made to move this legislation forward. It is important that we pass it.

It is on suspension, so it will be difficult. We will have to join together and vote in significant numbers to do that. I suggest to those who fear this legislation that if this legislation does not move forward, it will not be what I believe to be a reasonable effort and a reasonable compromise that passes, it will ultimately be a more Draconian, less fair proposition that will ultimately pass.

Madam Speaker, I rise in support of S. 349, the Lobbying Disclosure Act and urge my colleagues to join me in moving ahead with this important reform measure.

The bill before us today continues congressional reform and makes significant changes in current lobbying registration law. The Bryant bill demands greater accountability than ever before of those who lobby the executive branch and the Congress.

S. 349 requires far greater registration by lobbyists and disclosure of their activities. Unlike current law, S. 349 requires all professional lobbyists to register if they lobby executive branch officials, legislative branch officials, and congressional employees regarding any changes in Federal policy, not just legislation. The new requirements would also require those who do direct and grass roots lobbying to register.

Lobbyists are also required to file more detailed reports of their activities, including estimates of lobbying expenses, identification of their clients, and issues on which they lobby.

There are provisions of this bill that I do not like. However, Chairman BRYANT has crafted a reasonable and responsible response to sometimes unreasonable and unrealistic demands. The balanced legislation that he has structured will continue to allow Members to represent and communicate with their constituents and their representatives while ensuring that ethical standards are upheld and are easily understood by all involved.

There are those in this House who would like to delay and not move this legislation forward today. In my opinion, that would be a mistake. To think that we are able to do less than the Bryant bill is to ignore the realities. To go beyond the reasonable and effective structure of the Bryant bill is to overreact, and indeed to insult the basic decency and honesty of public officials and their employees.

Clearly, however, it is time to move on. Each day that we delay this legislation and allow ourselves to be distracted by these discussions, we put off the real work of this Congress. It is time to move ahead past this issue and focus our energy, our intelligence, and our commitment on the issues of the day which will greatly affect the everyday lives of our constituents—health care reform, meaningful and effective crime legislation, and welfare reform.

In the last election we heard a clear message from the American public to change the way we do business. Those who heard that call as merely a call to publicly and regularly lash ourselves are as mistaken as those who think we should do nothing. This legislation is a step forward. As we address this issue, let us also remember that it is time to move forward on the agenda of this Congress and the American people. I for one am happy to have this bill off the to do list and urge my colleagues to join me in support.

□ 1400

Mr. GEKAS. Madam Speaker, I yield 3 minutes to the gentleman from Texas [Mr. DELAY].

Mr. DELAY. Madam Speaker, it never ceases to amaze me why we pass legislation around here. The distinguished chairman of the Democratic Caucus says we have got to pass this legislation, let me see now, because of perception in the country. Rather than standing up and defending the institution, we have got to pass a piece of legislation because of the perception of the country.

The other reason is to pass this legislation because it could get worse, Members. So set yourselves up in this little way, because you could be set up even worse if we get our hands on this once again.

Look, I think we have enough restrictions and regulations and rules right now that regulate the way that we go. But if we have got to do something that I support, full disclosure, who are you tell me I am dishonest because I go out with a lobbyist? And many of you have said it. How dare you say that I am bought and paid for because I have dinner with a lobbyist?

It is my constituents who have the right to decide that, not you.

Mr. LEWIS of California. Mr. Speaker, will the gentleman yield?

Mr. DELAY. I yield to the gentleman from California.

Mr. LEWIS of California. On that point, some years ago on a white steed, Jerry Brown was going to improve government in California, former Governor Jerry Brown. He passed a bill that would limit to like $15 a month money that could be spent by lobbyists.

Fifteen years ago. Everybody knows how much the legislative process improved since then. My friend the gentleman from California [Mr. FAZIO] would attest how great it is in California right now.

For Lord's sake, this is paying lip service to improving government in the name of doing something, and you are doing nothing at all.

Mr. DELAY. I hear the gentleman's words. The gentleman is so right.

If you do not want to do these things, do not do them. But at least be honest about it and say we will have full disclosure. You will decide how to operate yourself, how you will conduct yourself in working your job, and then disclose everything to the members of your constituency back home and let them

decide whether they can link it up or not.

This is ridiculous. This is outrageous. This is no fix. What you have done, as I said earlier on the rule, is set up the Kay Bailey Hutchison syndrome. You have set up new criteria by which you can be charged, whether you are innocent or not, and they will bring you and drag you through all the processes that they can drag you through, and you have got to prove you are innocent.

You know, any time we are charged, we are guilty until we can prove our innocence. And what you are doing with this bill is setting up new criteria, new restrictions, new rules, by which we can be caught in a very innocent moment and be charged and drug through the mud.

The only way to fix this is through full disclosure. I urge a no vote on the bill.

Mr. BRYANT. Madam Speaker, I yield 3 minutes to the gentleman from Texas [Mr. BROOKS] the chairman of the Committee on the Judiciary.

Mr. BROOKS. Madam Speaker, it is with some regret that I rise to oppose the legislation now being considered by the House. I realize the good intentions and the motivations that lie beyond trying to craft a legislative solution to the perceived problem surrounding certain lobbying activities and gifts to Members of Congress.

I know JOHN BRYANT, chairman of the great Subcommittee on Administrative Law and Governmental Relations is one, in my judgment, of the brightest and most dedicated Members we have in this body. He is from Texas, and I am very proud of him. He is an outstanding and able Member.

But I think in this instance, in a vast majority of the situations, the problem is a perceived problem and not an actual problem. And the legislation does raise some disturbing questions about the rights of every American to redress their grievances before the Government and to inform and educate decision makers who, after all, are just their elected representatives. Who else are they going to talk to?

Teachers, doctors, restaurant owners, pipefitters, oil workers, refineries, chemical plants, every segment of our society, every segment of our economy, all of those great groups are entitled to pursue their rights and make their views known to their representatives.

We do not have to do what they say, but they are entitled to be able to come and make a pitch. And I think there is no way that any set of lawmakers, decision makers, can operate with perfect knowledge in a vacuum without the benefit of information received from the multifaceted life that we live without the benefit of those who know best and who know firsthand.

I personally do not take warmly to the idea that seems to lie beneath the surface of this pending legislation, this general effort, that I would ever be influenced to lift a finger on behalf of somebody who bought me a $10.95 dinner. I would rather eat at home with my wonderful wife. She is a wonderful cook. It is much more pleasant to be home. And I do, 98 percent of the time. In the fog and panic surrounding the debate on this issue, common sense has been left at the door in favor of unfounded suspicions. It is time to bring common sense through the door and back into the Chamber here.

I want to make one final point. I had originally planned to process a bill through the full committee in regular order. However, given that this initiative is a top priority of the bipartisan leadership of the House, I agreed to having the bill come directly to the Floor for consideration before the Easter district work period. I do not, however, view today's approach as setting a precedent that will be applicable to Committee on the Judiciary considerations of future legislative proposals in this field, or in any other.

In plain language, I think the bill is not necessary.

Mr. GEKAS. Madam Speaker, I yield 2½ minutes to the gentleman from Ohio [Mr. HOKE].

Mr. HOKE. Madam Speaker, I thank the gentleman for yielding.

Madam Speaker, I agree there is a lot of fog and panic, and we need to bring some common sense to this debate. I would like to bring a different perspective, the perspective of the private sector, where I just came from not more than 15 months ago.

But I have to tell you that it does, before I share those perspectives, it does strike me as being a little bit disingenuous that we are arguing over a $10.95 meal, when in fact the average Member of Congress takes $250,000 every election cycle in PAC money. What is the difference when there is special interest money funding congressional campaigns year after year after year to the tune of right now an average of $250,000, that we are speaking about this as a different way to purchase influence or access.

In any event, let me tell you how we dealt with this in my own company, because I built a company from nothing, and we were in the retail business of selling car phones. Naturally we had a lot of suppliers.

We wanted to guard against the possibility that some employee might be overpaying for something because of influence purchased as the result of gifts or entertainment.

What we did was we went to a zero tolerance type of approach, where we said you may not accept any gifts, any meals, any entertainment, any golf, whatsoever. We just cut it off completely.

I frankly think that is what we ought to do. We should not have a convoluted system where we have certain exceptions for people that use less than 10 percent of their time. We should just make it very clear, very simple, very easy.

This is another ridiculous bill that has all kinds of exceptions. It is difficult to follow. I am going to vote for it, reluctantly. I think we ought to have zero tolerance.

I would like to make a couple other observations. The gentleman from Texas talks about the problem here is the perception, not the reality. Come on, guys, what is politics? If in politics perception is not reality, where is perception and reality? Heavenly days, that is what politics is all about. Of course perception is reality. That is what this is all about.

The other thing I would like to say is this does not prevent people from going out to dinner or playing golf. We just have to pay for it. Just like everybody else, we just have to pay for it. It is not a big deal.

Mr. BRYANT. Madam Speaker, I yield 2 minutes to the gentlewoman from California [Ms. SCHENK].

□ 1410

Ms. SCHENK. Madam Speaker, it is time for this House to finally take the first steps toward reforming the way that we do business in this body. This legislation, which is strongly supported by the freshman Democratic class in this House, represents a first step.

Yes, many of us would like to go further, perhaps even an outright ban on any gifts or perks. But this is where we stand today.

I would just like to say to my good friend, my colleague for whom I have enormous respect, the gentleman from Redlands, CA, that I served in Sacramento under what we call the two hamburgers and a coke rule. And it did work. It worked for the people of California.

What it did was it banned lobbyists from having big private dinners in smoky back rooms of restaurants where they had unfair access to legislators and executive branch officials. It leveled the playing field.

No, it did not eliminate the crooks. No, it did not eliminate those who want to do something under the table. No law will ever eliminate those kinds of people.

What it does, it levels the playing field. The American people have demanded this reform in the last election, in town meetings, every one of us who went through the campaign. I think that it just defies our God-given common sense to say it does not go far enough so let us not vote for it at all.

If we defeat this bill, we break faith with the American people. I ask my colleagues to support it.

Mr. GEKAS. Madam Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. OXLEY].

Mr. OXLEY. Madam Speaker, I rise in opposition to this misguided approach. If indeed, as the gentleman from Texas told us in his initial remarks, this is an issue that only affects 1 percent of the Members, we are going to basically put 99 percent of the Members by his own words under this micro-managed cockamamie plan that he has got to somehow make 435 of us defendants and having to hire lawyers to determine who and when we can go out to lunch with.

Nothing could be more ludicrous. This is like treatment Members of Congress like some kindergarten kids that we have got to somehow micro-manage and pass laws to correct. It is just absolutely ludicrous. I find it personally demeaning. I think every Member here should find it personally demeaning to think that we have to operate under some kind of rules like this and then somehow to have to look at that chart every time we determine whether we are going to go out of the house or not or leave the office.

I am really disappointed, frankly. I have a great deal of respect for my friend from Texas, who I serve with on the Committee on Energy and Commerce, but in this case, I think he has entirely missed the boat. If he wants to make some things that are reportable and allow the press to do what they do best, and that is to report all of these things and let the Member make his own explanations, that is fine. But do not try to tell me that I cannot do this or I cannot do that.

I am a duly-elected Member of this House of Representatives, by 570,000 people. I resent the fact that I have to follow these stupid rules to tell me how to live my life.

Mr. BRYANT. Madam Speaker, will the gentleman yield?

Mr. OXLEY. I yield to the gentleman from Texas.

Mr. BRYANT. Madam Speaker, I understand the sentiments behind the gentleman's words, but the point is that we are only relating this to people who are registered lobbyists, who in effect are the lawyers in the courtroom. They should not be able to take the judge to lunch. That is what this is about.

Mr. OXLEY. Madam Speaker, my only problem with the lobbyist part of it is these gift bans and the so-called bans that we are going to have, which are going to make everybody in this House hire a lawyer just to make sure that they do not get stuck like KAY BAILEY HUTCHISON got stuck.

Mr. BRYANT. Madam Speaker, I yield such time as he may consume to the gentleman from Alabama [Mr. BROWDER].

Mr. BROWDER. Madam Speaker, I rise in strong support of this reform and the work of the gentleman from Texas.

Mr. BRYANT. Madam Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. FINGERHUT].

Mr. FINGERHUT. Madam Speaker, I thank the gentleman for yielding time to me, and I thank the gentleman from Texas for his work.

Mr. PENNY. Madam Speaker, will the gentleman yield?

Mr. FINGERHUT. I yield to the gentleman from Minnesota.

Mr. PENNY. Madam Speaker, I rise in strong support of the legislation. I simply want to say that I am delighted that this is a tougher and tighter bill than many of us may have expected. It deserves our strong support. I compliment all of those who worked so hard to bring this measure to the floor, including the chairman and the gentleman in the well.

Mr. FINGERHUT. Madam Speaker, I thank the gentleman for his comments.

I simply want to take one moment to say that with all this debate we sometimes forget what this bill is about.

There are a couple simple questions before the House. First, should everyone who lobbies, who actually engages in the business of professional lobbying register and disclose to the American public all those moneys that they spend to influence the course of legislation? The answer is yes.

Second, should those people who register as lobbyists and are engaged in this business be prohibited from providing direct financial benefit to Members of Congress? The answer is also yes.

We have heard a lot of opposition, some of it very principled indeed. Members who simply disagree with this approach. Others have been using the argument that we do not go far enough, but Common Cause, the New York Times oppose this legislation so we should, too.

Let me say this: The role of the New York Times, the role of Common Cause is to push us. It is to criticize. It is to say what the outer limits of things are.

I started in politics as the chairman of Common Cause in the State of Ohio and am a proud member of Common Cause, but I understand what they are supposed to be doing. They are supposed to point out exceptions, some of the exceptions which we have agreed to at the request of the minority. Our job is to say this is time to move forward, that this is legislation that takes a significant step forward. Our job is to tell the American people that this is important, that we can make a difference in the way that this body runs, if we support it. We need to support it today.

We are bringing it up under Suspension of the Rules. Two-thirds of this body need to stand up and tell the American people it is important. I believe we will do that. I believe we should do that and send the message out to the American people that we have heard what they are concerned about. We are responding. We are going to make the decisions in this body in the best interests of the people, not because of the special interests.

Mr. GEKAS. Madam Speaker, I yield 1 minute to the gentleman from Illinois [Mr. HYDE].

(Mr. HYDE asked and was given permission to revise and extend his remarks.)

Mr. HYDE. Madam Speaker, I just would like to ask the gentleman from Texas a question so I understand about this bill.

As I look at it, it looks like a painting by Picasso. I mean, touched with genius but a little oddly shaped.

Is it true, let us say RJR Nabisco Holdings pays for my way over to Majorca to address a group of their executives over there and take 7 days in the trip and talk to people about the emotional disturbances involved in selecting French pastries or something and come back to this country. As along as they disclose it, that is perfectly all right. But their lobbyists cannot buy me lunch at Bull Feathers. Is that true?

Mr. BRYANT. Madam Speaker, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Texas.

Mr. BRYANT. Madam Speaker, the answer is, the gentleman must perform his speaking duties within 48 hours of arriving and leave within 48 hours of speaking, and they must disclose every 6 months all that they spent on the gentleman on that trip.

If the gentlemen can withstand that public scrutiny, he can take the trip. But if he cannot, he should not take the trip.

Presently, that is not the case.

Mr. HYDE. But they have to pay for that trip.

Mr. BRYANT. Madam Speaker, I reserve the balance of my time.

Mr. GEKAS. Madam Speaker, I yield 1½ minutes to the gentleman from Florida [Mr. MICA].

Mr. MICA. Madam Speaker, let me speak again to some of the loopholes of this bill. Probably the biggest flaw in this legislation is the definition of lobbyists and the 10 percent requirement under this bill we have heard bantered around today. That is the loophole that will allow the 20,000 attorneys in this town to still conduct business as usual.

Ten percent is a loophole that we are creating and an opportunity for people to become involved in this process without reporting.

Let me say that this bill, and I want to correct my statement earlier, this bill creates civil penalties instead of the current criminal penalties. The civil penalties are enforced by the Department of Justice. Which is stronger, criminal or civil penalties?

I did not say this would allow the continued trips to Florida and other glorious spots. Common Cause stated that. I am not an attorney. Common Cause and their legal people have read this bill and said that it does not prohibit such trips.

□ 1420

This bill has loopholes that the lobbiest does not even have under the current law, exemptions for the $2,500, the $5,000 organization exemptions, the 10-percent exemptions.

I would ask the gentleman, why not, if someone is paid money or receives money from clients to influence legislation or the executive branch, anyone, then it should be reported: If someone is a paid as a lobbyist, then simply report it.

Again, this bill has loopholes big enough to drive a lobbyist's limousine through. What is sad about this, too, is that it creates a farce on the American people. It does not address the problems of foreign lobby registration or the revolving door, the things that people are fed up with.

Mr. GEKAS. Madam Speaker, I yield 1 minute to the gentleman from Missouri [Mr. EMERSON].

Mr. EMERSON. Madam Speaker, with all deference to the sponsors of this bill, and as one who has been involved with serious reform efforts here in the Congress, I have to say that I think this legislation is an affront to this body. The gentleman from Texas [Mr. DELAY] is correct. If we are going to clean things up, realistically, let us have full public disclosure. Let us just disclose it all. That would help restore confidence in this institution.

I might say, full public disclosure is also the answer to campaign finance reform. However, this legislation is not enforceable. Someone once said that unenforceable laws bring derision on the system. I suggest that this proposal is not realistically enforceable, and will bring greater derision on the Congress than it currently suffers.

The other gentleman from Texas [Mr. BROOKS], in his appeal to common sense, stated the case very well. We may think we are addressing the problem here, but we are only addressing perceptions. If we would address reality, the perceptions would correct themselves.

The SPEAKER pro tempore (Mrs. KENNELLY). The time of the gentleman from Missouri [Mr. EMERSON] has expired.

Mr. GEKAS. Madam Speaker, I yield 1 minute to the gentleman from Hawaii [Mr. ABERCROMBIE].

Mr. ABERCROMBIE. I will start quickly. There are not five people on this floor or listening over C-Span that even know what this bill is about. The bill being passed out on the floor right here is not the bill the Members are voting on. Nobody can come to this floor and say they even know what they are voting on, and I will bet there are not five people that know that there is going to be an independent branch agency set up in the executive government that does not even exist now, called, or excuse me, the Department of Justice, that is being passed out on the floor, does not exist any longer. It is now the Office of Lobbying Registration and Public Disclosure, who is going to set up rules, regulations, cross-indexing, filing. This has not even had a hearing in this House.

If the Members want to vote for something because they are panicked about the public, what the hell are they going in front of their constituents for to tell them that they deserve to give you a vote? If you want to pass lobbying registration, then do it, but do not come down on the floor because you are scared of your own constituents. Vote on a bill that you have read before you cast a vote, if you really mean to be a Member of the House of Representatives.

Mr. BRYANT. Madam Speaker, I yield myself 30 seconds.

Madam Speaker, I regret having to respond so firmly to the gentleman from Hawaii [Mr. ABERCROMBIE], but if he is talking about people who have not read the bill, I suggest the gentleman speak for himself.

The provision to which he has referred has been in this bill since November. It has been well-read, well-stated, and there have been hearings upon it. I regret that he was not part of the process.

Madam Speaker, I yield 1 minute to the gentlewoman from Utah [Ms. SHEPHERD].

Ms. SHEPHERD. Madam Speaker, I first want to commend the gentleman from Texas [Mr. BRYANT] and the Democratic leadership for having the courage to come forward with this bill. Precisely what they were concerned would happen is happening, which is that people who do not want it to pass at all are trying to pick it apart and say it is not good enough.

Madam Speaker, let me say what the people want. It does not matter if we are talking about the Salt Lake Tribune, where 75 percent of the people think that it is a conflict of interest for members of any legislative body to have lobbyists spend money on them, or whether we are talking about any poll, hundreds of polls taken across this country by the people of this country. They think that spending money to talk to us is a conflict of interest.

Madam Speaker, it has been said here that this is half a loaf. That is wrong. It is not half a loaf. It is impossible to say that it is a full loaf, but I can tell the Members, it is every slice but the heel, and I invite each of the Members who think this bill is not strong enough to join with me in coming years and we will whittle away at it and we will make it stronger every year, because that is our responsibility to the people of this country.

Mr. GEKAS. Madam Speaker, I yield 1 minute to the gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Madam Speaker, I thank the gentleman for yielding time to me.

Madam Speaker, let me say that I am for full reporting. I believe there should be instilled in the public, confidence in this body. If we have lunch with somebody and we want to report it, I think that is fine. I think if somebody plays golf with someone, that should be reported. That is fine.

However, here we are, and we are going to impose penalties on people that have lunch with somebody or play golf with somebody, and a much greater issue, as far as influence is concerned, are the contributions that we get for our campaigns.

Many people will vote for this legislation today and talk with self-righteous indignation if we vote against it, and they will go out and take a $5,000 contribution from a PAC and say that does not have as much influence as if they have lunch with somebody. That makes no sense. There is no logic to it.

Madam Speaker, I think that the best way to address this problem, if we want to instill public confidence, is to have the full reportability. That is fine. For us to say somebody who takes $25 for a lunch with somebody or plays golf with somebody, you have committed a crime, while at the same time you are taking $5,000 from their PAC, that does not make sense.

Mr. GEKAS. Madam Speaker, I yield back the balance of my time.

Mr. BRYANT. Madam Speaker, I yield myself my remaining time to close debate.

The SPEAKER pro tempore. The gentleman from Texas [Mr. BRYANT] is recognized for 3 minutes.

Mr. BRYANT. Madam Speaker, I hope I can complete this without using the full 3 minutes, because I think much of what needs to be said has been said.

Madam Speaker, I would simply say this to the comments by the gentleman from Indiana [Mr. BURTON] just a moment ago, and the others preceding him, that the fact of the matter is that campaign money goes into a campaign, and the money we are talking about here in one way or another ends up in our pockets, or relieves us of an expenditure. I think that is the difference.

I would say one additional thing, we are also well underway here with a dramatic revision of the campaign laws, so it is not as though we are not paying attention to that.

Mr. BURTON of Indiana. Madam Speaker, Will the gentleman yield?

Mr. BRYANT. I yield briefly to the gentleman from Indiana.

Mr. BURTON of Indiana. Madam Speaker, briefly I would say that anybody in this body who believes that a lunch would have more influence than a $5,000 contribution from a PAC I do not think is living in the real world.

Mr. BRYANT. Let me ask the gentleman a question. Maybe a rhetorical question will do some good.

Does the gentleman think the rules ought to permit him to go and play golf and have a lobbyist, whose job it is to convince him to vote for his client and maybe against the people that are sitting here with us today, that the lobbyist ought to be able to pay for the gentleman's greens fees?

Mr. BURTON of Indiana. If the gentleman will continue to yield, if he gives me a $1,000 or $5,000 contribution, or gives that to you, if I were going to be corrupt, which I am not, but if I were going to be corrupt, that would have a much greater influence on me than a round of golf.

Mr. BRYANT. Madam Speaker, we are going to deal with contributions later, but we are dealing with the free golf games today.

My question is this, does the gentleman think that the rules of this place ought to permit him to have a lobbyist, whose job it is to influence him, pay for his greens fees?

Mr. BURTON of Indiana. He is not influencing me if I play a round of golf with him, for crying out loud.

Mr. BRYANT. Very well.

Mr. BURTON of Indiana. Let my constituents judge by having me report all that. I am for complete reportability, but my constituents can judge better than that.

Mr. BRYANT. I thank the gentleman. In responding to my remarks, he has placed this issue in clear relief. The plain fact is this. We have a bill on the floor today which is going to say that henceforth, a lobbyist whose only job is to come and influence us cannot pay for our greens fees. We ought to pay for them ourselves. He cannot buy us meals. We ought to pay for them ourselves. He cannot provide entertainment. If we want entertainment, we should pay for it ourselves.

That is what is at issue here today. I regret having to deal with this. I will stick by my guns from a moment ago. I think it is a fact that 99 percent of the Members of this House are not influenced by those expenditures, but the perception that we are, to a large extent, has been fostered by the comments like those we have heard today from the other side of the aisle, as well as a few on our side of the aisle. Unfortunately, we have to deal with it.

□ 1430

The fact of the matter is that we have got a bill on the floor today that deals with it in a way that makes sense. I do not know about these loopholes. I heard the gentleman from Florida [Mr. MICA] talking a while ago about loopholes, and he keeps talking about loopholes. I do not see any loopholes. There are no loopholes in this bill. That is the fact. Members cannot make those expenditures anymore.

Mr. ROSE. Madam Speaker, will the gentleman yield?

Mr. BRYANT. I yield to the gentleman from North Carolina.

Mr. ROSE. Madam Speaker, just one question. May I see a copy of the bill?

Mr. BRYANT. It is right next to the gentleman.

Mr. ROSE. I have a Xerox copy. Has the bill been printed?

Mr. BRYANT. I have to refer to the staff.

Mr. ROSE. The staff says that it has not been printed.

Mr. BRYANT. Very well. What is the difference?

Mr. ROSE. I do not have any questions. The bill has not been printed and nobody has a copy.

Mr. BRYANT. The bill is sitting on the podium right in front of the gentleman, if he wants to read it, and furthermore, I would say the bill has been out since the subcommittee reported it out last November. So if any Member has not read it, it is not the fault of the subcommittee.

Madam Speaker, I urge Members to vote for the bill and do a good deed for this body and this institution.

Mr. MARKEY. Mr. Speaker, I rise in support of H.R. 823, the Lobbying Disclosure Act of 1993. As chairman of the Energy and Commerce Subcommittee on Telecommunications and Finance, I want to express my appreciation to the gentleman from Texas [Mr. BRYANT] and his staff for their willingness to work out appropriate language regarding two matters in the bill that affect matters within the jurisdiction of the subcommittee.

First, I would like to comment very briefly on one of the exceptions to the definition of "lobbying contact" in the pending bill. H.R. 823 provides an exception for communications "between officials of a self-regulatory organization recognized by Federal law, and the Federal regulatory agency with jurisdiction over such organization, relating to the regulatory responsibilities of such organization under such law."

This exception is included in the bill in recognition of the fact that certain Federal statutes, such as the Securities Exchange Act of 1934, delegate substantial Federal regulatory responsibilities to private self-regulatory organizations, such as the national securities exchanges and the National Association of Securities Dealers. These organizations exercise these responsibilities in close coordination with and under the supervision of Federal agencies—the Securities and Exchange Commission in the case of securities self-regulatory organizations. Because they share responsibilities under Federal statutes, the communications between these agencies and these self-regulatory organizations are more like communications between two levels of Government than communications between a regulator and a regulated entity.Thus, an exemption parallel to the exemption for communications among Government officials is appropriate.

In a March 9, 1994, letter to Congress, a copy of which I will insert into the RECORD following the conclusion of my statement, SEC Chairman Arthur Levitt expressed concerns about the impact of the bill on the SEC's ability to work with the various securities self-regulatory organizations on regulatory and enforcement matters. I am pleased that we have been able to work out language which would provide for a narrow exception to the disclosure provisions of the bill. This will allow the self-regulatory organizations to carry out their important responsibilities to assist the Commission in the enforcement of the Federal securities laws, including insider trading, market manipulation, and surveillance and regulation of our Nation's securities markets. The self-regulatory organizations would remain subject to the provisions of H.R. 823 will respect to their communications with Congress and all parts of the executive branch other than the Federal agency with jurisdiction over such organizations.

I also want to note that the bill deletes a provision which appeared in earlier drafts of H.R. 823 which would have repealed section 12(i) of the Public Utilities Holding Company Act of 1935 [PUHCA]. The Subcommittee on Telecommunications and Finance had not had an opportunity to fully review the implications of such an amendment to PUHCA and determine its impact on the protections afforded to investors, consumers and the public under PUHCA. I therefore appreciate the willingness of the gentleman from Texas to defer action on this matter and allow our subcommittee to undertake such a review and determine whether repeal of the PUHCA lobbying disclosure provision is needed.

Again, I want to thank the gentleman from Texas [Mr. BRYANT] and his staff for their willingness to accommodate the concerns that Chairman DINGELL and I had with respect to these matters, and I urge my colleagues to support this important legislation.

U.S. SECURITIES AND
EXCHANGE COMMISSION,
Washington, DC, March 9, 1994.

Hon. JOHN BRYANT,
Chairman, Subcommittee on Administrative Law and Governmental Relations, Committee on the Judiciary, House of Representatives, Washington, DC.

DEAR CHAIRMAN BRYANT: I am writing to comment on the application of the Lobbying Disclosure Act, H.R. 823, to the unique relationship between the Securities and Exchange Commission ("SEC") and the self-regulatory organizations ("SROs") that, under SEC supervision, handle much of the day-to-day regulation of the securities industry.

Under the Securities Exchange Act of 1934, there are four types of self-regulatory organizations: national securities exchanges, such as the New York Stock Exchange and American Stock Exchange; a national securities association, the National Association of Securities Dealers ("NASD"); securities clearing agencies, such as the National Securities Clearing Corporation; and, for some purposes, the Municipal Securities Rulemaking Board ("MSRB").

As their name implies, the self-regulatory organizations other than the MSRB are responsible under the Exchange Act for developing and enforcing SRO rules their members. (The MSRB develops rules for the municipal securities industry but has no enforcement role.) The Exchange Act requires that all SRO rules, rule changes and policies be filed with the SEC and, with certain exceptions, proposed SRO rules may not take effect until the SEC approves them. In fiscal year 1993, the SROs filed over 450 proposed rules with the SEC.

In addition, the SEC has an active program of SRO inspection, to confirm that the SROs

are fulfilling their responsibilities under the Exchange Act. In fiscal year 1993, the SEC conducted 40 SRO inspections. The SEC also conducts examinations of firms already examined by the SROs to assure the quality of SRO broker-dealer examinations. In fiscal year 1993 the SEC conducted more than 400 such oversight examinations.

The Exchange Act also requires an SRO other than the MSRB to "enforce compliance" by its members and associated persons with the Exchange Act itself. The SROs have broad powers, under the Exchange Act, to discipline their members and persons associated with them, including the power to censure, to fine, and to bar from membership or association. Since the Exchange Act requires every broker-dealer to be a member of the NASD, or to effect transactions only on a national securities exchange of which it is a member, the SROs' power to bar a firm from membership, or a person from association, is essentially the power to exclude a firm or person from a substantial part of the securities industry.

In fiscal year 1993, the SROs reported more than 1,000 disciplinary actions to the SEC. A firm or person subject to an SRO sanction may, under the Exchange Act, appeal the sanction to the SEC: in fiscal year 1993 there were 71 such appeals. In cases in which the SRO's preliminary investigation suggests that an SRO sanction may be inadequate—such as suspected insider trading—the SROs refer enforcement matters to the Commission. There were over 150 such enforcement referrals in fiscal year 1993.

These figures give some sense of the breadth and frequency of contact between the SEC and the SROs. This communication is essentially governmental; the SEC and the SROs communicate about how best to exercise the responsibility they share under the Exchange Act for policing and overseeing the securities industry. Thus, for the same reasons that communications between federal and state or local officials are exempt under the Lobbying Disclosure Act, we believe that communications between the SEC and the SROs should be exempt. To paraphrase the Senate Report, it would not be "appropriate to require public officials at one level of government," the SROs, "to register as lobbyists when they express their views to public officials at another level of government," the SEC.

Specifically, we would like to see an addition to the list of exclusions from "lobbying contact" for communications "between officials of a securities self-regulatory organization and of the Securities and Exchange Commission." The SROs would thus remain subject to the Lobbying Disclosure Act with respect to their communications with Congress and all parts of the Executive Branch other than the SEC. The SROs would not be required to report, however, all the communications they have, many of which are required by law, with the SEC.

If this approach is not acceptable to the Committee, we would like to discuss alternatives with you. If you have any questions about this, please do not hesitate to contact us.

Sincerely yours,

ARTHUR LEVITT,
Chairman.

Mr. BEREUTER. Mr. Speaker, this Member intends to support the Lobbying Disclosure Act as it is a small step forward in providing increased disclosure of lobbying efforts. This measure represents the latest effort in a longstanding, if intermittent, attempt by Congress to rewrite Federal lobby disclosure laws. This Member certainly supports the provisions providing for the registration of all those who lobby Members of Congress, congressional staff, and executive branch officials. The measure also requires lobbyists to file semiannual reports on what legislation, regulatory actions, grants, and projects they are lobbying. These semiannual reports must also disclose the lobbyists' income from clients or the total expenses their organization has incurred for lobbying, including grassroots activity.

However, this Member must also express reservations regarding the provisions which ban lobbyists from providing meals, entertainment, travel, or gifts to Members of Congress or their staffs. This reservation is expressed because this seems a disingenuous attempt at such a ban because the measure is structured to allow a lobbyist's employer, or the organization or company that retains a lobbyist, to pay for such items and activities. The so-called ban is simply an illusion because as a practical matter, organizations and clients—not their lobbyists—pay for these items and activities.

Additionally, while this Member is supportive of the disclosure requirements for lobbyists, the Member has concerns regarding the measure's coverage of only professional lobbyists or paid lobbyists. Full public disclosure must, in this Member's opinion, be extended to all lobbyists—including nonprofit groups that rely on grassroots.

Again, while this Member has a number of reservations regarding this measure, this Member supports the Lobbying Disclosure Act as an overall positive move toward greater disclosure of lobbying activities. It is simply a matter of the public having a right to know about these activities.

Mrs. COLLINS of Illinois. Mr. Speaker, I rise today to voice my opposition to S. 349, the Lobbying Disclosure Act. While I recognize and support strong efforts to bring more openness and accountability to our legislative process, I do not believe that this legislation sensibly accomplishes this goal. In fact, in some respects S. 349 paints Members as apologists for carrying out the important work which our constituents sent us to this body to perform.

The business of the Congress is ordering the priorities of the millions of people and interests in the country. We accomplish this by listening to the concerns and voices of constituents and others at a variety of times and settings, including over meals or during conferences.

Yet certain provisions in this bill imply that accepting an invitation to a lunch or a dinner is improper, and by accepting such an invitation my decision on a particular issue or piece of legislation will be influenced. This is simply not true, and I believe that most—if not all—of my colleagues would agree to this proposition. And in fact, language in this bill allows Members to accept meals from clients of lobbyists or interest groups, thereby really providing only the appearance of a change in current policy in this area.

Such incidental provisions will have little effect on day-to-day business in Washington. the Congress needs to address the more important and fundamental issues that underlie lobby reform and the public's disenchantment with this institution. The question is not whether Congress is selling votes for baubles and trinkets. They are not and I resent this view. The real question here is how do we expand the ability of more individuals and groups to have a voice in the governing process. This will come through more open, bipartisan cooperation in tackling such issues as crime, health care, and welfare reform.

We in this body need to stop pointing fingers and playing to public hysteria and stereotypes of Congress and get on with the vital legislative business of the Nation. I do not believe that I and my colleagues need to legislate our integrity. Tangible results are what count, not politicking, and the American people know that.

Mr. Speaker, I urge my colleagues to vote "no" on S. 349.

Mr. KYL. Mr. Speaker, I am in opposition to the rule to H.R. 823, the Lobbying Reform and Disclosure Act.

Given the complexity of current congressional lobbying and gift disclosure rules, proper consideration of H.R. 823 is essential. This has not been the procedure. In fact, H.R. 823 was not even considered by the full House Judiciary or Administration committees before being sent, after the House had adjourned for the evening, to the Rules Committee for its "stamp" of approval. Members of the House Committee on Standards of Official Conduct should also review H.R. 823 but have not had the opportunity to review the bill we are now considering.

This bill should not be considered under "suspension of the rules," which bypasses the normal legislative review process and limits the opportunity to engage in full debate on this important issue. Although H.R. 823 contains improvements in congressional lobbying rules, there are detailed, substantive issues which should be addressed to strengthen the bill.

H.R. 823, as Common Cause points out in its March 23 letter, "fails to end the practices whereby special interests seeking to influence Congress finance recreational travel and provide undisclosed food and entertainment for Members of Congress and their staffs." According to Common Cause, House Members took, during one Congress, 4,000 trips at private expense. Two-thirds of the trips were paid for by corporations and trade groups, and many were to resorts and vacation spots. H.R. 823 should be strengthened to prohibit these types of trips.

I am also concerned that H.R. 823 does not adequately address contributions of foreign governments and lobbyists representing foreign interests to certain foundations and legislative service organizations [LSOs] in the Congress. LSOs and their affiliated organizations should be covered under any new lobbying reform law. These organizations are not included in H.R. 823.

Just as there are organizations that should be covered under H.R. 823, there are individuals who should be included but are not. The role of "consultants" in the executive branch, for example, should be included in the legislation. Certain people represent presidential administrations in the media and function as advisors, however, they are not full-time administration officials. As the minority leader of the House recently detailed in a letter to the Speaker of the House, a provision should be

added to H.R. 823 which would disclose the work or possible conflicts of interests of volunteers, national party-paid consultants or special Government employees working within the executive branch by triggering disclosure requirements when an individual in entitled to enter Government offices beyond that access given to the general public. The contents of lobbying reports should be expanded to include significant "consulting" of executive branch activities that influence governmental policy and decisions.

The time to pass lobbying reform legislation is long overdue and I reluctantly rise in support of the bill. However, there is an opportunity to make H.R. 823 a more effective, responsive bill by allowing for consideration of amendments that would address the mentioned weaknesses, and more. For this reason, I urge my colleagues to vote against the proposed rule on H.R. 823 and to vote to provide a vehicle for passage of comprehensive, effective legislation.

The SPEAKER pro tempore (Mrs. KENNELLY). The question is on the motion offered by the gentleman from Texas [Mr. BRYANT] that the House suspend the rules and pass the Senate bill, S. 349, as amended, insist on the House amendment thereto, and request a conference with the Senate thereon.

The question was taken.

Mr. BRYANT. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 315, nays 110, not voting 9, as follows:

[Roll No. 90]

YEAS—315

Ackerman	Coleman	Foglietta
Andrews (ME)	Collins (GA)	Foley
Andrews (NJ)	Combest	Fowler
Andrews (TX)	Conyers	Frank (MA)
Archer	Coppersmith	Franks (CT)
Bacchus (FL)	Costello	Franks (NJ)
Bachus (AL)	Cox	Frost
Baesler	Coyne	Furse
Baker (CA)	Cramer	Gejdenson
Barca	Crapo	Gekas
Barcia	Cunningham	Gephardt
Barlow	Danner	Geren
Barrett (WI)	Darden	Gibbons
Bartlett	de la Garza	Glickman
Becerra	Deal	Gonzalez
Beilenson	DeFazio	Goodlatte
Bereuter	DeLauro	Gordon
Berman	Dellums	Goss
Bevill	Derrick	Green
Bilbray	Deutsch	Greenwood
Bilirakis	Diaz-Balart	Gunderson
Bishop	Dickey	Gutierrez
Blackwell	Dicks	Hall (OH)
Blute	Dixon	Hall (TX)
Bonilla	Doolittle	Hamburg
Bonior	Dornan	Hamilton
Borski	Duncan	Harman
Boucher	Dunn	Herger
Browder	Durbin	Hinchey
Brown (CA)	Edwards (CA)	Hoagland
Brown (OH)	Ehlers	Hochbrueckner
Bryant	Engel	Hoekstra
Buyer	English	Hoke
Byrne	Eshoo	Holden
Calvert	Evans	Horn
Camp	Everett	Hoyer
Canady	Farr	Huffington
Cantwell	Fawell	Hughes
Carr	Fazio	Hunter
Castle	Fields (LA)	Hutchinson
Chapman	Filner	Hutto
Clayton	Fingerhut	Hyde
Clinger	Flake	Inglis
Inhofe	Menendez	Schenk
Inslee	Meyers	Schiff
Istook	Miller (CA)	Schroeder
Jacobs	Miller (FL)	Schumer
Jefferson	Mineta	Sensenbrenner
Johnson (CT)	Minge	Serrano
Johnson (GA)	Mink	Sharp
Johnson (SD)	Moakley	Shaw
Johnston	Molinari	Shays
Kanjorski	Mollohan	Shepherd
Kaptur	Montgomery	Skaggs
Kasich	Morella	Skelton
Kennedy	Murphy	Slattery
Kennelly	Myers	Slaughter
Kildee	Nadler	Smith (IA)
Kim	Neal (MA)	Smith (MI)
Kingston	Neal (NC)	Smith (NJ)
Kleczka	Nussle	Smith (TX)
Klein	Oberstar	Snowe
Klink	Obey	Spence
Klug	Olver	Spratt
Kolbe	Ortiz	Stark
Kreidler	Owens	Stearns
Kyl	Pallone	Stenholm
LaFalce	Parker	Strickland
Lambert	Pastor	Studds
Lancaster	Payne (NJ)	Stupak
Lantos	Payne (VA)	Swett
LaRocco	Pelosi	Synar
Lazio	Penny	Talent
Leach	Peterson (FL)	Taylor (MS)
Lehman	Peterson (MN)	Tejeda
Levin	Petri	Thomas (CA)
Levy	Pombo	Thomas (WY)
Lewis (GA)	Pomeroy	Thornton
Lightfoot	Portman	Thurman
Linder	Poshard	Torkildsen
Lipinski	Price (NC)	Torricelli
Long	Pryce (OH)	Unsoeld
Lowey	Quinn	Upton
Machtley	Rahall	Valentine
Maloney	Ramstad	Velazquez
Mann	Reed	Vento
Manton	Regula	Visclosky
Manzullo	Reynolds	Volkmer
Margolies-Mezvinsky	Richardson	Vucanovich
	Ridge	Walsh
Markey	Roemer	Waxman
Martinez	Rogers	Weldon
Matsui	Rohrabacher	Wheat
Mazzoli	Ros-Lehtinen	Williams
McCloskey	Roth	Wise
McCrery	Roukema	Wolf
McCurdy	Rowland	Woolsey
McDade	Roybal-Allard	Wyden
McDermott	Royce	Wynn
McHale	Sabo	Yates
McHugh	Sanders	Young (AK)
McInnis	Sangmeister	Young (FL)
McKeon	Santorum	Zeliff
McKinney	Sarpalius	Zimmer
McNulty	Sawyer	
Meehan	Saxton	

NAYS—110

Abercrombie	Dooley	Lewis (CA)
Allard	Dreier	Livingston
Applegate	Edwards (TX)	Lloyd
Armey	Emerson	McCandless
Baker (LA)	Ewing	McCollum
Ballenger	Fields (TX)	McMillan
Barrett (NE)	Fish	Meek
Barton	Ford (MI)	Mfume
Bateman	Gilchrest	Mica
Bentley	Gillmor	Michel
Bliley	Gilman	Moorhead
Boehlert	Gingrich	Moran
Boehner	Goodling	Murtha
Brewster	Grams	Orton
Brooks	Hancock	Oxley
Brown (FL)	Hansen	Packard
Bunning	Hastert	Paxon
Burton	Hastings	Pickett
Callahan	Hayes	Porter
Clay	Hefley	Quillen
Clement	Hefner	Rangel
Clyburn	Hilliard	Ravenel
Coble	Hobson	Roberts
Collins (IL)	Houghton	Rose
Collins (MI)	Johnson, E. B.	Rostenkowski
Condit	Johnson, Sam	Rush
Cooper	King	Schaefer
Crane	Knollenberg	Scott
DeLay	Kopetski	Shuster
Dingell	Laughlin	Sisisky
Skeen	Tauzin	Walker
Smith (OR)	Taylor (NC)	Washington
Stokes	Thompson	Waters
Stump	Torres	Watt
Sundquist	Towns	Whitten
Swift	Traficant	Wilson
Tanner	Tucker	

NOT VOTING—9

Cardin	Gallo	Natcher
Ford (TN)	Grandy	Pickle
Gallegly	Lewis (FL)	Solomon

□ 1457

Mr. WHITTEN changed his vote from "yea" to "nay."

Messrs. BLACKWELL, YOUNG of Alaska, PETE GEREN of Texas, BISHOP, INHOFE, ZELIFF, ARCHER, PAYNE of Virginia, HOEKSTRA, TORKILDSEN, BOUCHER, PASTOR, PAYNE of New Jersey and Ms. VELAZQUEZ, Ms. ROYBAL-ALLARD, and Mrs. VUCANOVICH changed their vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. Pursuant to the provisions of House Resolution 397, the House insists on its amendment and requests a conference with the Senate thereon.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES TO S. 349

The SPEAKER pro tempore (Mrs. KENNELLY). Without objection, the Chair appoints the following conferees to S. 349 and the House amendment: Messrs. BRYANT, GLICKMAN, FRANK of Massachusetts, FISH, and GEKAS.

There was no objection.

GENERAL LEAVE

Mr. BRYANT. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill just considered and passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3222

Mr. SABO. Madam Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 3222.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

A POINT OF PERSONAL PRIVILEGE—ALLEGED BREAKDOWN OF COMITY AMONG COMMITTEE MEMBERS IN RELATION TO OVERSIGHT HEARINGS ON RESOLUTION TRUST CORPORATION

Mr. LEACH. Madam Speaker, I rise to a point of personal privilege of the House.

The SPEAKER pro tempore (Mrs. KENNELLY). The gentleman from Iowa has risen to a point of personal privilege, and he has indicated to the Chair the press accounts which give rise to the request for the personal privilege.

The gentleman from Iowa [Mr. LEACH] is now recognized for 1 hour.

Mr. LEACH. Madam Speaker, I rise to a point of personal privilege of the House.

In rising to this point of privilege, I wish to express concern about the breakdown of comity that has occurred on a personal and procedural level in the House Banking Committee.

On a personal level, unfortunate adjectives have been used; on a procedural level, unprecedented tactics have been employed.

I don't wish to dwell on the personal, except to stress my high regard for the chairman of the Banking Committee and to suggest that, as the theologian Reinhold Niebuhr once observed, the temper and integrity of the political debate is more important in our kind of democracy than the outcome of any issue.

Motivational aspersions are no substitute for full disclosure; indignation no substitute for pursuit of truth.

Members of the majority may be speaking the truth when they indicate they have no evidence of a link between the failure of an Arkansas S&L and Whitewater and that they know of no improprieties at issue. But it should be understood that not speaking an untruth is not the same as describing a truthful situation, particularly if there has been no serious effort to pursue the truth.

Constitutionally it is the duty of Congress to oversee breaches of law or public ethics in the executive branch. During the 12 years of the so-called divided Government of the Reagan/Bush era, the legislative branch took its constitutionally mandated oversight function seriously, as witnessed by the expansion in the size of its staff and the number of investigations undertaken.

Now both the executive and the legislative branches of Government are controlled by the same political party. The oversight mandate thus falls disproportionately upon the ranking members of the respective committees for those areas of the executive branch over which they have jurisdiction. Not to assume leadership in performing the oversight function with regard to the way in which the financial institutions of this country are managed and regulated would be to violate my oath to "support and defend the Constitution of the United States * * * and * * * well and faithfully discharge the duties of the office."

If the majority party refuses to uphold its responsibilities because of political embarrassment to its party's top elected official, the minority party is left with the choice either of joining in a complicity of silence or pursuing investigations that run the danger of being partisan.

In this context, I would simply emphasize that I raised the Whitewater issue with great reluctance, realizing the import as well as the power of the Presidency. I fully understand the political and personal liabilities involved. Nonetheless, I feel it would be inconsistent, indeed, hypocritical, to my own values, if I refused to pursue a line of inquiry potentially embarrassing to the President of a country which from its inception was intended to be hallmarked by law and its applicability to all citizens. It is, after all, the establishment of a government of laws, not men, that defines the uniqueness of the American experiment with democracy.

Procedurally, it should be noted that the minority is currently engaged in one of the most profound checks and balances philosophical engagements with the executive branch in the modern history of the Congress. This engagement carries far greater implications than any judgment relating to a particular embarrassment of a particular public official at a particular time because at issue is precedent: whether in future circumstances the oversight capacities of Congress can be thwarted if the majority party of Congress is the same as that in control of the executive branch and chooses to refrain from its oversight obligations in order not to embarrass its party's standings.

It is possible that the constitutional precedent for our checks and balances system surrounding the refusal of the administration to cooperate with an oversight probe of the executive branch which the majority party does not sanction may have more long-term negative consequences than any episodic embarrassment that might relate to this or any President's past. What is at issue is the definition of Congress as it applies to the constitutionally granted oversight responsibilities of the legislature. In our checks and balances system, Congress was given oversight responsibilities, but this administration is suggesting in response to minority requests for documentation from executive agencies that only chairmen speak for Congress. The minority in Congress, by this logic, has no power to advance or fulfill its constitutional rights if the majority does not concur in request for information. If such precedent is allowed to stand, Congress's oversight capacities will for all practical purposes be hamstrung whenever the executive and legislative branches of Government are controlled by the same party. Would our Founding Fathers have had this in mind?

In this connection, on December 9, 1993, as ranking member of the Banking Committee, I wrote Federal regulatory agencies to request certain documents of an oversight interest [example, Tab A]. In a followup letter I pointed out, as the courts have noted, "The Congress rarely acts as a body. Its manifold duties in the legislative, investigative, and oversight fields are almost invariably carried out through committees, committee chairmen, individual members, and staff personnel." *Murphy* v. *Department of Army*, 613 F.2d 1151, 1156 (1979). In addition, the court stated:

> The Senate and the House are so organized that certain legislative and quasi-legislative activities may be accomplished only through committee action. In other respects, however, the legislature acts through its individual Members. All Members have a constitutionally recognized status entitling them to share in general congressional powers and responsibilities, many of them requiring access to executive information. It would be an inappropriate intrusion into the legislative sphere for the courts to decide without congressional direction that, for example, only the chairman of a committee shall be regarded as the official voice of the Congress for purposes of receiving such information, as distinguished from its ranking minority member, or other committee members, or other members of Congress. Each of them participates in the law-making process; each has a voice and a vote in that process; and each is entitled to request such information from the executive agencies as will enable him to carry out the responsibilities of a legislator.

Agency heads responded that a ranking member only has the authority of an individual Member of Congress and, therefore, may only obtain information that would be available to the public pursuant to the Freedom of Information Act. In addition, the Office of Thrift Supervision asserted that it differs "with the view that Rules X and XI of the House of Representatives grant to a ranking minority member—or any individual member—the same authority to request information that a committee chairman possesses." In short, the agencies contend that only chairmen, not ranking members, speak for Congress.

Subsequently, on March 8, 1994, I wrote requesting information for the Banking Committee's upcoming RTC oversight hearing [Tab B]. Agency heads again responded by holding to the position that only the chairman of a committee would be permitted access to agency documents.

In this dispute about who is entitled to speak for Congress in the context of Congress' right and obligation under Article I of the Constitution to conduct oversight of the executive branch, the chairman of the Banking Committee, in what may have been an effort to bolster the executive's position, wrote agency heads on March 10, 1994, to suggest that they deny my document request and wrote separately on March 14, 1994, to state that they need not answer questions concerning Madison Guaranty Savings and Loan at the scheduled hearings [Tabs C and D]. The chairman's letter contained an implicit and unprecedented philosophical asser-

tion that not only does a chairman have the exclusive right to obtain oversight documents from the executive branch, but the right to deny such documentation to other Members and the right even to deny inquiries about issues clearly germane to the subject of hearings.

So that there is no misunderstanding, the RTC oversight hearing was scheduled under requirement of law, section 21A(k)(6) of the Federal Home Loan Bank Act (12 U.S.C. §1441a(k)(6)), and there is no provision in that law for exceptions to congressional oversight that relate to a single State and its institutions. The U.S. Congress wrote a law applicable to all 50 States, not 49, and the oversight of our laws applies throughout this country. Just as in America no individual is above the law, no State is beyond its reach. Just as no individual is entitled to violate the law out of ignorance of it, no person, even the chairman of a congressional committee, is entitled after the fact to be sole interpreter of a law's meaning or serve as a censor to another Member's inquiries. Indeed, no Member of Congress has the right or power to deny relevant information to another Member.

In addition to the Federal Home Loan Bank Act, the committee's role in oversight is buttressed by the House rules as modified under the Legislative Reorganization Act of 1970. I refer to paragraph 2 of House Rule X providing for the committee's "General Oversight Responsibilities" which states:

(b)(1) Each standing committee . . . shall review and study, on a continuing basis, the application, administration, execution, and effectiveness of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee and the organization and operation of the Federal agencies and entities having responsibilities in or for the administration and execution thereof, in order to determine whether such laws and the programs thereunder are being implemented and carried out in accordance with the intent of the congress and whether such programs should be continued, curtailed, or eliminated.

Separate procedural rules may apply to an investigative hearing, but such rules do not apply in this case. The statutorily mandated RTC hearing is an oversight hearing in accordance with rule X. Any reliance on investigative hearing procedures to deny information to committee members is misplaced. Any information requests or questions by Members related in any manner to RTC operations are authorized under the committee's oversight authority. It is also expected that in answering questions witnesses have the obligation either to assert appropriate privileges or fully respond with answers to the questions (See, 2 U.S.C. §192, *Sinclair* v. *United States*, 279 U.S. 263 (1929)) and such answers shall be truthful. (See, 18 U.S.C. §1001, *U.S.* v. *Poindexter*, 951 F.2d 369 (D.C. Cir. 1991)).

Moreover, the precedent of the Banking Committee is clear with respect to the relevance of specific questions on specific institutions. On numerous occasions at past RTC oversight hearings, questions related to individual institutions have been asked by committee members, including the chairman, and answered by witnesses. In fact, the committee's invitation letter of March 3, 1994, to Treasury Secretary Bentsen for purposes of the RTC oversight hearing, seeks testimony and documents related to a specific institution, Homefed Savings. Of relevance also is the following statement last week of the chairman of the Senate Banking Committee:

So we have had now over the years since 1989, a very long series of regular oversight hearings where we call in the officials responsible for implementing that law to find out exactly how it is working and if there is a need to change any particular part of it. Is it working the way it was designed to work? Have we corrected all the abuses? We were so concerned about that issue that, in fact, we built into that 1989 law a requirement that there has to be a hearing here in Congress every 6 months on how that cleanup effort is doing and how that law is being implemented. Within the text of that part of the law we went so far as to say that any institutions that failed in that time period, in the mid-1980's, that if any Senator on the committee wanted to come in and ask questions about that particular institution, that they had a right in law to do so. We did not foresee the Madison case at that time, but it applies precisely to the Madison case and every other case out of that time period. (CONG. REC. S3153, March 17, 1994).

To the degree the chairman's letters are open to an interpretation that would imply the possibility that they have been requested by the administration to bolster its efforts to deny information to the Congress and thereby the public, at issue would be a collusive effort by the majority party in the Congress to aid and abet the executive branch in its concerted effort to deny disclosure of information related to legitimate congressional oversight.

In this regard, a letter recently copied to Representative WILLIAM CLINGER, ranking member of the Government Operations Committee, evidences a comparable approach in another committee of Congress [Tab E].

It is the minority's position that executive branch witnesses must address their obligations to respond to legitimate oversight requests and legitimate inquiries on the subject of hearings as required by the law and the Constitution, not in conjunction with any arbitrary desire of a chairman to deny discussion on a subject the executive branch would rather not forthcomingly address. The minority party, has a baseline assumption that officials of the U.S. Government will comply with the law and, when appearing before a committee of Congress, abide by the Code of Government Ethics for Federal employees to "Uphold the Constitution, laws, and regulations of the United States and all governments therein and never be party to their evasion." [Public Law No. 96-303, July 3, 1980, 94 Stat. 855].

The constitutionally-derived obligation of oversight cannot be short-circuited at the whim of the congressional majority. It is just as much the duty of the minority party, as the majority. Indeed, in real life circumstance as evidenced in this particular incident, oversight may in practice imply a greater obligation on the party out of power than the party in control of the executive branch.

Hodding Carter, the distinguished journalist from Mississippi, recently noted that southerners of virtually all philosophical stripes recognized a little or a lot of truth in certain northern concerns about discrimination that existed in the South in the heyday of civil rights activism. But with understandable resentment all felt that northerners had a duty to look a little more assiduously in their own backyards. In this probe of Whitewater, I believe an outsider might conclude that the single party concentration of political power in Arkansas may be in need of review that the shadow of Lyndon Johnson and Huey Long may have been cast too greatly on a former governorship. But as a northerner, I am obligated to note that my primary responsibility is my backyard, in this case the body to which I am elected to serve. While I believe it would be unfair to suggest that one of America's great political parties is more honest than the other, I believe the concerted effort to avoid accountability and full disclosure in the Whitewater incident, and the unfortunate institutional precedents in process of being established, reflect attitudes more associated with single party governance of closed than open societies. Competition is the American way. When single party dominance is long and deep, arrogance associated with power creeps incontestably into the system. Whitewater, in the end, may tell more about Congress than the executive branch.

In this context, the minority raised concerns about the manner in which the RTC oversight hearing scheduled this week might have been conducted. Nevertheless, the minority was disappointed the hearing was abruptly postponed.

Postponement of the hearing by the majority raises, above anything else, the issue of compliance with the law. Compliance with the law is not a matter of convenience or discretion. The majority party has no prerogative to avoid capriciously its legal obligations.

Hearings mandated by statute were to have occurred by December 3, 1993. It is a statutory obligation of the majority in the legislative branch to conduct on a timely basis RTC oversight;

it is the statutory obligation of the executive to cooperate with Congress and comply with its legal responsibilities.

The negotiations this week between leaders of the House which led to the passage of a bipartisan resolution expressing the sense of the House as to the need to hold bipartisan hearings are promising. The subsequent statements by the Speaker that these discussions were of the "possibility of hearings, not a concession that hearings are not necessarily going to take place," is disappointing. The majority that an obligation to ensure the decision to postpone indefinitely RTC hearings does not amount to yet another example of Congress not applying the law to itself.

With regard to a possible hearing, let me stress the minority has offered to cooperate fully with the special counsel. We have transferred substantial information to his office. We have given him our proposed witness list and offered to support a delay in the day of hearings provided under House rules to the minority to allow him a chance to depose witnesses first. For his part, the special counsel, in a meeting on March 17, 1994, with the minority, said that he would not impede in any manner executive branch testimony and that he would not stand in the way of an RTC oversight hearing. Mr. Fiske also stated that he did not object to the disclosure of copies of documents to Congress, other than White House documents. The existence of a special counsel appointed in the Madison case cannot be used as a rationale to avoid providing RTC oversight information to Congress.

Congress and prosecuting attorneys have differentiated roles, but they are by no means incompatible. In fact, they are generally complementary. Indeed, in the Banking Committee hearings over the past decade on institutions such as Lincoln—Charles Keating, and Silverado—Neil Bush, the Justice Department had tandem investigations underway. Hearings almost always reveal knowledge and perspective that is helpful to prosecutors. It was, after all, Senator Ervin's committee that revealed the existence of the Watergate tapes and it was the recent Senate hearing that revealed improper contacts between executive branch agencies and the White House. The major recent exception where a prosecutor was undercut by Congress involved excessive zeal to embarrass Presidents Reagan and Bush that caused a committee to offer immunity to certain witnesses in the Iran Contra people. But the more general proposition is that constraining a congressional inquiry has the effect of reducing knowledge, thus reducing prosecutorial discretion.

Mr. Speaker, in a country in which process is our most important product, it is the belief of this Member that the precedents established in this investigation are more important than the investigation itself. Nevertheless, I come to the floor this afternoon to present to the attention of the House and the American people some findings, with supporting documentation, the Minority has uncovered in its ongoing investigation of the Whitewater/Madison affair.

Accordingly, I would like to review in both a perspective and information dispensing sense the Madison/Whitewater issue and divide the remainder of my discussion in two categories: what happened and how the administration has responded.

On the landscape of political scandals Whitewater may be a bump, but it speaks mountains about me-generation public ethics as well as single party control of certain States and the U.S. Congress.

In a nutshell, Whitewater is about the arrogance of power—Machiavellian machinations of single-party Government. It all began in the late 1970's when a budding S&L owner named James McDougal formed a 50–50 real estate venture with a young politician, the then Attorney General of Arkansas, Bill Clinton. In this venture called Whitewater, the S&L owner and S&L affiliated entities provided virtually all, perhaps, all, the money; the Governor-in-the-making provided his name.

Over the years, the company received infusions of cash from the S&L as well as from a small business investment corporation which diverted, allegedly at the Governor's request, federally-guaranteed funds from a program designed for socially and economically disadvantaged people to the Governor's partners and thence, in part, to Whitewater.

Some of these funds were used to pay off personal and campaign liabilities of the Governor; some to purchase a tract of land from a company to which the State had just given a significant tax break. Whitewater records have apparently been largely lost. A review of the numerous land transactions, however, raises questions of what happened to the money that came into the company and a review of the President's tax records raises questions about tax deductions that were taken and income that may not have been declared.

Under the governorship of Bill Clinton, Jim McDougal was named a Gubernatorial aide to serve principally liaison to the Economic Development, Commerce, and Highway and Transportation Departments; the first lady of Arkansas was hired to represent the S&L before State regulators; the president of the S&L was placed on the State S&L commission; an attorney who represented the S&L was named the State S&L regulator; the S&L received rent from State agencies; Whitewater had roads constructed using a State agency program and State funds; and the S&L was allowed to operate, despite being insolvent for an extended period, providing millions in loans and investment dollars to insiders and the Arkansas political establishment.

Under the governorship of Bill Clinton, the S&L was allowed to grow 25-fold until Federal regulators forced its closing, at which time taxpayers picked up the tab for losses that amounted to approximately 50 percent of the institutions's deposit base.

Under the governorship of Bill Clinton, the total number of State-chartered savings associations declined dramatically. Over the period December 1979 to December 1992, the number of stock State-chartered thrifts in Arkansas declined from the 33, with assets of $961,002,000 to 3, with assets of $146,072,000. Viewed another way, the amount of assets available to support home mortgage lending for the people of Arkansas declined.

The story of Whitewater is thus part and parcel the story of the greatest domestic policy mistake of the century—the quarter-trillion dollar S&L debacle. It is the story of a company which in one sense was a simple real estate development venture, but in another was a vehicle used to spirit federally insured deposits from an S&L and compromise a significant political figure.

In the largest series of bank robberies in history, which precipitated an industry bail out larger than the taxpayers provided Lockheed, Chrysler, and New York City times a factor of 10, it is fair to ask: "What happened? Who is responsible."

An answer to these inquiries requires an understanding that those accountable are not only a few negligent and corrupt S&L owners, but attorneys, accountants, State and Federal legislators, regulator and assorted public officials. As wide ranging as the responsibility is, however, it is a mistake to be so glassy eyed as not seek lessons for the future through a demand for individual accountability for breaches of law and ethics in the past.

Macroeconomics aside, public responsibility for the S&L debacle is of a tripod nature, involving: First, the conflict-ridden role of Congress in passing loose laws; second, the ideological mistake of the Reagan administration in urging deregulation in an industry which requires responsible standards; and third, the culpability of a small number of State governments, such as in California, Texas, Louisiana, and Arkansas, which failed to rein in high flying State-chartered, State-regulated institutions, which because of the Federal nature of deposit insurance, precipitated a massive transfer of wealth from States with responsible governments to those without.

In Arkansas it is impressive how the Federal Government was obligated to

close more than 80 percent of State-chartered S&L's in the 1980's and how large taxpayer losses were in relation to the State's S&L deposit base. The failure of the Clinton administration in Little Rock to fulfill its responsibility to police State financial institutions had the effect of increasing tax burdens on citizens of Arkansas as well as other States.

While taxpayers at the national level were forced to pick up the tab for the mistakes of politicians in whose elections they could not vote, citizens in States like Arkansas were doubly shortchanged. Not only did they have to share in eventual bail out costs, but when their home-based financial institutions frittered away the hard earned deposit savings of the their State to insiders, fewer resources were made available to potential homeowners and minority entrepreneurs.

What the Keating-5 scandal was all about was the attempt of an S&L owner to compromise through political contributions significant political players, in this case five Senators, to influence regulators to keep an insolvent, corruptly run, institution from being closed. What makes Governor Clinton's involvement with a company which helped breach the vaults of an Arkansas S&L philosophically at least equal to, but in reality more troubling than the Keating model is that not only did the institution's management organize conflict-ridden fund-raising endeavors for the key politician in the State, but through Whitewater it put the Governor in a compromising personal finance position as well.

What is extraordinary is the hypocrisy of the circumstance. The following 1991 announcement statement of Governor Clinton speaks for itself:

For 12 years of this Reagan-Bush era, the Republicans have let S&L crooks and self-serving CEO's try to build an economy out of paper and perks instead of people and products. They stack the deck in favor of their friends at the top and tell everybody else to wait for whatever trickles down.

Despite the rhetoric it is remarkable how time after time in the 1980's, alleged defenders of the little guy in American politics found themselves advancing the interests of a small number of owners of financial institutions which were run as private piggy banks for insiders. The intertwining of greed and ambition turned democratic values upside down.

In our kind of democracy ends simply don't justify means. Just as a conservative, who may despise government, has no ethical right not to pay taxes, a liberal has no ethical basis to put the public's money in his own or his campaign's pocket just because he may have the arrogance to believe he is advancing a political creed that is in the public's interest.

Why does all this matter?

Here, it would perhaps be appropriate to paraphrase the great Illinois Senator, Ev Dirksen: a few thousand here and a few thousand there and pretty soon it adds up to a real scandal. Put another way, an ethical lapse here and an ethical lapse there and pretty soon it adds up to a character deficit.

I have never known anyone in public life better able to put embarrassing episodes behind him than Bill Clinton. Accordingly, I couldn't have been more surprised by the discombobulation of the administration at the minority's restrained request last November for hearings and full disclosure.

As in most serious public scandals, coverups can prove as troubling as acts at their source.

Much press attention has centered in recent weeks on the revelations of improper contact between employees of independent Federal agencies and the White House. The question of whether a heads up was appropriate is of significance. More so, is whether the line between a heads up and coverup was crossed.

By background, for several years a group of criminal investigators for the RTC in Kansas City reviewed the failure of Madison Guaranty Savings & Loan in Little Rock and came to the conclusion criminal referrals were appropriate. In the last week of September 1993, they sent copies of their referrals to Washington. Within a few days of receipt of the referrals from the Kansas City office, RTC Washington officials visited the White House. Within a few weeks, in an unprecedented change of procedure, Washington demanded to review all Madison referrals. Within a few months, a senior Kansas City criminal investigator was removed from the case. Within a few more months, officials from RTC Washington visited Kansas City to pass on the determined message that senior RTC officials in Washington wanted it understood that they wished to claim Whitewater was not responsible for any losses at Madison.

Courageously, Kansas City investigators refused to allow Washington RTC objections to change the content of the referrals they sent in the second week of October 1993, to the Justice Department.

Courageously, Kansas City investigators refused to back the Washington position that Madison's losses were unrelated to Whitewater and pointed out to their superiors that in one intensely reviewed 6-month period alone approximately $70,000 was transferred from Madison and Madison affiliated companies to Whitewater.

Courageously, Kansas City investigators have sought whistleblower protection rather than comply with the Washington RTC gag order that no one from Kansas City could speak with Special Counsel Fiske without clearance through and accompaniment of Washington RTC officials.

The briefing of the White House by high ranking Department of Treasury and RTC employees must be understood in the context of the development and transmittal to the Justice Department of these referrals and in the context of the possibility Kansas City was in the process of developing further referrals.

There are many elements of the Whitewater affair that are a bit esoteric. But the revelations that U.S. Government officials briefed key White House aides on potential legal actions which independent regulatory agencies might be obligated to take implicating but not charging the President and First Lady subvert one of the fundamental premises of American democracy—that this is a country of laws and not men.

In America no individual, whatever his or her rank, is privileged in the eyes of the law. No public official has the right to influence possible legal actions against him or herself. For this reason agencies of the Government as well as the White House have precise rules that govern their employees.

The following standards—31 CFR §0.735–30—apply to the Department of Treasury:

An employee should avoid any action . . . which might result in, or create the appearance of . . .

(2) Giving preferential treatment to any person; . . .

(4) Losing complete independence or impartiality;

(5) Making a Government decision outside official channels; or

(6) Affecting adversely the confidence of the public in the integrity of the Government.

Similarly, the following standards contained in 12 CFR §1605.7 apply to RTC employees:

No employees shall engage in any action, which might result in, or create the appearance of . . .

(b) giving preferential treatment to any person; . . .

(d) losing complete independence or impartiality;

(e) making an RTC decision outside official channels; or,

(f) adversely affecting the public's confidence in the integrity of the RTC.

Likewise, the following standards apply to the White House—3 CFR §100.735–4:

In all circumstances employees shall conduct themselves so as to exemplify the highest standards of integrity. An employee shall avoid any action, whether or not specifically prohibited by this subpart, which might result in, or create the appearance of:

(1) Using public office for private gain;

(2) Giving preferential treatment to any person; . . .

(4) Losing complete independence or impartiality;

(5) Making a Government decision outside official channels; or

(6) Affecting adversely the confidence of the public in the integrity of the Government.

Perhaps laws have not been broken, but seldom have the public and private ethics of professionals in the White

House and executive departments and branch agencies been so thoroughly devalued.

The point of all this is that there is a disjunction in this administration between public policy and private ethics. Americans abhor privilege; hypocrisy gnaws at the American soul; it leaves a dispiriting residue of resentment.

What is also extraordinary is the absence of simple truth.

Administration claim: Whitewater caused no losses to Madison.

Fact: As reflected in the minority-developed charts and evidenced by supporting documentation, Madison and affiliated companies transferred significant resources to Whitewater. In addition to being a modest-sized real estate company, with a cash flow derived from land sales, Whitewater appears to be one of a dozen so companies with direct or indirect access to Madison and its taxpayer guaranteed deposits.

Administration claim: The Clintons lost money in Whitewater.

Fact: To have lost in Whitewater implies that the Clintons invested sums which were unrecovered. Their Whitewater partner, James McDougal, claims at most the Clintons over the years put in $13,500 in Whitewater. The minority has provided evidence that one land transaction alone returned more than this amount to the Clintons and published reports indicate tax deductions of some value were taken. The Lyons report, as well as a review of land sales, indicates substantial sums were taken out of Whitewater over the years. It is not clear how disbursements were arranged. What is clear is that infusions of capital from land sales, from Madison-affiliated entities and possibly from others appear to have covered loans the company and the Clintons took out. The company may have had a negative value when the Clintons sold their half interest in 1992, but that neither means the Clintons themselves lost money, nor that questions ought not be asked about how direct or contingent liabilities may have been disposed of as late as 1992.

Administration claim: The President and his staff would fully cooperate with Congress.

Fact: The executive branch is actively working to prevent full disclosure of documents and committee access to witnesses.

Administration claim: It has done nothing wrong in relation to the RTC investigation into the failure of Madison and is fully cooperating with Special Counsel Fiske's probe.

Fact: Officials of an independent regulatory agency—the RTC—immediately notified the White House of the probe of Madison by its Kansas City office and attempted to put in place procedural techniques to undercut the traditional independence of its regional offices.

Fact: In January 1994, RTC Washington met with Kansas City staff. After the meeting the Kansas City office filed a formal complaint with Washington RTC.

Fact: On February 2, 1994, the day Roger Altman briefed the White House on Madison Guaranty, RTC senior attorney, April Breslaw visited the Kansas City office and said that Washington would like to say that Whitewater caused no losses to Madison. Kansas City employees protested that this was not the case.

Fact: On September 29, 1993, before the new criminal referrals were sent to the Justice Department, Treasury General Counsel Jean Hanson briefed White House Counsel on them. Nine days after the meeting, the referrals were sent to the Justice Department. On October 14, Jean Hanson with Secretary Bentsen's press secretary and chief of staff met with Presidential advisors ostensibly to discuss press inquiries related to Madison Guaranty.

Fact: On February 2, right after the appointment of Special Counsel Robert Fiske, Roger Altman gave the White House a heads-up briefing on Madison. At the Senate oversight board hearing, Roger Altman revealed his February 2 meeting, but no others. Several days later, the September and October White House briefings were revealed. On March 9, the Washington Post reported that there were numerous other contacts between the Treasury and the White House on Madison. After subpoenas are issued it is revealed that there are over 3,500 pages of documentation surrounding these contacts which the White House terms as inconsequential.

Fact: After the appointment of Special Counsel Fiske, Washington RTC officials imposed censorship guidelines on Kansas City RTC employees. No discussion with Fiske could be made without going through Washington. No meetings between Kansas City office and Fiske could take place without accompaniment of Washington officials. No materials could be forwarded without going through Washington. All information concerning attorney-client privilege was to be redacted, with Washington RTC determining the scope.

Administration claim: No fundraising improprieties occurred.

Fact: On April 4, 1985, Jim McDougal hosted a fundraiser for Governor Clinton. The Clinton's repeatedly asked McDougal to host the fundraiser to pay off the $50,000 personal loan that Clinton had taken out in the final weeks of his 1984 campaign. The question at issue is whether some of the money appears to have been diverted from Madison Guaranty, which would then, with the failure of Madison, imply deferred Federal financing of a gubernatorial election. For example, one cashier's check for $3,000 was made in the name of Charles Peacock III, then a 24-year-old college student who disclaims any knowledge of having made a contribution. Mr. Peacock's father was a major Madison borrower and served at one time on Madison's board. Other checks that the RTC is reviewing include a $3,000 check from the late Dean Landrum, an employee of Charles Peacock, and one from Susan McDougal. In the former Governor's defense, candidates are not always in a position to verify their campaign contributions.

Mr. Speaker, the President's former partner, Jim McDougal, in a number of occasions has contested the assertion that no resources were taken from Madison Guaranty and its related entities and given to Whitewater. In an AP story on February 4, 1994, and on the "David Brinkley Show" on March 13, 1994, he specifically raised concerns that Madison Marketing was not owned by Madison Guaranty, but was instead a sole proprietorship owned by his former wife. He has cited documents filed with the Arkansas secretary of state's office to buttress his claim.

Mr. McDougal apparently believes there are subtleties about the nature of Madison Marketing that need clarification. Mr. McDougal gives great credence to the circumstance that at some point Madison Marketing may have been operating as an intended proprietorship of his wife, but, whether this is true, this appears to be a distinction without a difference, form over substance. The overwhelming perspective as contained in the 1986 Federal Home Loan Bank Board Report of Examination is that all Madison Marketing resources were derived from Madison Guaranty or its subsidiaries. Any money transferred to Whitewater from Madison Marketing would thus have had as its source the S&L. The 1986 FHLBB exam, upon which the earlier staff memo on this subject was based, states:

A. Objectionable Conflicts of Interest: Conflicts of interest involving James McDougal, Susan McDougal, and William Henley have been detrimental to the safety and soundness of the Institution. These individuals are in control of the Institution (Madison Guaranty) through their stock ownership. James McDougal owns 63.5 percent of the outstanding Madison shares. His wife, Susan McDougal, owns 12.6 percent, and her brother, William Henley owns 8.5 percent. In addition to his ownership control, Mr. McDougal, as President of the Institution's subsidiary (Madison Financial), has complete control of the land development projects discussed in comment.

B. This control enabled Mr. McDougal to structure the development and financing of the projects so that substantial cash payments could be diverted to himself, Susan McDougal, William Henley and others. These payments have directly benefited these individuals, but Madison Guaranty has received little or nothing in return. Though they have been structured to avoid specific Insurance Regulations, these payments are contrary to the general policy of the FHLBB concerning conflicts of interest as stated in Insurance Regulation 571.9 and FHLBB Memorandum R-19a.

Many of these payments have been funneled through business entities which are owned or controlled by the McDougals, employees, relatives of employees, or close friends of the McDougals and Henley.

Madison Marketing: Madison Marketing is paid for doing all the general advertising for Madison Guaranty and most of the advertising for Madison Financial's land development projects. All of Madison Marketing's business is derived from Madison Guaranty or its subsidiaries. Since 1983 these payments total $1,532,000.

Given the evidence of Madison Marketing's invoices, it is questionable how much of these advertising services are actually performed by the firm. The actual work of advertising, such as the design and production of commercials and providing air time or newspaper space, appears to be performed by others. Madison Marketing apparently just pays the bills of other providers and adds a 15 percent fee of its own. Examiners estimated this fee to be approximately $200,000 since 1983. It would appear that Madison Guaranty could have an employee perform similar work for much less money.

Mr. Latham stated that Madison Marketing made no payments to any stockholders. This statement is false. As a part of a test for such payments, the examiners discovered two remittances from Madison Marketing to Susan McDougal which total $50,000. This was a test, and there may be additional payments.

Mr. McDougal apparently believes Madison Marketing should be understood simply as a sole proprietorship of his wife with no ties to the S&L. This view is in discordance with that of the U.S. Government, as indicated by the FHLBB report cited above; it is also in discordance with a contemporaneous view of the legal situation as defined and described by Mr. McDougal in a July 1, 1986, memorandum from him to Madison guaranty's president, Mr. John Latham. In this memorandum, which is a copy of an original Madison document in the possession of the RTC and the minority of the House Banking Committee, Mr. McDougal asserts:

In late January 1985, Mrs. McDougal permitted Madison Marketing to become a subsidiary of Madison Financial Corporation.

In addition, Mr. Jeff Gerth of the New York Times has reported on March 8, 1992, an earlier instance in which Madison Marketing transferred resources to Whitewater. Mr. Gerth reported:

Whitewater's check ledger shows that Whitewater's account at Madison was overdrawn in 1984, when the corporation was making payments on the Clinton's loan. Money was deposited to make up the shortage from Madison Marketing, an affiliate of the savings and loan that derived its revenues from the institution, records also show.

In addition, David Hale and his attorney Randy Coleman have asserted in recent days that it was proceeds of an $825,000 Madison loan that was used to leverage SBA funds and to make the $300,000 loan to Susan McDougal, of which $110,000 was deposited to Whitewater.

This evidentiary material coupled with the April 17, 1985, minutes of Madison Financial's board authorizing a transfer of $30,000 from Madison Financial to Whitewater, the memo of L. Jean Lewis of the Kansas City RTC office showing over a 6-month period reviewed that approximately $70,000 was transferred from Madison or affiliated entities to Whitewater, plus other more confidential RTC material in our possession indicates there is every credible reason to believe that Madison Guaranty through affiliated entities did transfer money to Whitewater.

Furthermore, records filed with the Arkansas Secretary of State's office show that Mr. McDougal, as president of Madison Financial Corp.—a subsidiary of Madison Guaranty—on July 26, 1986, filed an application for registration of fictitious name. The application was for Madison Financial to do business as Madison Marketing. This document does not represent incorporation papers. This application appears to be in response to the 1986 Federal Home Loan Bank exam which noted that with regard to Madison Marketing and Madison Real Estate, Madison Financial had not registered as a "doing business as" in the county records.

The effect of this statement with its supporting documentation is to evidence that:

First, Whitewater may have begun as a legitimate real estate venture but it came to be used to skim, directly or indirectly, federally insured deposits from an S&L and a Small Business Investment Corporation. When each failed, the U.S. taxpayer became obligated to pick up the tab;

Second, the family of the former Governor of Arkansas received value from Whitewater in excess of resources invested;

Third, taxpayer guaranteed funds were in all likelihood used to benefit the campaign of a former Governor;

Fourth, the independence of the U.S. Government's regulatory system has been flagrantly violated in an effort to protect a single American citizen; and

Fifth, Congress and the Executive are employing closed society techniques to resist full disclosure of an embarrassing circumstance, with unfortunate precedent setting ramifications.

Last month a BBC reporter asked me if we Americans weren't making too much of this scandal. He raised a fair question. Compared with petty potentates around the world, who routinely walk off with millions and in some cases billions, conflicts of interest in American politics are of petty variety. In this case, however, we have a situation where a multithousand-dollar conflicts of interest led to a multimillion-dollar hit on the taxpayer. That is the meaning to the failure of Madison Guaranty. That is also the meaning of the Small Business Investment Corporation called Capitol.

It is simply not appropriate to shrug it off and say that this is the way things are done in small States. They aren't in Nebraska, South Dakota, or Iowa. It is simply not appropriate to say it isn't a Federal issue. It is. The U.S. taxpayer has lost millions; homeowners in Arkansas have lost institutions that were established to serve their needs; minorities throughout the country cannot lightly shrug off yet another instance in which a program designed to give them a crack at the American dream was redirected to serve the investment ego a State political establishment.

It is suggested by the majority that we have better things to do around here. There again is some truth to this. The minority also wants to get on with the business of health care, welfare reform, crime legislation. Indeed, we pledge to be constructive and are not blocking any congressional consideration of these issues. But, in a larger sense, it should be understood that these—we have better things to do—laments suggest that ethics, governmental integrity, and the possible misuse of the public's money should be secondary considerations—something to worry about only when we have time. In a democratic system, built and maintained on the confidence of the people, placing such considerations last on the list of priorities is a highly dubious game. Nothing works over the long haul if the public loses confidence in its governmental institutions and the people who operate those institutions. The task of keeping the people's confidence may not be pretty or pleasant, but it is a first priority in our system—not a last priority as all too many are suggesting today.

Whitewater is less about the issues of the day than it is the ethics of our time. It is a central issue not because it is big, but precisely because it is small.

The way we in America keep our scandals from becoming too big is by holding people accountable when the amounts of money at issue are relatively small. It is the principles at issue, not the dollar amounts that matter.

In conclusion, let me stress that the most difficult issue to deal with is the question of proportionality. When the minority made its restrained request for hearings last November, I suggested that while there was fire with the smoke, Whitewater appeared to be more a camp than forest fire. I now believe the fire has spread to the grass and is heading to the trees but that it is still not too late to put it out with full disclosure and full accountability. In this regard, I suggested in a December, Washington Post editorial that when breaches of law or public ethics occur, options often exist as to whether civil or criminal remedies are appropriate. I presumptuously concluded then and maintain now that there is no reason not to proceed with civil ac-

countability in a civil way. The last thing this country needs is a year long trial or travail for the President of the United States. It would divide the country and be unfair to the public as well as the President.

Accordingly, I have pledged to the President's counsel as well as to the special counsel that I will do my best to put the issue behind once disclosure is provided. Accountability is in order; a constitutional crisis is not. The Presidency should neither be jeopardized nor debilitated. Rather than high crimes and misdemeanors, the issue today relates to high improprieties and breaches of the public trust.

ADDITIONAL SUPPORTING DOCUMENTATION

STATEMENT OF THE HONORABLE JAMES A. LEACH

1. Notes of Conversation between L. Jean Lewis and April Breslaw, February 2, 1994. "(T)he 'head people', would like to be able to say that Whitewater did not cause a loss to Madison, but the problem is that so far no one has been able to say that to them." Describes losses to Madison caused by Whitewater.

2. Board of Directors Minutes, Madison Financial Corporation, April 17, 1985. "RESOLVED, that the Corporation pre-pay to Jim McDougal $30,000.00 of his annual bonus in recognition of the profits of the prior year and that said bonus is to be paid directly to Whitewater Development."

3. Application for Registration of Fictitious Name, Applicant—Madison Financial, Fictitious Name—"Madison Marketing" (July 25, 1986).

4. Chronology of Criminal Investigation.

5. Letter of September 1, 1992 from L. Richard Iorio (RTC–KC) to Steve Irons (FBI) transmitting criminal referral.

6. Letter of September 1, 1992 from L. Richard Iorio (RTC–KC) to Charles A. Banks (DOJ) transmitting criminal referral.

7. RTC Internal Memorandum, May 3, 1993. Background remarks and conversation with AUSA Bob Roddey's office re: Madison Guaranty Savings referral.

8. RTC Internal Memorandum, May 19, 1993. Additional conversation with Office of Legal Counsel for U.S. Attorney's, U.S. Justice Department, Washington, D.C. No record of Madison criminal referral at Washington DOJ.

9. RTC–KC E-Mail, May 19, 1993. Madison matter forwarded to Donna Henneman in "Legal Counsel." Referral submitted to that office "because of the political ramifications and political motivations."

10. RTC–KC E-Mail, May 26, 1993. Follow-up call from Donna Henneman (DOJ). RTC advised by an FBI agent in Little Rock that it was a "very solid case of check kiting, and was highly prosecutable." Henneman was growing increasingly frustrated by the situation, because she had seen the information, knew that it had come in, and couldn't understand why she was having such a hard time tracking where the referral and exhibits had gone.

11. RTC–KC E-Mail, June 8, 1993. Conversation with Donna Henneman (DOJ). Madison Referral has reappeared on her desk. Criminal Division has sent memo to Doug Frazier (in Depty Atty General Heyman's office) advising him that there was "no identifiable basis for recusal of the U.S. Attorney in the Eastern District of Arkansas." Referral sent to Frazier for review and final decision.

12. RTC–KC E-Mail, June 23, 1993. Conversation with Donna Henneman (DOJ). Package returned from Frazier. Frazier appointed U.S. Attorney in Florida.

13. RTC–KC E-Mail, June 23, 1993. Further Conversation with Donna Henneman (DOJ). Spoke with Doug Frazier. Decision made to return the referral back to the Arkansas U.S. Attorney. No basis for recusal.

14. RTC–KC E-Mail, June 29, 1993. Source indicates Madison referral has been returned to Little Rock. Acting U.S. Attorney will not act on referral. It is being held until U.S. Attorney designee Paula Casey takes office.

15. RTC–KC E-Mail, September 23, 1993. Conversation with Donna Henneman (DOJ). Washington DOJ would like to be copied on all future transmittal letters concerning Madison referrals with an additional one paragraph summary of the content of the referrals with the transmittal letters, so that Henneman will be aware of those with "sensitivity issues."

16. RTC–KC E-Mail, September 29, 1993. Conversation with Donna Henneman (DOJ). DOJ would like copies of all future Madison referrals sent to Washington in addition to sending to U.S. Attorney in Little Rock. Henneman will confirm this in writing.

17. RTC–KC E-Mail, September 29, 1993. Conversation with Donna Henneman (DOJ). Washington DOJ withdrawing request for referrals to be sent directly to Washington, but would still like copies of transmittal letters with addendum summary paragraph.

18. RTC–KC E-Mail, October 26, 1993. Conversation with FDIC-Memphis concerning Exam Reports.

19. RTC–KC E-Mail, October 27, 1993. Conversation with Donna Henneman (DOJ). Inquiry on whether declination letter had arrived from Little Rock U.S. Attorney.

20. Letter of October 27, 1993 from Paula J. Casey (U.S. Attorney) to L. Jean Lewis (RTC). Declination letter on the Madison referral.

21. Letter of November 1, 1993 from L. Jean Lewis (RTC) to Paula J. Casey (U.S. Attorney). Confirmation of declination letter and the stipulation from October 27th letter that the matter was concluded prior to the beginning of Paula Casey's tenure and that the RTC had never been advised of such result. Chronology of correspondence between RTC and DOJ.

22. RTC–KC E-Mail, November 10, 1993. Notice of new RTC lead investigator on Madison. L. Jean Lewis removed as lead investigator. "The Powers That Be have decided that I'm better off out of the line of fire . . ."

23. RTC–KC E-Mail, November 15, 1993. Transmittal of white paper outlining chronology of events related to 1992 Madison referral. Challenges news article indicating that decision to decline Madison referral had been prior to Paula Casey's appointment.

24. RTC–KC E-Mail, November 15, 1993. Discussion of meeting with Donald MacKay. "He's coming here to evaluate us, our work, and to try and decide just how good this case is, and how he can best deal with a very sensitive political situation."

25. Letter of December 21, 1993 from Michael Caron (RTC) to Bill Houston (FDIC-Memphis). Seeking information on banks involved in loan swapping.

26. RTC–KC E-Mail with attachment, January 6, 1994. Discussion of contact with reporter.

27. RTC Memorandum of January 14, 1994 from Jack Ryan to RTC Vice Presidents and Assistant Vice Presidents. Requirement that the collection and distribution of all information and material responsive to requests concerning Madison be coordinated through RTC-Washington.

28. RTC–KC E-Mail, January 25, 1994. Establishment of Madison review team.

29. RTC–KC E-Mail, February 7, 1994. Conversation with Little Rock U.S. Attorney's office. "(H)e'd spoken to Jeff Gerrish recently, and that Gerrish was 'absolutely astounded' that nothing more was ever done criminally with Madison, beyond the Castle Grande transaction.

30. RTC–KC E-Mail, January 5, 1994. RTC Washington review of Madison investigators. Response memo from supervisor stating, "FYI. This is way out of line. I have already contacted WDC and filed a formal complaint."

31. Letter of October 10, 1983 from C.J. Giroir, Jr. (Rose) to James B. McDougal. Pursuant to discussion with Hillary Clinton enclosing a billing for Madison Bank & Trust dated December 23, 1981.

32. Memorandum to Governor Bill Clinton from Jim McDougal, February 7, 1985. "Kathy called yesterday to ask for my recommendations for two people to fill the vacancies on the State Savings and Loan Board. * * * Bill, we are down to only about 15 State-chartered savings and loan institutions and I am about the only one around who has any interest in this board."

33. Letter of December 12, 1984 from James B. McDougal (Whitewater Development Co.) to Ron Proctor (Citizens Bank). "I have been unsuccessful in trying to meet with Bill and Hillary to sign the vote renewal. I have forwarded to them by messenger this morning the note and an envelope with which to forward it to you. Each month we will deposit into our account at Flippin an amount sufficient to cover the monthly payment."

34. Memorandum to John Latham from Jim McDougal, April 18, 1985. "I want this preferred stock matter cleared up immediately as I need to go to Washington to sell stock."

35. Memorandum to John Lathan from Jim McDougal, February 19, 1985. "Proceed with your idea on the subordinated notes. We need to make a decision on Madison Bank & Trust."

36. Memorandum to John from Jim, January 7, 1985. "You, Greg, and I need to discuss Securities License. First South has one on by its Service Corporation."

37. Memorandum to John Lathan from Jim McDougal, July 11, 1985. "I need to know everything you have pending before the Securities Commission as I intend to get with Hillary Clinton within the next few days."

NOTES FROM THE CONVERSATION BETWEEN RTC SENIOR CRIMINAL INVESTIGATOR L. JEAN LEWIS AND FDIC ATTORNEY APRIL BRESLAW ON FEBRUARY 2, 1994, FROM APPROXIMATELY 3:50 P.M. UNTIL 4:35 P.M.

April stated that "the people at the top" keep getting asked about Whitewater, which seems to have become a catch all phrase for Madison and it's related investigations. She said that eventually "this group" is going to have to make a statement about whether or not Whitewater caused a loss to Madison, but the fact that Whitewater had no loan at Madison provided less potential for a loss. April stated very clearly that Ryan and Kulka (?), the "head people", would like to be able to say that Whitewater did not cause a loss to Madison, but the problem is that so far no one has been able to say that to them. She felt like they wanted to be able to provide an "honest answer", but that there were certain answers that they would be "happier about, because it would get them off the hook."

April felt that it would have been difficult to determine exactly what happened with

the Whitewater account, because so many checks had gone in and out of the account, and made a reference to the end resulting netting itself out. She asked about Greg Young's work papers on the Maple Creek Farms reserve for development analysis, and how it didn't seem to have any apparent tie to Whitewater. I concurred that it didn't have any legitimately defined tie, which is precisely why it was included in the referral.

She inquired about the $30,000 check to Jim McDougal from Whitewater in 5/85, and about the disposition of the funds. I explained the transaction as I know it: the $30,000 had been converted to a MGS&L cashier's check, which was subsequently endorsed by and deposited to Riggs National Bank. I explained that when the check was force paid, the Whitewater account was overdrawn by over $28,000 which was then subsequently covered by the payment of a $30,000 bonus from MFC to Jim McDougal, deposited directly to Whitewater on McDougal's orders.

She asked how we could get to a clear cut answer as to whether or not Whitewater caused a loss to Madison. I stated that, as far as I am concerned, there is a clear cut loss. I also stated that any attempt to extract Whitewater as one entity from the rest of the McDougal controlled entities involved in the alleged check kite will distort the entire picture. I further pointed out that I would produce the answers that were available, but that I would not facilitate providing "the people at the top" with the "politically correct answers just to get them off the hook".

She asked questions about the specifics of the checks going through the Whitewater account. I stated that it appeared that the majority of the checks written out of the Whitewater account during the window time frame were going to other financial institutions to make loan payments. I also said that the referral focused only on a short time frame, but that if that same research were conducted for a two year period, it was my belief that the losses to Madison from the Whitewater account alone would easily exceed $100,000, given that $80,000 had gone out of the account during the six month window time frame. I further added that the end loss result from the entire scam, using all 12 companies/entities, would be hundreds of thousands of dollars in what were essentially unauthorized loans.

I stated that if she wanted me to tell her, unequivocally, that Whitewater didn't cause a loss, I could not do that. I could only reiterate the allegations contained in the referral, which are based on fact, and that it is my opinion and belief that Whitewater did, in fact, cause a loss to Madison because of the amount of the unauthorized loans that McDougal made, through the check kite, to entities in which he was a primary party and beneficiary. I also pointed out that this ultimately benefited his business partners—the same business partners that knew they had real estate ventures that were not cash flowing, but that also knew their mortgages and/or notes were somehow being paid. I pointed out that these business partners are intelligent individuals, the majority of them being attorneys, who must have concluded that McDougal was making the payments for their benefit. I posed the question to her, if you know that your mortgages are being paid, but you aren't putting money into the venture, and you also know the venture isn't cash flowing, wouldn't you question the source of the funds being used to your benefit? Would you just assume that your partner was making these multi-thousand dollar payments out of the goodness of his heart? Wouldn't you wonder even more if you knew that your business partner's main source of income, and S&L, was in serious financial difficulty, which by 1985 was fairly common knowledge?

We discussed the initiation of the MGSL investigation, and how evidence of the check kite came to light. I explained that after reviewing a series of checks, all of which noted "loan" in the memo field, I discerned a pattern that looked like a check kite, and proceeded to trace funds through the various accounts, which is a standard investigations procedures. The end result was the referral alleging a massive check kite. I also advised April that I had been told by both the U.S. Attorney's office (Mac Dodson), and the FBI (Steve Irons) that this was a highly prosecutable case of check kiting. I also told her that I disputed the declination of that referral on the basis of "insufficient information". She commented that "that's what Grand Juries are for", and I pointed out that it generally seemed to be the policy of the U.S. Attorney to agree to open a case before they would start Grand Jury proceedings. I also noted that I found the treatment of that particular referral by the Justice Department to be highly unusual. This concluded our discussion.

MINUTES OF MEETING MADISON FINANCIAL CORP.

The Board of Directors of Madison Financial Corporation met on April 17, 1985, at 1:00 p.m. at the offices of Madison Financial Corporation at 16th and Main Streets, Little Rock, Arkansas. All directors were present. The minutes of the previous meeting were read and approved as recorded.

The first order of business, introduced by John Latham, was the matter of authorizing prepayment of Jim McDougal's bonus. After a full discussion, the following resolution was unanimously adopted, with Jim McDougal abstaining from the voting:

"Resolved, that the Corporation pre-pay to Jim McDougal $30,000.00 of his annual bonus in recognition of the profits of the prior year, and that said bonus is to be paid directly to Whitewater Development."

There being no further business, the meeting was adjourned.

JAMES B. MCDOUGAL,
Chairman.

STATE OF ARKANSAS

OFFICE OF THE SECRETARY OF STATE,

Application for Registration of Fictitious Name

To: W. J. "BILL" MCCUEN,
Secretary of State
State Capitol, Little Rock, AK.

Pursuant to the provisions of Section 95 of the Arkansas Business Corporation Act, (Act 576 of 1965), the undersigned corporation hereby applies for the registration of the use of a fictitious name and submits herewith the following statement:

1. The fictitious name under which the business is being, or will be conducted by this corporation is: Madison Marketing.

2. The character of the business being or, to be conducted, under such fictitious name is: Advertising and public relations.

3. (a) The corporate name of the applicant is: Madison Financial Corp.

(b) the State of incorporation is: Arkansas.

(c) The location (giving city and street address) of the registered office of the applicant corporation in Arkansas is: 2124 First Commercial Building, Little Rock, AR.

4. The applicant states that if it is a foreign corporation that it is admitted to and authorized to do business in the State of Arkansas.

5. The filing fee in the amount of $10.00 is enclosed.

Name of Applicant Corporation: Madison Financial Corporation.

Signature: James B. McDougal, President.

Address: P.O. Box 1583, Little Rock, AR.

CRIMINAL INVESTIGATIVE CHRONOLOGY OF EVENTS

MARCH 9 TO 23, 1992

Madison Guaranty Savings & Loan ("MGSL") and it's alleged ties to Whitewater Development Corporation ("Whitewater") and Bill & Hillary Clinton were reported in a 3/8/92 New York Times article by Jeff Gerth. MGSL owner and board chairman, James B. McDougal, had been previously tried and acquitted on bank fraud charges in 6/90.

Inquiries regarding these ties emanated from both RTC Investigations in Washington, D.C., and the former Director of the Tulsa Consolidated Office. The Washington inquiry went through the Kansas City Regional Investigations Office to the Tulsa Consolidated Investigations office, who was responsible for investigating failed Arkansas thrifts. The question was raised as to whether Whitewater's relationship with MGSL had been reviewed, and were there any resulting losses or potential criminal activity documented. As a result of this inquiry, the Tulsa office criminal investigator assigned to the Arkansas thrifts was asked to work with the civil investigator in reviewing the completed investigative findings to date. Over a two week period, the criminal investigator reviewed all thrift records obtained from the institution at the time of conservatorship which were stored in the Tulsa office. These records included the available Board Minutes, committee and subsidiary minutes, Fidelity Bond policies, FHLB exams from prior years, outside audits, legal correspondence files and various limited loan files. No mention was found of any Whitewater relationship with MGSL.

MARCH 25 TO APRIL 15, 1992

During this time frame, Tulsa Investigations learned that a former MGSL employee, subsequently (and still) an attorney in the employment of a Little Rock law firm handling extensive litigation in Arkansas for the TRC, had allegedly fabricated at least two years of minutes for an MGSL subsidiary, Madison Financial Corporation ("MFC"). The criminal investigator was asked to review daily records created by the former employee, who was at that time the executive assistant to former MGSL president, John Latham. Latham pled guilty to one charge of bank fraud in 1989. Copies of the former employee's records had been shipped to Tulsa, where it would be determined if further investigation was appropriate. An affirmative decision was reached during the first week of 4/92. While this review was being conducted, the civil investigator was reviewing additional Madison records stored in Little Rock under the control of the post-receivership assuming bank, Central Bank & Trust("CB&T"). These records, which had never been inventoried by either MGSL or CB&T, were stored in a downtown Little Rock warehouse, and included, but were not limited to, former officer correspondence, legal files, subsidiary land development and investment files, microfilm, demand deposit (checking) account records/binders, cancelled checks, etc.

Based on the findings of these concurrent criminal and civil investigative reviews, the

decision was made that both investigators should travel to Little Rock for a more extensive review of the warehoused documents. At this point, the criminal investigation, which had been previously scheduled for late 1992, was rescheduled to 4/92.

APRIL 20 TO 24, 1992

The investigators conducted an extensive review of the warehoused records, and the criminal investigator talked with the FBI and U.S. Attorney's office regarding the 1990 trial of former MGSL owner James B. McDougal. The criminal investigator learned that the FBI was previously aware of the fabricated subsidiary minutes and had taken no criminal action. Tulsa Investigations management was advised accordingly and that aspect of the review was suspended.

The warehoused records revealed additional Whitewater checking account statements, raising further questions about the payee's on some of Whitewater's checks. A number of documents belonging to the former Chief Financial Officer of MGSL/MFC were located. Among these documents were several accountant/ledger worksheets on numerous MFC subsidiary land "developments", all of which were heavily subsidized by MGSL. Included in one of the development worksheets marked "Maple Creek Farms" was an item denoting a $30,000 charge to Whitewater for the cost of an engineering survey; this was the first indication of a relationship between MGSL and/or MFC and Whitewater beyond the existence of the Whitewater checking account. Original microfilm, along with pertinent original documents from the warehouse, were sent back to Tulsa for further investigation. Research was conducted on twelve McDougal and/or McDougal business partner controlled accounts, including Whitewater. Check copies were produced for a two year period between 6/84 and 6/86; a standard investigative procedure when tracing the flow of funds.

MAY 1 TO JULY 15, 1992

During the first week of 5/92, all Tulsa Consolidated Office employees were advised that the Tulsa office would be permanently closing at the end of 7/92. All Tulsa Investigations records were shipped to the Kansas City Office, thus putting the Madison investigation on hold. The copy process on the McDougal and/or McDougal business partner controlled accounts was suspended as well, due to equipment and records relocation.

AUGUST 1 TO SEPTEMBER 2, 1992

The criminal investigator transferred to the Kansas City office at the end of 7/92, resuming the analysis of Madison documents and checks. A criminal referral (#C0004) was subsequently generated alleging a $1.5 million check kiting scheme between the McDougal and/or McDougal business partners controlled entities, including Whitewater. This referral was submitted to the FBI and U.S. Attorney, Eastern District of Arkansas on 9/2/92.

SEPTEMBER 3 TO DECEMBER 15, 1992

Having submitted the initial referral on MGSL, the criminal investigator redirected priorities to the ongoing investigations of three other failed thrifts, which were intensifying. First Federal Savings, Paragould, Arkansas, which was reaching suspect plea negotiations, First America Savings, Ft. Smith, Arkansas, which had been referred from jurisdiction in the Western District of Arkansas to the Dallas Fraud Task Force, and Cimmaron Federal Savings, Muskogee, Oklahoma, for which investigations had received an allegation of potential fraud from the managing agent. Throughout these investigations, the criminal investigator continued to request and monitor a response on MSGL referral #C0004.

DECEMBER 15, 1992, TO MARCH 14, 1993

The U.S. Attorney's office did not offer any standard response to the MGSL referral, advising either that a case would be opened or that prosecution would be declined, for three months. In response to numerous calls from the criminal investigator during that time, the Little Rock FBI Special Agent in Charge sent a letter of acknowledgement to the RTC stating that both the FBI and U.S. Attorney had received the referral and exhibits. The investigator continued to work on the aforementioned institutions while continuing to monitor a potential response on the MGSL referral.

MARCH 15 TO MAY 4, 1993

The criminal investigator initiated a preliminary review of criminal activity at Savers Savings, Little Rock, Arkansas, out of which a former borrower had been convicted and sentenced in conjunction with a failed Texas S&L. This review involved extensive interviews with the borrower, and a review of his personal and corporate records prior to his sentencing and incarceration in late 4/93. The investigator continued to make verbal requests for a written response from the FBI or U.S. Attorney on MGSL referral C0004.

MAY 4 TO 25, 1993

On 5/4/93, the criminal investigator sent a letter to the U.S. Attorney inquiring about the status of the referral. The response from the U.S. Attorney referred the investigator to the U.S. Justice Department in Washington D.C. The criminal investigator initiated a series of calls to DOJ/Washington to ascertain the status of the referral. Simultaneously, the criminal investigator, criminal investigations department head and the field investigations officer determined that the most expedient way to complete the investigation of previously defined criminal allegations at MGSL was to supplement the investigative manpower.

MAY 31 TO JUNE 4, 1993

Three additional criminal investigators were assigned the task of reviewing loan transactions, checking accounts and subsidiary lending transactions to ascertain the level of criminal activity at both MGSL and MFC. The lead investigator, along with another task assigned investigator, returned to the Little Rock warehouse for further document review. The investigators additionally travelled to four other counties to review land records pertaining to property sales, loan and mortgages reflected in the County Clerk's offices. Those findings were shared with the other assigned investigators.

JUNE 5 TO OCTOBER 8, 1993

The four investigators reviewed and analyzed all available MGSL transactional information for the ensuing 120 days. As a result, nine additional criminal referrals involving multiple MGSL and MFC transactions were generated and submitted to the U.S. Attorney and FBI on 10/8/93.

OCTOBER 17, 1993

The lead criminal investigator received a letter from the new U.S. Attorney for the Eastern District of Arkansas, Paula J. Casey. The letter stated that referral #C0004, submitted 9/2/92, had been declined due to "insufficient information".

NOVEMBER 1, 1993 TO JANUARY 24, 1994

RTC Criminal investigations continues to support the investigative efforts of the FBI and U.S. Attorney by providing MGSL and MFC documents warehoused in Kansas City, and offering assistance with ongoing subpoena compliance.

The responsibility for investigation of all failed Arkansas thrifts was assumed by the Tulsa RTC Office of Investigations during the first quarter of 1991. Responsibility was assumed from the Eagan/Minneapolis RTC Office of Investigations; the lead Eagan investigator for Madison Guaranty Savings, Little Rock, Arkansas at that time was Mike Hammerly.

When the Tulsa office assumed this responsibility, Madison Guaranty was assigned to civil Investigator Wyatt Adams. Shortly after the reassignment of the Arkansas thrifts, several members of the Tulsa Office of Investigations made a sweep through the failed Arkansas shops and appropriated all the records deemed necessary for the effective completion of both civil and criminal investigations.

In mid summer 1991, Investigator Wyatt Adams traveled to Little Rock to review Madison Guaranty records held by the acquiring entity, Central Bank and Trust, in an old, non-climate controlled building downtown on the river, which had been converted to a "records storage" facility. According to Adams, when he arrived there were extensive records in poor condition, haphazardly heaped into the storage space on the second floor, which was poorly lit and protected by a chain link fence and a padlock. Boxes were on their sides with records dumped out, DDA binders were poorly stacked in one corner, and multiple boxes had been shoved into shelving, with no identifiable inventory. It should be noted that these records were already in the warehouse at the time of the Investigations team Spring 1991 "sweep" through the Arkansas thrifts, and that the former Managing Agent concurs that, to his knowledge, there was no inventory of these records.

In July 1991, the criminal investigation of Madison Guaranty was assigned to Investigator Jean Lewis. A follow-up criminal investigation was tentatively slated to begin during the third quarter of 1992, due to the fact that former thrift owner James B. McDougal had previously been tried on Bank Fraud charges stemming from Madison Guaranty, and was acquitted in 1990. The follow-up investigation was intended to ensure that any remaining potential criminal matters had been properly reviewed and addressed.

In March 1992, Senior Investigator Specialist Jon Walker contacted the Kansas City regional RTC office regarding an article that has appeared in the New York Times stating possible ties between Whitewater Development, Madison Guaranty Savings and Loan, and Bill & Hillary Clinton. Personnel in the KC regional office then contacted the Tulsa office with a request that this issue be reviewed to determine if Investigations was aware of, had reviewed and/or appropriately addressed matters pertaining to the possible relationship between Whitewater Development and Madison Guaranty.

After a review of all available Tulsa Investigations inventory documents, Investigators Adams and Lewis were detailed to the warehouse in Little Rock to review the remaining Madison records and ensure that nothing had been overlooked with regard to any potential action on this matter. Investigator Lewis noted, with concurrence from Adams, that upon arrival that the records were in very poor condition, appeared to have been dumped and/or crammed into the warehouse space, and that there was no

available inventory provided by Central Bank & Trust personnel which could identify the nature of these records. Investigator Adams noted that this was the same condition in which he'd found the records in 1991. Boxes had to be rearranged in order to establish work space and room for a table and two chairs.

During the review of these records, neither Investigator Adams or Lewis located any loan files and loan records relating specifically to Whitewater Development or the Clintons. Investigator Adams then went through a number of Demand Deposit Account binders, to ascertain if Whitewater had maintained a checking account at Madison Guaranty. He located an account and statements for 1984, 1985 and 1986. Investigator Lewis reviewed multiple boxes of records, and recovered several documents from former thrift officer files that warranted further review. Among those documents was a ledger sheet marked "Reserve for Development—Maple Creek Farms" from the records of former Madison CFO Greg Young. On that ledger sheet was noted a $30,000 development reserve cost for an engineering survey charged to Whitewater Development. There was also a limited amount of microfilm located at the warehouse, which was appropriated under the terms of the P&A Agreement and returned to Tulsa along with several DDA binders, with permission from Central Bank & Trust. A signed receipt containing an itemized list of the documents taken by Investigators Adams and Lewis was left with * * * of CB&T.

Prior to departing Little Rock, Investigators Adams and Lewis reviewed the Madison daily work film held by Central Bank & Trust to research the flow of funds through the Whitewater account as pulled from the monthly statements, which is a standard operating procedure for Investigations. Several checks payable to the Bank of Cherry Valley which identified loan numbers, were identified and copied from the daily work. Also copied were numerous checks payable to entities entitled Pembroke Manor, Rolling Manor, Madison Marketing and others, all of which were signed by James or Susan McDougal, payable to Whitewater Development and contained the notation "loan" in the memo filed on the check. Accounts were located and reviewed for these other identified entities; similar checks containing the "loan" notation were found to have been paid between the entities. At that time, both investigators concurred that additional research would be appropriate, and requested all available film relating to Madison Guaranty and returned it to Tulsa, leaving a receipt for the film, binders and original documents pulled from former office files with CB&T employee Bonnie Crocheron. Copies of the entity statements and checks were pulled and/or duplicated from film for the years 1984, 1985 and 1986. * * *

After the original film was duplicated, the duplicates were returned to Central Bank & Trust for their retention, and the original film was retained in Tulsa by an RTC research contractor. The criminal investigation of Madison then continued, as the civil claims had previously been closed out by PLS.

In conjunction with the ongoing Madison investigation, Kansas City Investigators Jean Lewis and Randy Knight traveled to Little Rock in 5/93 to revisit the Madison records held in the downtown warehouse. Upon arrival Investigator Lewis immediately noted the condition of the records was significantly more organized than it had been during the previous visit, and it was evident that a number of boxes had been cleared out.

During this visit to the warehouse, Investigator Lewis learned from the storage facility attendant that the law firm of Mitchell, Selig, Jackson, Tucker & White, former general counsel to Madison Guaranty Savings, also stored records at the warehouse.

A number of the remaining boxes were reviewed, and the keys returned to * * * at Central Bank & Trust. At that time, Investigator Lewis noted to * * * that the warehouse seemed to lack a number of boxes that had previously been there, and * * * advised that some of the records had been retrieved and were being held in a back room at the bank (CB&T). When asked why this had not been disclosed when the keys had been picked up rather than returned, Ms. Crocheron's response was "you didn't ask."

It should be noted that, according to the US Attorney's staff in Little Rock, * * * to Madison and was summoned before the Grand Jury for testimony. The outcome of that investigation has never been disclosed to this office.

In conjunction with the ongoing FBI investigation of the RTC's referrals, Investigations advised the FBI that additional original Madison Guaranty microfilm, along with the records at the warehouse, were under the control of Central Bank & Trust. It is the understanding of Kansas City Office of Investigations that the aforementioned records have now been subpoenaed by the U.S. Attorney's office and are now under the control of the Little Rock FBI. The original Madison film held by Investigators has also been turned over to the FBI along with other records subject to Grand Jury Subpoena.

RESOLUTION TRUST CORPORATION,
Kansas City, MO, September 1, 1992.

MS. STEVE IRONS,
Supervisory Special Agent, White Collar Crime Unit, Federal Bureau of Investigation, Two Financial Centre, Suite 200, Little Rock, AR.

Re: No. 7236 Madison Guaranty Savings & Loan, Little Rock, Arkansas—In Receivership (11/29/90), Criminal Referral Number C0004.

DEAR SIR: Certain matters have come to our attention which may constitute criminal offenses under Federal law. Enclosed is a report of an Apparent Criminal Irregularity.

Information in this referral may have been derived from financial records of customers of federally insured financial institutions. I hereby certify that (A) there is reason to believe that these records may be relevant to a violation of Federal criminal law, and (B) the records were obtained in the exercise of the RTC's supervisory or regulatory functions.

Due to the extensive nature of the exhibits relating to this referral, they are being submitted to the U.S. Attorney's office under separate cover at a later date.

Please direct any inquiries to the Investigator identified on the referral form, or to Lee O. Ausen, Department Head/Criminal Investigations, Kansas City Consolidated Office.

Sincerely,

L. RICHARD IORIO,
Field Investigation Officer.

Enclosure.

RESOLUTION TRUST CORPORATION,
Kansas City, MO, September 1, 1992.

HON. CHARLES A. BANKS,
U.S. Attorney, Eastern District of Arkansas, U.S. Post Office and Courts Building, Little Rock, AR.

Re: No. 7236 Madison Guaranty Savings & Loan, Little Rock, Arkansas—In Receivership (11/29/90), Criminal referral Number C0004.

DEAR SIR: Certain matters have come to our attention which may constitute criminal offenses under Federal law. Enclosed is a report of an Apparent Criminal Irregularity.

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Due to the extensive nature of the exhibits relating to this referral, they are being sent to your office under separate cover.

Please direct any inquiries to the Investigator identified on the referral form, or to Lee O. Ausen, Department Head/Criminal Investigations, Kansas City Consolidated Office.

Sincerely,

L. RICHARD IORIO,
Field Investigations Officer.

Enclosure.

MEMORANDUM

To: Criminal Admin File.
From: Jean Lewis, Criminal Investigator.
Date: May 3, 1993.
Re: Background remarks and conversation with AUSA Bob Roddey's office re: Madison Guaranty Savings referral.

In March 1993, shortly after the departure of former U.S. Attorney Chuck Banks, I was advised by AUSA Bob Roddey on an unofficial basis, that Banks had forwarded the "Madison referral" to Justice in Washington D.C. almost immediately after receiving it last September; Roddey also added that Banks had taken this action as the referral was "politically hot".

I contracted Roddey's office early this afternoon to see if AUSA Floyd Mac Dodson was still with the U.S. Attorney's office, or if he had left with Chuck Banks. I was advised by Roddey's secretary, Laura, that Dodson did, in fact, leave with Chuck Banks, and she offered me their number, which I declined. I asked her what would have happened to Dodson's cases, and she offered to "check the computer" and call me back, if I could give her a specific case, which I did, identifying Madison Guaranty Savings criminal referral #C0004.

Approximately five minutes later, Laura called back and advised me that no record of that referral showed up in their computer system; she then advised me that in conversing with AUSA Roddey, he told her that Banks had sent it to Justice in Washington, and that "we'd probably never hear about it again".

A letter inquiring about the status of the referral has been prepared to send to U.S.A. Pence later today.

RICHARD IORIO
LEE AUSEN.

MEMORANDUM

To: Criminal Admin. File.
From: Jean Lewis.
Date: May 19, 1993.

Re: Additional conversation with Office of Legal Counsel for U.S. Attorneys, U.S. Justice Department, Washington, DC.

In following up my previous discussion with the Office of Legal Counsel on May 13, I contacted Dyone Mitchell (secretary) of that office to see if she had been able to determine the status of the Madison referral, as I had not heard back from her. She consulted her notes and advised me that they "have no record of that referral, it is not in their computer system, it has not been given to an attorney"; upon repeating this response to her, she reiterated "no ma'am, that referral has not been submitted to this office."

After advising Lee Ausen and Richard Iorio of this conversation, the decision was made to resubmit the referral through the U.S. Attorney's office in Little Rock, and contact Ms. Mitchell in the Office of Legal Counsel to see if that office should be copied on the referral and letter to Richard Pence, U.S. Attorney in Little Rock. I contacted Ms. Mitchell again to inquire as to whether that office should be copied on the referral. She said yes, and when I asked to whose attention it should be directed, she responded that it should be sent to Acting Assistant Attorney General Daniel Koffsky, as the Assistant Attorney General, Mr. Dellinger, has not yet been confirmed.

The letter of re-submission will be prepared this afternoon, with a copy going to Mr. Koffsky's attention.

To: L. Richard Iorio and Lee O. Ausen.
From: L. Jean Lewis.
Subject: No. 7236/Madison Guaranty Savings.
Date: Wednesday, May 19, 1993.

In following up on the suggestion that Mr. Daniel Koffsky, Acting Assistant Attorney General, be sent a copy of Madison referral No. C0004, I contacted the Office of Legal Counsel to verify the correct address. In speaking with Dyone Mitchell of that office, I reiterated the address provided by US Atty Richard Pence, which reads: Office of Legal Counsel, Executive Office for U.S. Attorneys, U.S. Justice Department, Washington, DC 20530.

The letter provided the phone number (202) 514–2041.

Ms. Mitchell advised that the Office of Legal Counsel and the Executive Office for the U.S. Attorneys were two separate sections, and that the referral may have been forwarded to the Executive Office instead of Legal Counsel. She then connected me with the operator, who put me through to the Executive Office where I spoke with Stephanie Kennedy. I explained to Ms. Kennedy what I was looking for, and she said she would get back to me this afternoon.

She called me back at 3:30, and advised that she had forwarded the matter on to Donna Henneman in "Legal Counsel", who would check it out and call me back tomorrow. I then contacted Ms. Henneman to offer background information on what I was looking for. When I explained that it was a referral out of Madison Guaranty, forwarded to that office by Chuck Banks, she had immediate knowledge, stating "oh, the one involving the President and his wife". She then stated that the referral had been sent to that office (exactly which office is till unclear to me) as a special report for the attention of the Attorney General, and not as a referral for prosecution. She then stated that "anytime a referral comes in that would make the department look bad, or has political ramifications, it goes to the Attorney General." She further added that the referral had been submitted to that office "because of the political ramifications and political motivations", and then told me that referrals were not prosecuted out of that office. She then stated that the referral had been declined. I advised her that the referral had not been declined, and read her the letter sent to this office by U.S. Attorney Richard Pence. She acknowledged that she was confused, and told me she would speak with her supervisor, Deborah Westbrook, and have her call me back tomorrow. I then asked for Ms. Henneman's title, and she informed me that she was the Ethics Program Manager. I thanked her and ended the conversation.

I'll keep you posted if and when I hear from Ms. Westbrook.

To: L. Richard Iorio and Lee O. Ausen.
From: L. Jean Lewis Investigations
Subject: No. 7236/Madison Guaranty.
Date: Wednesday, May 26, 1993.

I've just received a follow-up call from Donna Henneman at Justice in D.C. She informed me that after speaking with Deputy Director/EO Wayne Rich she learned that referral #C0004 had been sent to former Special Counsel Ira Raphelson. I noted that Mr. Raphelson is now in private practice, she concurred and said that she wasn't sure where it had gone after he left, but that she was going to call the "criminal fraud division at Justice" and see if they are prosecuting the case or if a declination letter has been issued. I restated that, to my knowledge, the referral had not been declined, and that I had been advised by an FBI agent in Little Rock that it was a "very solid case of check kiting, and was highly prosecutable."

I then identified the suspects named in the referral for her reference, and she thanked me and told me she'd be back in touch as soon as she found something. She also stated that she was growing increasingly frustrated with the situation, because she had seen the information, knew that it had come in, and couldn't understand why she was having such a hard time tracking where the referral and exhibits had gone.

To date, each time she has given me a date that she would call back, she has kept her word. I'll let you know when I hear from her again.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Tuesday, June 8, 1993.

As we discussed this morning, I was going to contact Audrey Word at DOJ in Washington this afternoon; however, before I could call, Donna Henneman in the Executive Office for U.S. Attorneys called me. It seems that Madison referral #C0004 has reappeared on her desk. Audrey Word was successful in locating the referral within the Fraud section of the Criminal Division and determined that the individual assigned to the referral "didn't want to deal with it", so she sent the referral and all pertinent info back to Donna Henneman for further disposition.

Donna advised me that the Criminal Division (no one specifically identified) sent a memo to Doug Frazier, Associate Deputy Attorney General (in Deputy Atty General Heyman's office) advising him that there was "no identifiable basis for recusal of the U.S. Attorney in the Eastern District of Arkansas"; this was a direct quote from the memo, as she read it. She then told me that she'd contacted Mr. Frazier who did not remember receiving the memo, and suggested that she get the memo and the referral to him for review and a final decision.

She has subsequently sent him both the referral and the memo, and said she'll keep me posted. I then advised her that during the intervening period, additional information has surfaced that would further support the allegations contained in the referral, so I would be most curious as to their decision. I then concluded the conversation by telling her "whatever the decision is, I need something in writing so that I can close out the file with a declination, or offer support for an ongoing case." She agreed and said she'd stay in touch.

I'll keep you posted.

To: L. Richard Iorio Investigations.
From: J. Jean Lewis Investigations.
Date: Wednesday, June 23, 1993.

At approximately 3:00 this afternoon, I spoke with Donna Henneman in the Executive Office for U.S. Attorneys, regarding the status of the Madison referral #C0004. She advised that she had sent the "package" to Associate Deputy Attorney General Doug Frazier on June 8, as we had previously discussed, but that she had received the entire package back on her desk today with no further answers, as Mr. Frazier was now the new U.S. Attorney in one of the Florida districts; she had not determined whether Mr. Frazier had taken any action prior to his departure, and had spoken with her supervisor regarding her next action shortly before I contacted her. She advised that she will attempt to contact Mr. Frazier in Florida sometime tomorrow, and determine what decision, if any, had been made.

She then advised that "this sort of thing happens all the time when we're trying to get the guys upstairs to make a decision." She said she'd be back in touch as soon as she had an answer from Doug Frazier, or his replacement, a Mr. Dave Margolis.

This was the 8th conversation I've had with Ms. Henneman since I first contacted her on May 19, 1993.

I'll keep you posted.

To: L. Richard Iorio Investigations.
From: J. Jean Lewis Investigations.
Date: Wednesday, June 23, 1993.

Donna Henneman (EO/US Attorneys) just called me back to let me know she'd spoke with former Associate Deputy Attorney General Doug Frazier. He advised her that he met with Tony Muscato, the Director of the Executive Office for U.S. Attorney's, and that the decision has been made to return the referral to the U.S. Attorney in the Eastern District of Little Rock, as there was "no basis for the recusal of the U.S. Attorney", and apparently a lack of "conflict of interest."

Ms. Henneman then added that she doubted whether or not the U.S. Attorney, Eastern District/Arkansas would be aware of this situation yet, but suggested that I wait a few days and then contact that office in Little Rock.

She asked to be kept posted on the outcome, and offered her continued assistance whenever and however possible.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Tuesday, June 29, 1993.

I received a call this afternoon from a highly reliable and confidential source, that the Madison referral (C0004) has been returned to the U.S. Attorney's office in Little Rock, Arkansas. My source has advised me that the acting U.S. Attorney, Richard Pence, has stated he has no intention of acting on this referral, and plans to let it sit until such time as the new U.S. Attorney designee Paula Casey, takes office on either

an interim or permanent basis. It was stated that there was displeasure at the fact that the referral had been returned to the Little Rock office, and that the reason cited for its return was that the Executive Office for U.S. Attorney's found no basis for recusal, and no conflict of interest emanating from the U.S. Attorney's office in the Eastern District. However, the acting U.S. Attorney is of the opinion that if the (strong) case against James McDougal is taken to trial, it will appear to the "sour grapes" due to his acquittal during his first bank fraud trial.

I was further advised that there is no definite date yet as to when Ms. Casey's confirmation will occur, and that is likely that she will assume her responsibilities on an interim basis. My source has advised that I will get a "head's up" call when Ms. Casey assumes her new responsibilities, but that such appointments have been delayed in the past, and may take a while.

I'll keep you advised should I hear anything further.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Thursday, September 23, 1993.

I've just had a conversation with Donna Henneman, Ethics Program Manager, Executive Office for U.S. Attorneys. I called Donna to make a final determination as to whether or not she wants formal notification of the existence of the subsequent referrals being submitted to the U.S. Attorney, Eastern District of Little Rock, on Madison.

In discussing the standard RTC procedure of the submission of referrals, she has requested that she be copied on the transmittal letters that go to the U.S. Attorney and FBI. At the time she receives the copies of those letters, she will then request the referrals and exhibits from the U.S. Attorney's office for any necessary follow up. So, at her request, I'll ask Donna Minton to cc: Ms. Henneman in her official capacity. She felt that a letter requesting copies at this point was unnecessary, and if it becomes necessary, she will go through her channels at Justice to obtain the documentation from U.S. Attorney Paula Casey. Donna has also requested that I provide a brief one paragraph summary of the content of the referrals with the transmittal letters, so that she will be aware of those with "sensitivity issues." I will be glad to provide the requested summary as an addendum paragraph to the bottom of each transmittal letter.

She then asked me about the final disposition of MGS&L referral C0004. I told her that I had been advised that it was received back in the U.S. Attorney's office, but that I had received no formal notification that a case had been opened, nor a declination letter. I expressed my concerns that the same situation could befall the next referrals to be submitted, and she assured me that she and her supervisor, Deb Westbrook, would stay closely in touch with the situation, due its potentially political ramifications, some of which I explained for her edification.

She asked me to stay in touch as to the responses that I get from the U.S. Attorney's office, and assured me that, if necessary, the "higher-ups" at Justice would make sure something got done with these referrals, including the first one, which in her words "should have been handled by now, one way or the other."

I'll keep you posted.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Wednesday, September 29, 1993.

I've just received a call from Donna Henneman, Ethics Program Manager, Executive Office for U.S. Attorney's, Washington, D.C. She advised that she had spoken to her supervisor, Deb Westbrook, and Ms. Westbrooks supervisor, Doug Frazier, regarding whether or not the Executive Office wanted copies of the Madison referrals slated for submission this week. Ms. Westbrook and Mr. Frazier have determined that the Executive office should receive copies of the referrals and exhibits. Upon receipt, they will review them and determine whether to instruct the U.S. Attorney's office to act on them accordingly, or if they should be forwarded to the Public Integrity Section of DOJ for further review. In inquired as to the nature of the Public Integrity Section and was advised that it is the section of DOJ responsible for the prosecution of public officials. Ms. Henneman also advised that they have made the decision to get the Deputy Attorney General's office involved in this situation, and bring them up to speed.

I asked her to submit this request in writing, in order to document the Investigations file and she responded that she would do so, faxing me a letter this afternoon. I've provided her with the fax number and will copy you upon receipt of her letter.

To briefly summarize the situation to date, I contacted the Executive Office for U.S. Attorney's on May 13, 1993, at the written suggestion of U.S. Attorney Richard Pence, pursuant to his letter of May 10, 1993 regarding my written inquiry as to the final disposition of Madison referral #C0004, submitted on 9/1/92. Mr. Pence advised that the referral had been forwarded to the Executive Office by former U.S. Attorney Charles A. Banks due to what he deemed was a "conflict of interest". This information was relayed to Ms. Henneman during my first conversation with her. During subsequent calls I received from Ms. Henneman, she advised me as to her progress in tracking the whereabouts of referral #C0004, which she finally located and had forwarded back to her office on June 8, 1993. At that time, Ms. Henneman advised me that the decision had been made by personnel in the Criminal Division of DOJ that there was "no identifiable basis for recusal of the U.S. Attorney in the Eastern District of Arkansas", and that the referral would be forwarded back to the U.S. Attorney's office in Little Rock. Since that time, Ms. Henneman has contacted me to follow up on the final disposition of the referral. I have advised her that this office has not yet received notification of an opened case, or a letter declining prosecution. During these aforementioned conversations, the issue was raised as to further referrals, and whether the Executive Office should be copied on any further referrals to avoid a recurrence of circumstances. I received notification of that decision today when Ms. Henneman contacted me, as previously outlined.

Please let me know if you have any questions.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Wednesday, September 29, 1993.

I've received a follow-up call from Donna Henneman with the Executive Office for U.S. Attorneys. She spoke with her supervisor, Deb Westbrook, regarding my request for a written follow-up to her verbal request that the Executive Office be copied on all the Madison referrals and exhibits. Ms. Westbrook has withdrawn her initial request for copies, and stated that they will go through the U.S. Attorney's office to obtain copies rather than having us copy their office directly. Ms. Henneman indicated that this route would not make the U.S. Attorney's office feel as though the Executive Office was "going behind their back" in requesting copies of the referrals.

She then reiterated that she would like to be copied on the transmittal letters that will be sent with the referrals to the U.S. Attorneys and the FBI, with a brief summary paragraph outlining the suspects and content of each referral. I agreed to her request, and will make arrangements to provide the requested summary on the transmittal letters.

I'll let you know if I hear from her again.

To: Lee O. Ausen.
From: L. Jean Lewis.
Subject: #7236 Madison Guaranty.
Date: Tuesday, October 26, 1993.

Just FYI...

Based on our conversation this afternoon regarding the OCC's inability to locate their past exams for UNB/Little Rock, I took a shot at a hunch, and made another call to Cristina Flechas, the attorney for the FDIC in Memphis who had previously advised me (in response to my written request of 6/23) that OCC would have been the regulatory agency for UNB during 1986.

Cristina, so I have learned, is no longer with the FDIC in Memphis. However, I spoke to her successor, Broderick Nichols, and outlined the previous request with him, asking him if he would do some additional followup just on the off chance that the FDIC might have done a concurrent exam on UNB with OCC at some point between 1983 and 1987. I then explained to him that the OCC seemed to be having some difficulty in locating their records, and advised him that I was informed by OCC that prior to 1991, UNB was actually First National Bank of Jacksonville. Well, it turns out that Broderick Nichols is from Little Rock. What a small world! And he evidently grew up knowing where Union National Plaza is and that Union National Bank was, and still is, the largest bank in Little Rock. He was somewhat concerned about the fact that OCC couldn't find their exams, and has offered his expeditious assistance in locating any concurrent exams done by FDIC. He's also offered to aid me in locating other potential leads and sources within OCC that might be able to rediscover the whereabouts of the UNB exams. He couldn't quite understand how the OCC could lose a $500 million bank. Does this sound familiar?

I'll keep you posted.

To: L. Richard Iorio.
From: L. Jean Lewis.
Subject: #7236 Madison Guaranty.
Date: Wednesday, October 27, 1993.

Just got a call from Donna Henneman, Ethics Program Manager, Executive Office for U.S. Attorneys. She asked if I'd received a declination letter on the first referral (C0004) from the U.S. Attorney in Little Rock. I told her that we had not received a declination to date. She then advised that her supervisor, Deb Westbrook, had evidently had a conversation with U.S. Attorney Paula Casey, and that Ms. Casey stated that she would be sending a declination letter to the RTC on that particular referral. No date was given, and Donna did not reference the date of the conversation between Ms. Westbrook and Ms. Casey. I asked Donna if she knew the basis for the declination, and she responded that she did not, and hadn't seen a copy of the letter either. She then suggested that if I do not receive the letter

of declination within a fairly short time frame, to please let her know.

Donna also noted that Ms. Westbrook advised her that USA Casey had stated she would "deal" with the other referrals as well.

I'll keep you posted as to any further calls from Ms. Henneman.

UNITED STATES ATTORNEY,
EASTERN DISTRICT OF ARKANSAS,
Little Rock, AR, October 27, 1993.

Ms. L. JEAN LEWIS,
Criminal Investigator,
Resolution Trust Corporation,
Kansas City, MO.

Re #7236 Madison Guaranty Savings and Loan Criminal Referral Number C0004

DEAR MS. LEWIS: I am writing at the request of the Office of Legal Counsel, Executive Office for U.S. Attorneys of the U.S. Department of Justice to let you know the status of this referral.

As you know, this referral was reviewed by the Criminal Division of the U.S. Department of Justice at the request of the previous United States Attorney for the Eastern District of Arkansas. The matter was concluded before I began working in this office, and I was unaware that you had not been told until I was contacted by the Office of Legal Counsel. After receiving the call from Legal Counsel I reviewed the referral, and I concur with the opinion of the Department attorneys that there is insufficient information in the referral to sustain many of the allegations made by the investigators or to warrant the initiation of a criminal investigation.

Although I am declining to take further substantive action on this referral, my decision does not foreclose future prosecutions about the matters covered by the referral or related matters in the event that my office and the FBI are given access to records or information indicating that prosecutable cases can be made.

Sincerely,

PAULA J. CASEY,
United States Attorney.

RESOLUTION TRUST CORPORATION,
Kansas City, MO, November 1, 1993.

Re #7236 Madison Guaranty Savings & Loan Criminal Referral Number C0004

Hon. PAULA J. CASEY,
U.S. Attorney, Eastern District of Arkansas, Little Rock, AR.

DEAR MS. CASEY: I have received your October 27, 1993 letter regarding the above captioned thrift and referral. On the basis of comments contained within your letter, I am interpreting that correspondence as a formal declination to prosecute referral #C0004. You stipulated in your letter that this matter was concluded prior to the beginning of your tenure as the United States Attorney for the Eastern District of Arkansas. Prior to the receipt of your letter, RTC Investigations was not advised that the matter had been formally concluded.

Between September 1, 1992 and today's date, this office has received a total of three letters with regard to the aforementioned referral, including your letter of declination. The other two letters were from FBI/SAC Don Pettus, 12/15/92, acknowledging receipt of the referral, and from Acting United States Attorney Richard Pence, 5/10/93, advising this office that he was unaware of the referral status as it had been forwarded to the Executive Office for United States Attorney's by former United States Attorney Chuck Banks.

If there were other documents produced that are relative to the conclusion of this matter, I would appreciate receiving the appropriate copies.

The RTC Kansas City Office of Investigations will continue it's policy of cooperation with both the United States Attorney's office and the FBI on all referral related and investigate matters, making all pertinent records accessible as requested.

Should you have any further questions, or if this office may be of further assistance, please do not hesitate to contact me at (816) 968-7237, or if I am unavailable, Supervisory Investigator Lee Ausen at (816) 968-7243 or Field Investigations Officer Richard Iorio at (816) 968-7212.

Very truly yours,

L. JEAN LEWIS,
Senior Criminal Investigator.

To: Jane M. Dankowski.
From: L. Jean Lewis.
Subject: Madison Guaranty.
Date: Wednesday, November 10, 1993.

Hey you! Just a heads up to let you know that Mike Caron, Senior Criminal Investigator, is now the lead investigator on Madison . . . so anymore faxes you send should come to Mike's attention, and any further communication about Madison should go to him, too. The Powers That Be have decided that I'm better off out of the line of fire (and I ain't arguing), but please let me assure you, that we are leaving you in very capable hands! Got any questions beyond that, ask Lee or Richard.

To: James R. Dudine.
From: L. Richard Iorio
Subject: Madison Guaranty.
Date: Monday, November 15, 1993.

On Thursday, November 11, 1993, there was an article that appeared in the Washington Post concerning declination of prosecution on the first Madison referral that was transmitted to the Department of Justice (DOJ) on August 31, 1992.

Contained in the article was information that the referral had been reviewed by DOJ and that a decision had been made early on to decline on this referral and that when Paula Casey US Attorney, Little Rock, Arkansas, in fact issued the declination in October 1993, she was simply bringing this matter to a close.

The document attached clearly refutes this train of thought. In fact, it appears that no thorough review of the document had been conducted as late as June 23, 1993, some ten months after the referral had been initially transmitted. It was not until September 29, 1993 that this office was advised that the referral would be reviewed.

This whole issue might not be important, however, for purposes of credibility with regard to the RTC's efforts in this area, this memo and attachment are submitted for factual clarity.

RTC Criminal Referral #C0004 on Madison Guaranty Savings was completed on August 31, 1992, signed by RTC Kansas City Investigations management on September 1, 1992, and sent via certified mail on September 2, 1992, to Charles A. Banks U.S. Attorney, Eastern District of Arkansas, and SSA Steve Irons, FBI, Little Rock.

By early November 1992, no standard written response of prosecution or declination had been forthcoming from the U.S. Attorney's office. In mid-November 1992, the lead criminal investigator made the first of a number of verbal requests to both the U.S. Attorney and FBI in Little Rock for some form of written acknowledgement that the referral had been received and reviewed. A written acknowledgement dated December 15, 1992, from FBI SAC Don K. Pettus, was received by the lead criminal investigator on January 4, 1993. This acknowledgement stated that the referral had been received, and that further questions should be directed to AUSA Floyd Mac Dodson, who had also received the referral and exhibits. On January 7, 1993, the lead investigator had a conversation with AUSA Mac Dodson in which he advised that he wasn't sure the referral was still in the U.S. Attorney's office in Little Rock, and that if prosecution occurred, it would probably be through a special attorney sent to Little Rock to handle the situation.

For four months, there was no further communication or correspondence received by Investigations on this matter. In a May 3, 1993, conversation between Investigations and the U.S. Attorney's office, it was indicated that referral #C0004 had been "sent to Justice in Washington almost as soon as it was received last September". On May 4, 1993 Investigations sent a written inquiry to Acting U.S. Attorney, Richard M. Pence, requesting the status of the referral. On May 12, 1993, Investigations received a letter from Mr. Pence (dated May 10, 1993) stating that former U.S. Attorney Charles Banks had determined that his office had a conflict of interest with conducting an investigation or prosecuting criminal charges relating to referral #C0004, and had sent the referral and exhibits to the Office of Legal Counsel ("OLC"), Executive Office for U.S. Attorney's, U.S. Justice Department, Washington D.C. He stated that any further inquiries as to the status of the referral should be directed to that office, providing a phone number in Washington D.C.

As suggested by Mr. Pence, the lead investigator called the OLC on May 13, 1993. This initiated a series of 15 phone calls between the OLC and Investigations; 10 taking place between May 13 and June 29, 1993, and five transpiring between September 23 and October 27, 1993. The majority of these calls were incoming to Investigations, and provided information as to the progress being made with regard to locating and determining the status of the referral.

The June 23, 1993 conversation between Investigations and OLC indicated that the decision had been made to return the referral to the U.S. Attorney in Little Rock as there was "no basis for recusal of the U.S. Attorney" and apparent "lack of conflict of interest." During a conversation on September 23, the OLC inquired as to the "final disposition" of referral #C0004. They were advised by Investigations that no formal notification had been received of either a declination or intent to prosecute, Investigations then advised OLC that there were additional referrals pending; OLC then requested that Investigations remain in contact with the OLC regarding further communication from the U.S. Attorney in Little Rock.

On September 29, 1993, the OLC contacted Investigations and advised that 1) the Deputy Attorney General's office had been advised of the situation and 2) that the pending and prior referrals would be reviewed and a decision made as to whether or not they be forwarded to the Public Integrity Section of Justice and reviewed for potential prosecution. A verbal request was then made by OLC that they be copied on the transmittal letters to the U.S. Attorney accompanying the new referrals, and that they be further provided with a summary of each referral.

The nine new referrals were submitted to the U.S. Attorney and FBI in Little Rock on October 8, 1993. On October 13, 1993, the Office of Legal Counsel was provided with copies of the transmittal letters, and the requested summaries on each referral.

On October 27, 1993, Investigations received a call from OLC inquiring as to whether or not Investigations had received a declination letter on referral #C0004; the response was "no." Investigations was advised that U.S. Attorney Paula Casey had advised the OLC that she would be sending a letter of declination to RTC Investigations.

On November 1, 1993, Investigations received a letter dated October 27, 1993, from U.S. Attorney Paula Casey stating that the disposition of referral #C0004 had been concluded prior to her taking office, and that she "concurred with the opinion of the Department attorneys that there is insufficient information . . . in the referral to warrant the initiation of a criminal investigation."

On November 11, 1993, RTC Investigations learned through an article in the Washington Post, that Paula Casey had recused herself and her staff from any further dealing with the Madison referrals.

To: Lee O. Ausen.
From: L. Jean Lewis.
Date: Monday, November 15, 1993.

A few comments with regard to our conversation this afternoon about the pending meeting with Donald Mackay and his staff on 11/22.

You know, Richard knows, Donohue knows, Mike knows, and I know that Mackay is not coming here to look at records. Cut to the bottom line. He is coming here because he wants to be convinced that there either IS or IS NOT a very good case behind those referrals. He isn't coming specifically to discuss subpoena compliance, because he hasn't opened any cases yet. He's coming here to evaluate us, our work, and to try and decide just how good this case is, and how he can best deal with a very sensitive political situation. What would be easiest for him is to decide that, after meeting with RTC Investigations, he can conclude that there is no merit, and has accordingly advised Investigations that the matter will be dropped. If we don't convince him that those referrals are exceptionally solid, well prepared and supportable cases, then there is very little doubt that he will dispense with this situation in very short order.

Regardless of stated agenda, and regardless of whether or not I'm in attendance, he's going to try and make an objective assessment based on what is presented to him during the meeting. If that's the way the meeting starts out, then you better pull out all the stops to support the work we've done, or that's the last we'll hear of the Madison investigation. That's my instinct talking, and so far, it's been pretty much on target.

Michael is extremely knowledgable about Madison, and very capable of handling the situation. I would not do him the injustice of thinking otherwise. But internal political crap notwithstanding, if this meeting is going to turn into a turkey shoot, then you are going to need every loaded gun you've got to assist you in convincing this special prosecutor that the case is as good as it looks on the surface. And yes, we have strong documentation to support the allegations. But what's beneath the surface, including where we looked and why, who's tied to who, who's in business with who, who got paid for what and where all the internal and external ties are, isn't in writing. It's in my head.

I've had my say. The decision is up to you and Richard.

RESOLUTION TRUST CORPORATION,
Kansas City, MO, December 21, 1993.

Mr. BILL C. HOUSTON,
Regional Director, Division of Supervision, Federal Deposit Insurance Corporation, 5100 Poplar Avenue, Suite 1900, Memphis, TN.

DEAR MR. HOUSTON: The Resolution Trust Corporation's ("RTC") Kansas City Office of Investigations is currently conducting an investigation into matters relating to an insolvent Little Rock, Arkansas savings & loan. Significant evidence points to the possibilities of loan "parking", loan "swapping", insider abuse and collaboration between specific borrowers and the principals of the Bank * * * financial institutions in * * * and Little Rock, Arkansas including the aforementioned insolvent thrift. In order to expedite this investigation, I would appreciate your assistance in providing this office with copies of the Reports of Examination ("ROE") from 1983 through the most recent exam for the above captioned institutions.

This written request is made pursuant to the terms of the Agreement Regarding Confidential Information between the FDIC and RTC, as signed by FDIC General Counsel Alfred J. Byrne and RTC General Counsel Gerald L. Jacobs, effective January 1, 1992.

Should you have any questions or require additional information, please do not hesitate to contact me at (816) 968-7191. Your expedited attention to this matter is appreciated.

Very truly yours,
MICHAEL E. CARON,
Senior Criminal Investigator,
Office of Investigations.

To: Jane M. Jankowski, L. Richard Iorio, Lee O. Ausen, Michael X. Caron.
From: L. Jean Lewis.
Date: Thursday, January 6, 1994.

This is just to advise that earlier this evening, I received a call from * * * who started out her call with I've been lied to by the Justice Department". I advised her that I could not offer any comment, but that I would listen to what she had to say.

She stated that her sources from DOJ, who were there during the end of the Bush Administration, had advised her that the original RTC referral was taken much more seriously than the public has been led to believe, and that while they believed that the Clintons definitely stood to benefit from the alleged check kiting activities, they may not have had serious criminal culpability. They also advised her that the referral was left in Little Rock to prosecute by former USA Chuck Banks, because for Washington to be involved would look "too political." She said that they (her four DOJ sources) all told her that there was no basis for recusal, and no conflict of interest in Little Rock.

She then advised that Justice sources today informed her that it was line staff attorneys in the Criminal section of DOJ/DC that decided the referral warranted no further investigation, and instructed Paula Casey to decline.

She also noted that her previous DOJ sources had said that after the Clinton administration came into Washington, there were roadblocks put up around this referral, and that it had been their opinion that the RTC staff was attempting to do a legitimate job, but was being stymied by personnel at Justice for some reason. She asked me if it was true that the Clintons were named as witnesses on the referral; I declined comment. She asked me if it was true that the RTC had not been notified for months after the referral was allegedly declined by the staff attorneys in DC; I declined comment.

I told her that she would have to call you (Jane) in Public Affairs for any additional information, and she advised me that she'd already talked to you, and got no information. She stated that she understood that I was in a difficult position, for which I thanked her, and the conversation ended.

I found what she had to say very interesting. In the future, I'll comply with Richard and Lee's wishes that I not even listen to what a reporter has to say, and just offer a no comment. However, when someone starts out with "I've been lied to by the Justice Department", it's human nature to wonder whether or not it is true.

Thus endeth the lesson.

This document is a recap of a phone call that I just received from * * *, reporter * * * whose opening comment was "I've just been lied to by the Justice Department." My comment was that I would not be able to respond to any of her questions, but that I was fascinated by the fact that she thought she'd been lied to, so I would listen to what she had to say.

She outlined her credentials, stating that she'd written a book on drug trafficking, and had covered the "peanut loans", Bert Lance, Billy Carter, Jimmy Carter and the major governmental agencies during the Carter administration.

She'd been advised that I was the investigator on the case, and wanted to know which of the stories she'd been told by her sources at Justice were correct. Evidently, she had four former Justice sources who were there during the Bush administration, and that had been there when Chuck Banks sent the referral to Washington. The story they told her was as follows:

The referral was originally sent to DC as an "urgent report" for the Attorney General's review, due in part to the political sensitivity of some of the identified names, stating that Banks felt his office had a conflict of interest. (This coincides with what my letter from Richard Pence states, and what Donna Henneman told me during our many conversations on the whereabouts of the referral). There are conflicting stories about why Keeney wrote the memo referenced in the Schmidt/Isikoff story of 1/5; her sources stated that when the RTC referral was reviewed at Justice, it was taken much more seriously than the public has been led to believe, and that they believed that the Clinton's stood to benefit from the check kite although they may not have had serious criminal culpability. She asked if it was true that the Clinton's were named as witnesses on the referral; I told her no comment.

She said that her former Justice sources advised her that Banks had never recused himself, and that CID/DOJ DC left the referral in Little Rock and told Banks to prosecute, because 1) there was no conflict of interest, 2) there was no basis for recusal, and 3) that for Washington to get involved would "look too political" since it was right before and after the '92 election. Her sources also indicated that DOJ now seems to be deliberately making it look like the referral was "vague" and "ambiguous", and not to be taken seriously.

She stated that her sources told her that it appeared that the RTC folks were legitimately trying to do their job, and had legitimate concerns relating to the allegations contained in the referral, but that when the Clinton administration came in, somebody

started putting up roadblocks on the referral, and her sources didn't know where it was coming from.

Her current Justice sources state that it was the line staff attorneys in CID/DOJ DC that made the decision several months ago that the referral warranted no further investigation, and instructed Paula Casey to decline accordingly; however, the RTC wasn't notified for months, which should have been corrected.

* * * went on to ask several questions, all of which I replied I could not answer, and referred her Public Affairs and Jane Jankowski. She stated that she'd already talked to Jane, and that it had gotten her nowhere. She asked if I knew anyone else that she could talk to, or if anyone that had left the RTC would have any information. I stated that there were no names that I could give her other than Jane Jankowski in Public Affairs. She then asked me if it was true that the RTC had not been notified of the referral declination for several months after it had been allegedly declined, and I told her no comment.

She said that she understood that I was in a difficult position, and but that she needed all the help she could get. I thanked her for understanding the difficultly of my position, advised her that I understood that she was only trying to do her job as a professional, but that I could not professionally or ethically make any comment about the investigation. She offered her phone numbers, which I did not write down. She thanked me for my time, and hung up.

My overall impression of this conversation was that she is very close to the heart of this story, and that she is almost on top of the "white paper" chronology outlining the sequence of events and communication between DOJ and RTC on C0004.

Lee Ausen was present for the entire conversation that I had with * * *, and suggested to me shortly before the conversation ended that I terminate the call with a "time out" gesture. He and Richard Iorio both advised that if she included anything in her story regarding that fact that I'd even listened to what she had to say, it would look bad for the RTC, and recommended that in the future, I not even listen to what a reporter has to say.

I advised them both that I felt that listening to what * * * had to say provided valuable information, and that there was no point in being rude to the press, anymore than there was any point in being rude to Justice or the FBI. "No comment" does not have to be offensive. I further stated that I would never do anything to undermine that efforts that the RTC has made, or take any action that would question our credibility or integrity, let alone do anything to compromise the investigation on which I have spent the past two years as the lead investigator.

I concurred that in the future, I would simply send the reporters to Public Affairs. However, I am very much inclined to believe that, on the basis of my personal, and documented, knowledge of what transpired during the conversations I had with Donna Henneman of DOJ/Office of Legal Counsel/Ethics section, that * * * is not far from the truth: it's beginning to sound like somebody, or multiple "somebodies" are trying to carefully control the outcome of any investigation surrounding the RTC referrals, and that the beginnings of a cover-up may have already started months ago.

RESOLUTION TRUST CORPORATION,
Washington, DC, January 14, 1994.

MEMORANDUM

To: Vice Presidents, Assistant Vice Presidents.
From: Jack Ryan, Deputy CEO.
Re: Madison Guaranty Savings and Loan Association.

The RTC has received numerous requests for information on Madison Guaranty Savings and Loan Association and related matters. Interim CEO Roger Altman is committed to responding to these requests as promptly and thoroughly as possible.

In order to assure that the RTC's response to requests on these matters is thorough, accurate, and timely, I have established a working group to coordinate the collection and distribution of all information and material responsive to the requests. The working group is comprised of James Dudine, William Collishaw, and Peter Knight.

I am sure that I can count on the full cooperation of you and your staff with the working group. Please see that this memorandum is distributed to the appropriate staff.

To: L. Richard Iorio and Dennis M. Cavinaw.
From: James R. Dudine.
Date: Tuesday, January 25, 1994.

At the request of General Counsel Kulka and Deputy CEO Ryan, PLS and The Washington Office of Investigations have established a team to ascertain if any liability claims remain viable as a result of the recent legislation extending the statute of limitations from two to five years. In this case the resurrected statute expires at the end of February 1994.

Gary Watts of my staff, assisted by Tom Murray will be visiting your office this week and next. Please give them access to all records and workpapers, and to knowledgeable members of your staff, including records and documents that are covered by a Federal Grand Jury Subpoena.

Gary and Tom will be working with a team of PLS attorneys headed by Sr. Counsel Mark Gabrellian and including Terry Arbit, Jim Igo, April Breslaw, Carl Gamble and Suzanne Rigby. The objective is to complete the review of claims potential by next week. In addition the team will assist in compiling a detailed history of events, including the criminal referral and document control issues, to assist RTC management in communicating in a factual and unified way to Treasury and Justice officials, the special counsel and to appropriate committees and members of Congress.

To: L. Richard Iorio, Lee O. Ausen, Michael X. Caron.
From: L. Jean Lewis.
Date: Monday, February 7, 1994.

This is to advise you that I've had a conversation this morning with AUSA Fletcher Jackson of the U.S. Attorney's office in Little Rock. I called Mr. Jackson last week to make an inquiry regarding Independence Federal Savings in Batesville, Arkansas, out of which he had prosecuted a case regarding Duane Kepford sent me a memo quite some time ago about another; I recalled in having done a preliminary review of Independence, that Edney was given immunity for cooperating. I called Mr. Jackson last week to verify that fact, which he in turn did verify when he called back.

Mr. Jackson called Friday afternoon, and as I was out of the office, I intended to call him back this morning. Before I had the opportunity to call him, he called me.

We discussed, and he then changed the topic by asking me if Steve Irons had told me last fall not to talk to Fletcher. I told him that I preferred not to answer the question. He then stated that he "didn't have much use for ether Steve Irons or Gretchen Hall", and wanted to know what I'd been told. I advised him that Steve Irons had told me last fall that he thought it was a good idea if we (being Steve and myself) didn't talk to each other for a while about Madison. I further added that if had been suggested to me by my management here that any questions directed to me by the U.S. Attorney's office should probably come through Steve Irons or another FBI agent, and that since the FBI was my most appropriate contact, I should funnel responses to any questions through them. Mr. Jackson made a comment that he, and he was just looking for some input from me. He didn't get any.

He then added that he'd spoken to Jeff Gerrish recently, and that Gerrish was "absolutely astounded" that nothing more was ever done criminally with Madison, beyond the Castle Grande transaction. He asked me if I knew who Gerrish was; I advised him that year, I knew Jeff Gerrish, and no, I was not aware of Mr. Gerrish's opinions regarding the prosecution of criminal actions out of Madison, and that I'd formed by own conclusions on that point, and that's where they would stay—my own. I then advised Mr. Jackson that I did not wish to discuss Madison Guaranty, and we could change the subject, or hang up. He persisted, and I explained to him that I'd developed a respect for him during the past 2½ years, and that out of respect for the working relationship we've previously had, I wasn't going to talk about Madison. We then hung up after a cordial goodbye.

To: Thomas L. Hindes, James R. Dudine, L. Richard Iorio, Glen A. Penrose, April A. Breslaw, David G. Eisenstein, Russell F. Kaufman, Philip J. Adams.
From: Julie F. Yanda.
Date: Wednesday, January 5, 1994.

Today at 1:30 p.m., Russ Kaufman and I received word that OCOS wanted to talk to us about the Madison Guaranty "investigation". We met with representatives of both WDC and KCO OCOS: Leonard Newmark (WDC), Michael Kohn (KCO) and a third individual whose name I cannot now remember. When Russ asked who had sent them to talk to us, Mr. Newmark replied that it had been his supervisor who had sent them and who had instructed them to be "proactive" in dealing with the issues this case would raise. Mr. Newmark indicated that they were not conducting an investigation, but rather an "inquiry".

The first question they asked was who had made the criminal referral on Madison Guaranty. Russ indicated that the referrals were made in accordance with RTC policy and committed to providing Mr. Kohn with a copy of the RTC policy. There was no further discussion of the referrals.

The second series of questions they asked dealt with what they characterized as "fitness and integrity" issues concerning the Rose Law Firm. First, they asked what investigation PLS had done into the representations the Rose Firm had made to state regulators to convince the regulators that Madison should remain open. I replied that PLS only investigates issues dealing with professional malpractice and that such inquiries would be made only in the context of conflict of interests issues involving outside counsel. I then explained that this case was

not regionalized and that April had served as the PLS attorney on this case. Second, they asked who was the FDIC "conflicts contact" on this case. Third, they asked what information we had concerning the audit report the Rose Firm had used to convince regulators that Madison should remain open and then later relied upon in a malpractice claim against Frost & Co. Again, I told them that I had no information concerning these issues.

Our discussion lasted no more than 10 minutes. Russ and I then called Richard Iorio and discussed with him the substance of our conversation with OCOS.

ROSE LAW FIRM,
Little Rock, AR, October 10, 1983

Mr. JAMES B. MCDOUGAL,
Chairman of the Board, Bank of Kingston, Kingston, AR.

DEAR JIM: Pursuant to your discussion with Hillary Rodham Clinton, I am enclosing herewith a copy of our firm statement, dated December 23, 1981, covering services rendered in connection with the matter of the First National Bank of Huntsville v. Madison Bank and Trust.

Very truly yours,

C.J. GIROIR, Jr.

Enclosures.

ROSE LAW FIRM,
Little Rock, AR, December 23, 1981.

Mr. JAMES B. MCDOUGAL,
Chairman of the Board, Bank of Kingston, Kingston, AR.

For legal services and professional advice rendered by Vincent Foster, Jr., Carol Arnold and Mary Ellen Russell subsequent to our billing dated December 23, 1981, through May 15, 1982 in connection with the matter of First National Bank of Huntsville v. Madison Bank and Trust; Madison Chancery E–81–112	$5,000.00
Costs advanced subsequent to our billing dated December 23, 1981, through July 31, 1982:	
Long distance telephone	$91.17
Xerox charges	21.40
Extraordinary postage	1.56
Package delivery expenses	6.70
Supreme Court Clerk	100.00
Computer Research	92.70
Trevathan Printing Company	580.10
Total costs	893.63
Total fees and costs	$5,893.63

[Memorandum]

FEBRUARY 7, 1985.

To: Governor Bill Clinton.
From: Jim McDougal.

Kathy called yesterday to ask for my recommendations for two people to fill the vacancies on the State Savings and Loan Board.

For the industry position from the 2nd Congressional District, I recommend John Latham, who is chairman of the board of Madison Guaranty Savings and Loan Association. Mr. Latham is a CPA and a licensed attorney. He is a major contributor to your campaign. His board of directors is 50% Black, giving his institution the largest minority representation of any financial institution in the State.

For the consumer position from the 4th Congressional District, I recommend Dr. Jerry Kendall of Camden. Dr. Kendall is a popular figure at Camden. His wife, Nancy from Magnolia, is widely and favorably know. Their complete support of your administration is a certainty.

Bill, we are down to only about 15 State-chartered savings and loan institutions and I am about the only one around who has any interest in this board.

DECEMBER 12, 1984.

Mr. RON PROCTOR,
Citizens Bank,
Flippin, AR.

DEAR RON: I have been unsuccessful in trying to meet with Bill and Hillary to sign the note renewal. I have forwarded to them by messenger this morning the note and an envelope with which to forward it to you.

Each month we will deposit into our account at Flippin an amount sufficient to cover the monthly payment.

Thank you very much for your patience and tolerance in this matter.

Sincerely,

JAMES B. MCDOUGAL,
Whitewater Development Co.

[Memorandum]

APRIL 18, 1985.

To: John Latham
From: Jim McDougal.

I want this preferred stock matter cleared up immediately as I need to go to Washington to sell stock.

[Memorandum]

February 19, 1985
To: John Latham
From: Jim McDougal
Subject: Harvey Bell Cars.

He wants us to do a leasing arrangement on his funeral cars. Please assign someone to discuss this with him. His number is 376–1600.

Proceed with your idea on the subordinated notes. We need to make a decision on Madison Bank & Trust.

I need to close on my house loan and commercial loan pronto.

[Memo]

January 7, 1985
To: John
From: Jim.

1. See me about Steve Smith and Rolls Royce.

2. You, Greg, and I need to discuss Securities License. First South has one on by its Service Corporation.

3. Ask Greg how we get a market survey for shopping center.

4. We need to talk about how to handle first payment on the 90-day plan.

_____ _____.
_____ _____.
_____ _____.

[Memo]

JULY 11, 1985.

To: John Latham
From: Jim McDougal.

1. This is probably a good time to take in some 5-year money cheap. Let's discuss rates.

2. I need to know everything you have pending before the Securities Commission as I intend to get with Hillary Clinton within the next few days.

INDEX TO TABS

Tab A—December 9, 1993 letters from Congressman Leach to the Federal banking agencies requesting all documents related to Madison Guaranty Savings and Loan and its subsidiaries.

Tab B—March 8, 1994 letters from Congressman Leach to the Office of Thrift Supervision (OTS) and the Resolution Trust Corporation (RTC) requesting access to all documents related to Madison Guaranty Savings and Loan and its subsidiaries, to prepare for the RTC Oversight Hearings.

Tab C—March 10, 1994 letters from Chairman Gonzalez to the OTS and the RTC requesting that the agencies deny Congressman Leach's document request.

Tab D—March 14, 1994 letters from Chairman Gonzalez to the Federal banking agencies and the RTC stating that the agencies need not answer questions Madison at scheduled RTC Oversight Hearings.

Tab E—March 1, 1994 letter copied to Congressman William Clinger.

Tab F—Charts and other supporting documentation concerning Whitewater's losses to Madison.

A. CHARTS

Total Arkansas State Chartered S&Ls from 1979 to 1992

Madison Guaranty Rate of Growth

Asset Growth of Madison Guaranty

Payment of Clinton Loan by Madison Related Entity

Funds from Madison Financial Corporation to Whitewater

Funds Transferred from Madison Related Entities to the Whitewater Development Corporation

B. OTHER DOCUMENTS

April 17, 1985 Board of Directors Meeting Minutes

July 1, 1986 Memorandum from Jim McDougal to John Latham concerning status of Madison Marketing

February 3, 1994 letter from Congressman Leach to Roger Altman with attached staff memorandum on links between Madison and Whitewater

[Tab A]

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Mr. ANDREW C. HOVE,
Acting Director, Federal Deposit Insurance Corporation, Washington, DC.

DEAR MR. HOVE: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

To assist in this investigation, I request that the Federal Deposit Insurance Corporation (FDIC) provide access to all documents related to Madison and its subsidiaries. Such documents would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meetings), correspondence, electronic mail, and agreements the FDIC entered into with private sector firms to perform legal and other services related to Madison. In addition to documents in possession at FDIC-Washington, I request access to all documents related to Madison held at FDIC field offices. Furthermore, please provide the names and titles of all FDIC employees involved with the examination and supervision of Madison.

Please have your staff contact Mike McGarry at 202–225–2258 to discuss arrangements to review the aforementioned documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Mr. JOE MADDEN,
Commissioner, Arkansas Securities Department, Little Rock, AR.

DEAR MR. MADDEN: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

To assist in this investigation, I request that the Arkansas Securities Department provide access to all documents related to Madison and its subsidiaries. Such documents would include, but not be limited to administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meetings), correspondence, electronic mail, and supervisory actions. Furthermore, please provide the names and titles of all State Securities Department employees involved with the examination and supervision of Madison.

Please have your staff contact Mike McGarry at 202-225-2258 to discuss arrangements to review these documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Mr. ERSKINE BOWLES,
Administrator, Small Business Administration, Washington, DC.

DEAR MR. BOWLES: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

To assist in this investigation, I request that the Small Business Administration (SBA) provide access to all documents related to Madison and its subsidiaries, the Whitewater Development Corporation, and Capital Management Services, Inc. Such documents would include, but not be limited to, administrative files, interoffice memorandum, notes and minutes and meetings (including telephonic meetings), correspondence, electronic mail, and loan applications and approvals. Furthermore, please provide the names and titles of all SBA employees involved with these entities.

Please have your staff contact Mike McGarry at 202-225-2258 to discuss arrangements to review these documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

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HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Mr. JONATHAN FIECHTER,
Acting Director, Office of Thrift Supervision, Washington, DC.

DEAR MR. FIECHTER: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

To assist in this investigation, I request that the Office of Thrift Supervision (OTS) provide access to all documents related to Madison and its subsidiaries. Such documents would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes and meetings (including telephonic meetings), correspondence, electronic mail. In addition to documents in possession at OTS-Washington, I request access to all documents related to Madison held at OTS field offices.

Furthermore, please provide the names and titles of all OTS employess involved with the examination and supervision of Madison as well as those who were assigned to work with the RTC when the institution was closed in 1989.

Please have your staff contact Mike McGarry at 202-225-2258 to discuss arrangements to review the aforementioned documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Hon. ROGER C. ALTMAN,
Interim Chief Executive Officer, Resolution Trust Corporation, Washington, DC.

DEAR MR. ALTMAN: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November 1990.

To assist in this investigation, I request that the RTC provide access to all documents related to Madison and its subsidiaries. Such documents would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meetings), correspondence, electronic mail, and agreements the RTC entered into with private sector contractors during the resolution of Madison. In addition to documents in possession at RTC-Washington, I request access to all documents related to Madison held at RTC field offices. Furthermore, please provide the names and titles of all RTC employees involved with the disposition of Madison.

Please have your staff contact Mike McGarry at 202-225-2258 to discuss arrangements to review the aforementioned documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

[Tab B]

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 8, 1994.

Mr. JONATHAN FIECHTER,
Acting Director, Office of Thrift Supervision, Washington, DC.

DEAR MR. FIECHTER: I am writing in reference to the House Banking Committee's statutorily mandated, semiannual RTC Oversight Hearings which are scheduled for the end of March. As you know, a major area of oversight at these hearings will be the failure and resolution of Madison Guaranty Savings and Loan, Little Rock, Arkansas. Madison was taken over by federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

As ranking Member of the House Banking Committee, I request that the OTS provide the Committee with access to all documents related to Madison and its subsidiaries. Members of the Committee will need access to this material to prepare for the upcoming hearings and to perform their ongoing oversight responsibilities. (As I am sure you are aware, documents provided to the Ranking Member are available to the Committee as a whole under the Committee rules.) The documents requested would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meetings), correspondence, electronic mail, and agreements the RTC entered into with private sector contractors during the resolution of Madison. In addition to documents in possession at OTS-Washington, I request access to all documents related to Madison held at OTS field offices. Furthermore, please provide the names and titles of all OTS employees involved with the supervision of Madison.

Please have your staff contact Joe Seidel at (202)226-3241 or Mike McGarry at (202)225-2258 to discuss arrangements to review the aforementioned documents as soon as possible. As you are aware, I have previously requested access to these documents for use in performing other Committee functions. My final letter concerning that request, was forwarded yesterday, March 7, 1994. If the agency decides to comply with that request, we will, of course, consider this request satisfied as well.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

HOUSE OF REPRESENTATIVES COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 8, 1994.

JOHN E. RYAN,
Deputy Chief Executive Officer, Resolution Trust Corporation, Washington, DC.

DEAR MR. RYAN: I am writing in reference to the House Banking Committee's statutorily mandated, semi-annual RTC Oversight Hearings which are scheduled for the end of March. As you know, a major area of oversight at these hearings will be the failure and resolution of Madison Guaranty Savings and Loan, Little Rock, Arkansas. Madison was taken over by Federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

As ranking Member of the House Banking Committee, I request that the RTC provide the Committee with access to all documents related to Madison and its subsidiaries.

Members of the Committee will need access to this material to prepare for the upcoming hearings and to perform their ongoing oversight responsibilities. (As I am sure you are aware, documents provided to the Ranking Member are available to the Committee as a whole under the Committee rules.) The documents requested would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meeting), correspondence, electronic mail, and agreements the RTC entered into with private sector contractors during the resolution of Madison. In addition to documents in possession at RTC-Washington, I request access to all documents related to Madison held at RTC field offices. Furthermore, please provide the names and titles of all RTC employees involved with the disposition of Madison.

Please have your staff contact Joe Seidel at (202)226-3241 or Mike McGarry at (202)225-2258 to discuss arrangements to review the aforementioned documents as soon as possible. As you are aware, I have previously requested access to these documents for use in performing other Committee functions. My final letter concerning that request, was forwarded yesterday, March 7, 1994. If the agency decisions to comply with the request, we will, of course, consider this request satisfied as well.

I appreciate you assistance and look forward to your cooperation

Sincerely,

JAMES A LEACH,
Ranking Member.

[Tab C]

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 10, 1994.

Mr. JONATHAN FIECHTER,
Acting Director, Office of Thrift Supervision, Washington, DC.

DEAR MR. FIECHTER: You have recently received letters from Congressman Jim Leach requesting access to all documents you possess concerning Madison Guaranty Savings and Loan and its subsidiaries. The March 8, 1994 letter states that, "Members of the Committee will need access to this material to prepare for the upcoming [RTC oversight] hearings and to perform their ongoing oversight responsibilities."

This letter is to inform you that the Banking Committee is not conducting an investigation of Madison Guaranty Savings and Loan or related matters at this time. Mr. Leach's requests do not constitute a Rule X or Rule XI investigation under the House Rules. A hearing does not provide the basis for a member of Congress to obtain documents to which he or she is not otherwise entitled. I will request any information needed by the Committee in order to prepare for any Thrift Depositor Protection Board Oversight hearings pursuant to section 21A(k)(6) of the FHLB Act and will make it available to members of the Committee, as appropriate.

I trust that you will give Congressman Leach's requests the consideration they merit and extend to him the same courtesies you would extend to any member of Congress.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
Washington, DC, March 10, 1994.

Mr. JOHN E. RYAN,
Deputy Chief Executive Officer, Resolution Trust Corporation, Washington, DC.

DEAR MR. RYAN: You have recently received letters from Congressman Jim Leach requesting access to all documents you possess concerning Madison Guaranty Savings and Loan and its subsidiaries. The March 8, 1994 letter states that, "Members of the Committee will need access to this material to prepare for the upcoming [RTC oversight] hearings and to perform their ongoing oversight responsibilities."

This letter is to inform you that the Banking Committee is not conducting an investigation of Madison Guaranty Savings and Loan or related matters at this time. Mr. Leach's requests do not constitute a Rule X or Rule XI investigation under the House Rules. A hearing does not provide the basis for a member of Congress to obtain documents to which he or she is not otherwise entitled. I will request any information needed by the Committee in order to prepare for any Thrift Depositor Protection Board Oversight hearings pursuant to section 21A(k)(6) of the FHLB Act and will make it available to members of the Committee, as appropriate.

I trust that you will give Congressman Leach's requests the consideration they merit and extend to him the same courtesies you would extend to any member of Congress.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

[Tab D]

HOUSE OF REPRESENTATIVES,
Washington, DC, March 14, 1994.

Mr. ANDREW C. HOVE, Jr.,
Acting Chairman, Federal Deposit Insurance Corporation, Member, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. HOVE: You have previously been invited by letter dated March 3, 1994 to appear before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation letter will not be considered pertinent at the hearing and need not be answered by you.

I was the primary sponsor of the provision to require the Oversight Board to appear on a semiannual basis so that the Committee could oversee its activities. The recent appropriation of funds to the RTC, the management reforms, and FDIC-RTC transition measures required under Public Law 103-24 clearly require the complete and full attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 4, 1994 appearance.

Sincerely,

HENERY B. GONZALEZ,
Chairman.

Washington, DC, March 14, 1994.

Hon. ALAN GREENSPAN,
Chairman, Board of Governors of the Federal Reserve System, Member, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. GREENSPAN: You have previously been invited by letter dated March 3, 1994 to appear before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation letter will not be considered pertinent at the hearing and need not be answered by you.

I was the primary sponsor of the provision to require the Oversight Board to appear on a semiannual basis so that the Committee could oversee its activities. The recent appropriation of funds to the RTC, the management reforms, and FDIC-RTC transition measures required under Public Law 103-24 clearly require the complete and full attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 4, 1994 appearance.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

HOUSE OF REPRESENTATIVES,
Washington, DC, March 14, 1994.

Mr. JONATHAN FIECHTER,
Acting Director, Office of Thrift Supervision, Member, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. FIECHTER: You have previously been invited by letter dated March 3, 1994 to appear before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation letter will not be considered pertinent at the hearing and need not be answered by you.

I was the primary sponsor of the provision to require the Oversight Board to appear on a semiannual basis so that the Committee could oversee its activities. The recent appropriation of funds to the RTC, the management reforms, and FDIC-RTC transition measures required under Public Law 103-24 clearly require the complete and full attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 24, 1994 appearance.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

HOUSE OF REPRESENTATIVES,
Washington, DC, March 14, 1994.

Hon. LLOYD BENTSEN,
Secretary of the Treasury, Chairman, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. SECRETARY: You have previously been invited by letter dated March 3, 1994 to appear and testify before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. That letter specifies in detail the matters to which you should direct your testimony. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue their stated interest in extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation will not be considered pertinent at the hearing and need not be answered by you.

I was the primary sponsor of the provision to require the Oversight Board to appear on a semiannual basis so that the Committee could oversee its activities. The recent appropriation of funds to the RTC, the management reforms, and FDIC-RTC transition measures required under Public Law 103-24 clearly require the complete and fully attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 24, 1994 appearance.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

HOUSE OF REPRESENTATIVES,
Washington, DC, March 14, 1994.

Hon. ROGER ALTMAN,
Chief Executive Officer, Resolution Trust Corporation, Member, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. ALTMAN: You have previously been invited by letter dated March 3, 1994 to appear before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation letter will not be considered pertinent at the hearing and need not be answered by you.

I was the primary sponsor of the provision to require the Oversight Board to appear on a semiannual basis so that the Committee could oversee its activities. The recent appropriation of funds to the RTC, the management reforms, and FDIC-RTC transition measures required under Public Law 103-24 clearly require the complete and full attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 24, 1994 appearance.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

[Tab E]

HOUSE OF REPRESENTATIVES,
Washington, DC, March 1, 1994.

Hon. CAROL K. BROWNER,
Administrator, U.S. Environmental Protection Agency, Washington, DC.

DEAR MADAM ADMINISTRATOR: You have recently received a request from various minority members of the Committees on Armed Services, Energy and Commerce, Government Operations, and Natural Resources for information concerning the Waste Isolation Pilot Plant (WIPP) Test Phase. Their letter requests answers to a number of questions concerning WIPP as well as numerous documents, and cites Rules X and XI of the House of Representatives as the basis for the request.

This letter is to inform you that the above mentioned committees have no ongoing investigations of the WIPP Test Phase at this time. Therefore, the minority members' request does not constitute a Rule X or Rule XI investigation under the House Rules.

This is not intended in any way to direct the nature of your response to that letter. Indeed, we expect that you would show the members the same courtesies as you would any member of Congress.

Sincerely,

JOHN CONYERS, Jr.,
Chair, Committee on Government Operations.
GEORGE MILLER,
Chair, Committee on Natural Resources.
JOHN D. DINGELL,
Chair, Committee on Energy and Commerce.
RONALD V. DELLUMS,
Chair, Committee on Armed Services.

[Tab F]

Charts not reproducible in the RECORD.

MINUTES OF MEETING, BOARD OF DIRECTORS, MADISON FINANCIAL CORPORATION, APRIL 17, 1985

The Board of Directors of Madison Financial Corporation met on April 17, 1985, at 1:00 p.m. at the offices of Madison Financial Corporation at 16th and Main Streets, Little Rock, Arkansas. All directors were present. The minutes of the previous meeting were read and approved as recorded.

The first order of business, introduced by John Latham, was the matter of authorizing prepayment of Jim McDougal's bonus. After a full discussion, the following resolution was unanimously adopted, with Jim McDougal abstaining from the voting: "RESOLVED, that the Corporation pre-pay to Jim McDougal $30,000.00 of his annual bonus in recognition of the profits of the prior year, and that said bonus is to be paid directly to Whitewater Development."

There being no further business, the meeting was adjourned.

JAMES B. MCDOUGAL,
Chairman.

MEMO

To: John Latham.
From: Jim McDougal.
Date: July 1, 1986.

Madison Marketing

When the service corporation undertook its first land development project in the spring of 1983, it was determined to primarily advertise the home sites through the use of television. The firm of Rothman and Lowery was retained as Madison's advertising agency. Because her education is in speech and drama, Mrs. McDougal assisted in preparing of copy for the commercials, appeared in the commercials, and assisted in editing the commercials. She either wrote or rewrote all newspaper copy to advertise the subdivision. Until the summer of 1984, the corporation undertook the development of other subdivisions in addition to Maple Creek Farms.

During this period the creative audio and visual quality of the production produced for the media by Rothman and Lowery progressively deteriorated. Additionally, the firm frequently made mistakes as to the placement of advertising or omitted to place advertising when instructed to do so.

In late summer 1984, after advising the board of directors of the savings and loan and after seeking the legal opinion from counsel, Mrs. McDougal formed Madison Marketing. She undertook, with hired assistants, the writing of copy, taping of spots, and placement of advertising for both the savings and loan and the service corporation. For the work she received exactly the same fee which had been paid Rothman and Lowery, with the exception of the fact that she did not charge for production of television spots or the writing of newspaper copy.

Additionally, she negotiated a much lower rate structure with the television stations than the company had been paying when the ads were placed through Rothman and Lowery. In late January, 1985, Mrs. McDougal permitted Madison Marketing to become a subsidiary of Madison Financial Corporation. Because Madison Marketing was at this point a "recognized agency" by the electronic media, this resulted in Madison Financial Corporation receiving the 15 percent discount normally given advertising agencies. Mrs. McDougal continues to perform all the aforementioned duties in connection with the company's advertising at no fee.

Madison Real Estate

When initial sales began at Maple Creek Farms in April of 1983, the listing broker was Perryman Realty Company, Inc. Mr. Perryman had, at this time, other interests including his own subdivisions. This prohibited his devoting the seven days a week necessary to the sales effort then under way at Maple Creek Farms and his listing was terminated.

Some of Mr. Perryman's better salesmen desired to remain at Maple Creek and continue selling. However, Arkansas law requires that real estate salesmen be under the direct supervision of a licensed real estate broker. Mrs. McDougal holds a valid broker's license. In 1983, her license was held under the name "McDougal Real Estate" although she was not actively involved in the sale of real estate at this time.

Upon the termination of Mr. Perryman's activities, Mrs. McDougal changed the name of her real estate company to "Madison Real Estate Company". Madison Real Estate became a wholly owned subsidiary of Madison Financial Corporation. From that time until the present, Mrs. McDougal has performed the duty of supervision broker for the various salesmen working for Madison Real Estate. Although it is normal practice that the supervising broker receives at least thirty percent of commissions generated by the salesmen under their supervision, Mrs. McDougal charged no such fees. The only fees Mrs. McDougal has received from Madison Real Estate are fees for sales she made personally.

Sorenson Enterprises

Sorenson Enterprises is a sole proprietorship owned by Erik Sorenson. Mr. Sorenson

is a general contractor engaged in construction and landscaping work. He built the sales office for the subdivision at Camden known as Greentree Farms. He also built the sales office at Fair Oaks. At several of our subdivisions in southern Arkansas, he supervised the painting and erection of signs in entranceways. He employed in these subdivisions a crew of men engaged in selective clearing of trees, planting of grass, and the general beautification of the subdivisions. Concurrent with this activity, Mr. Sorenson was engaged in building houses for other persons unrelated to this company.

Because of the observed quality of his workmanship, he was placed under Mr. Dutton's command at Little Rock, and given the responsibility of constructing or making additions to various houses at Maple Creek Farms owned by the company. When the company undertook the development of Castle Grande Estates, an arrangement was negotiated with Mr. Sorenson whereby for a flat monthly fee he would supervise the assembling of the modular houses and these duties involved the preparation of footings and foundations, the adding of brick trim, and supervision of correcting any defect in the workmanship of the house, and supervision of the installation of central air conditioning and utilities.

Madison Properties

Madison Properties assets consists primarily of a very large masonry building located on several acres with two producing gas wells in Madison County just south of the county seat of Huntsville. Madison Properties has no connection to Madison Guaranty Savings and Loan or Madison Financial Corporation.

Master Developers

Three stockholders are working in conjunction with the development of 59 acres located on 145th Street. Two stockholders have extensive experience in real estate development and sales. These individuals have engaged in exhaustive market research to determine immediate commercial use for subject property. Their feasibility and marketing studies indicate the immediate need for a fast-food outlet to serve the several hundred industrial and service employees presently employed within 1,500 feet of subject location. There is no such outlet within several miles to serve the heavily populated suburban areas surrounding the property. Additional trade is anticipated from traffic generated by the freeway which services the location.

For the same reasons outlined above, need is indicated for a convenience store and gasoline outlet. As mentioned above a convenience store is essential to the successful sale of residential lots. Roadrunner, Incorporation, a highly successful Arkansas based convenience store and gasoline outlet franchiser, has conducted an extensive market survey which has concluded that such a facility located on subject property would be successful. Two of the principals of Master Developers have arranged for separate financing to erect such a facility.

Also, negotiations are far advanced for the sale of two acres of the property to a building supply and insulation firm.

The preliminary master development plan for the business park to be created is completed and a copy is attached.

Island Construction

The lots at Campobello which were under development last year, were so heavily overgrown with spruce trees and other foliage, that our sales people were finding it difficult to walk the prospects from the road to the ocean therefore, greatly inhibiting the sale of frontage lots.

Additionally, the density of the foliage prohibited a view of the ocean from the interior lots lying immediately behind the ocean fronts lots, thereby diminishing the value of those lots because of this lack of view of the water.

Initially, unsuccessful attempts were made to employ timber cutters with chain saws to selectively clear the ocean front lots. This process proved too slow and too costly. When it was determined that lot preparation could not keep pace with sales using this method and further determined that this process distracted from the beauty of the lots because it left them covered with stumps, another solution was sought.

Mr. Randolph, who was thoroughly familiar with the use of mechanical methods employed by the company to prepare lots for sale and who had had extensive experience working in various subdivisions owned by the company, was asked to come to Campobello to devise a method of overcoming this landscaping and marketing problem. Upon his arrival he immediately leased the proper bull dozer for such work and trained bull dozer operators living on the island as to the proper method of selectively clearing the lots and removal of the resulting debris from the lots. Direct correlation by the increasing sales and his arrival is easily demonstrative. For example, every lot he caused to be prepared in his first week of work was sold that weekend. His additional duties involved building driveways which permitted access from the main thoroughfare through the lot to the water's edge.

The company owns a large tract of land abutting the highway immediately at the entrance to the island. Our predecessor in title had cut the timber from this tract some years ago. When this sort of clear cutting occurs on that island, a large bushy plant, which is quite unattractive, grows to a great height and has an especially virulent root system which inhibits its removal effectively even by a bull dozer. Mr. Randolph purchased a new 70 horsepower tractor than attached a device known as a "tree eater" to be used in the eradication of this plant. This method was beautified to as to make the ocean visible, thus greatly enhancing the value of our entire property. Mr. Randolph left the tractor he purchased at Campobello where it is in use until this time. Personnel he trained in the proper method of beautification of our property are continuing the process this year with very beneficial effects.

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, February 3, 1994.

Mr. ROGER C. ALTMAN,
Interim CEO, Resolution Trust Corporation, Washington, DC.

DEAR MR. ALTMAN: I am in receipt of your February 1, 1994 response to the letter initiated by Senate Republican leadership concerning Madison Savings and Loan and I am pleased to learn that the RTC "will vigorously pursue all appropriate remedies" with regard to Madison's failure. It seems self-apparent that in order for the RTC to pursue vigorously all remedies it must have all relevant information at its disposal. Accordingly, I urge the RTC to seek and review all Whitewater Development Corporation documents turned over by the White House to the Justice Department.

In its investigation of Madison, the Minority has uncovered links between Madison and Whitewater, some of which may have contributed to the thrift's failure. Not only did James and Susan McDougal hold significant ownership interest in both entities (approximately two thirds in Madison and one half in Whitewater), but the other joint owners of Whitewater (Bill and Hillary Clinton) appear to have benefited directly and indirectly from the application of Madison resources. [See the attached memo.]

If the White House choose to use the Justice Department to shield Whitewater documents not only from the public and Congress, but from other government agencies, such as the RTC, which have legitimate public law enforcement responsibilities, it is hard to believe a responsible resolution of the issues involved can be made by regulatory authorities.

I have high regard for your personal integrity, but as you know, from the beginning, it has been an awkward situation to have a presidentially appointed and confirmed officer of the Treasury Department also head an independent federal agency, the Resolution Trust Corporation (RTC). When this prospect was first suggested at the beginning of the Clinton Administration, it did not strike the Minority as overly unreasonable for a month or two given the fact that no RTC head had been selected.

However, it has been over a year since the Administration has been in office and it can only be described as structurally unseemly for a political appointee of an Executive branch department to make what are in effect, law enforcement decisions for an independent federal agency as they may touch upon the President.

Accordingly, I would urge that you request from the Department of Treasury's General Counsel and Ethics Office advice as to whether you, as interim CEO of the RTC, are obligated to rescue yourself from any decisions concerning the resolution of Madison Guaranty. Just as the special counsel law was designed to relieve the Attorney General from an ethical dilemma of being both chief law enforcement officer for the nation and chief legal advisor to the President in circumstances when the President or a high level Administration officer is the subject of investigation, so it would appear ethically questionable for a political appointee of the Department of Treasury to make decisions for an independent federal agency when the President may be implicated in enforcement and civil actions.

In this regard, it should be clear that the issue is not whether a presidentially appointed official can oversee an investigation involving the President. Rather the issue is that officials with this responsibility should be confirmed for the job with that particular accountability. As you will recall it was a political appointee confirmed by the Senate that issued a cease and desist order for engaging in conflicts of interest against the son of a former President.

As you know, despite your strong letter to the Chairman of the House Banking Committee recommending against extension, Congress last year extended the statute of limitations for civil lawsuits brought against S&L wrongdoers. As you pointed out in your most recent letter, this extension "has afforded the RTC an opportunity to investigate further any civil claims which may be asserted against individuals or entities associated with Madison Guaranty for fraud, intentional misconduct resulting in unjust enrichment, or international misconduct resulting in substantial loss to the institution." Given, however, the impending run-

ning of the statute of limitations for certain kinds of actions, time is clearly of the essence for the RTC to make judgments about civil accountability in the failure of Madison.

Finally, I would like to reiterate my request, pursuant to Rules X and XI of the House Rules for all documents related to Madison Guaranty Savings and Loan, Little Rock, Arkansas. As you know, on December 9, 1993, I wrote the RTC requesting access to all documents related to Madison Guaranty and its subsidiaries.

House and Committee Rules, House practices, and judicial precedent support the proposition that the Ranking Minority Member is the functional counterpart to the Chairman for Committee action. This being the case, a request for documents made by the Ranking Minority Member has parallel standing with a request made by the Chairman of the Committee. The Ranking Minority Member clearly has a voice in the process and is entitled to information that will enable the Ranking Minority Member to carry out his constitutionally mandated oversight responsibilities.

Therefore, the courtesy of a definitive reply to this document request is requested by 12 noon, Monday, February 7, 1994. On this matter, it is urged that you also consult with the Ethics Office as to the relevance of the previously discussed recusal issue.

Again, let me stress that to the degree a conflict situation may exist in this matter in no way reflects on your personal integrity. It is simply an awkward circumstance in contrast to a personal embarrassment.

Sincerely,

JAMES A. LEACH,
Ranking Member.

Enclosure.

MEMORANDUM

To: Congressman Leach.
From: Banking Minority Staff.
Re: Madison Guaranty ("Madison").

In reviewing documents related to Madison in the possession of Minority Banking, we have come across material which may indicate direct payment of a loan of Bill Clinton's by Madison through a subsidiary.

Since the Minority's investigation is concerned with the possible misuse of federally insured funds to assist Whitewater and/or the former Governor, we thought we should share the following information with you.

SUMMARY

Based on documentary evidence available to the Minority, it appears that Madison Marketing served, in at least one instance, as a conduit of funds from Madison Guaranty to Whitewater and Governor Clinton. If this is correct, it would appear that insured funds from the failed Madison Guaranty were diverted and directly benefitted the Governor and his investment in Whitewater, a claim Clinton had denied.

DOCUMENTATION

The 1983, Bill Clinton obtained a loan from Security Bank of Paragould, Arkansas for approximately $20,800 (loan #975-585, Bill Clinton). The money from this loan was used to pay off the remaining balance of a loan at Madison Bank and Trust of Kingston, Arkansas that was provided for the purpose of constructing a modular home on lot #13 at Whitewater Estates. The loan at Madison Bank was provided in 1980 to Hillary Clinton in the amount of $30,000.

On November 8, 1985, James McDougal sent a letter accompanied by a check to Charles Campbell, Vice President of Security Bank of Paragould, for $7,322.42. The letter from McDougal states that the check is principal and interest payment on "Note #957-585, Bill Clinton." [Note: It appears that the loan number is a typographical error with the superimposing of numbers 5 and 7 in the first three digits.]

The check McDougal enclosed with his letter to Mr. Campbell is a Whitewater Development Corporation check dated November 7, 1985. The loan number referenced on the memo portion of the check is "Note #95-585."

According to the check ledgers for the Whitewater Development Corporation (WDC), the corporation's checking account had the following balances: $189.50 on 10-10-85; and, $12.49 on 10-31-85. However, in order to cover the payment of $7,322.40 on the Clinton loan, a deposit is recorded on November 8, 1985 in the amount of $7,500.00. The deposit is listed as coming from "Madison Marketing."

A 1986 Federal Home Loan Bank Board exam gives the impression that Madison Marketing was largely a sham corporation used to divert federally insured resources to insiders. The exam notes that "Until 1986, Susan McDougal owned Madison Marketing." The report also states the following:

"Madison Marketing is paid for doing all the general advertising for Madison Guaranty and most of the advertising for Madison Financial's land development projects. All of Madison Marketing's business is derived from Madison Guaranty or its subsidiaries. Since 1983 these payments total $1,532,000.

"Given the evidence of Madison Marketing's invoices, it is questionable how much of these advertising services are actually performed by the firm. The actual work * * * appears to be performed by others. It would appear that Madison Guaranty could have an employee perform similar work for much less money.

"Mr. Latham [an officer of Madison] stated that Madison Marketing made no payments to any stockholders. This statement is false. As part of a test for such payments, the examiners discovered two remittances from Madison Marketing to Susan McDougal [a large stockholder of Madison] which total $50,000. This was a test, and there may be additional payments."

CONCLUSION

Given the above circumstances, it would appear that federally insured deposits (i.e., funds from Madison Guaranty through Madison Marketing), which, with the later failure of Madison became, in effect, taxpayer obligations, were transferred for the direct personal benefit of the former Governor.

The above payment also raises the question of whether Whitewater was treated as an affiliate or related interest of Madison Guaranty and therefore subject to conflict of interest statutes. From a legal perspective, it could be argued that the McDougals' controlling interest in Madison Guaranty and their substantial ownership interest in Whitewater could qualify Whitewater as an "affiliate" of Madison Guaranty. Even if Whitewater is not considered a subsidiary, related interest, or affiliate of Madison Guaranty, such an extension of funds to a presumably "unaffiliated" entity would be very unusual and suspect.

It has been publicly reported, with respect to this loan repayment, that both Whitewater and the Clintons took a tax deduction related to interest paid on the same loan—which the Clintons later recognized as improper double deduction after an article ran in the New York Times. What remains unclear is the largest question of whether the funds provided by Madison to reduce the Clinton's liability were proper or properly reported as income for income tax purposes.

As you know, we have received broad hints from within the RTC that the agency has had under review money transfers from Madison to Whitewater. We will not know whether this type of activity was more pervasive and part of a larger pattern unless, and until, the agency provides us the documents we have requested. If Madison provided any direct or indirect assistance to Whitewater, presumably half the value of such would redound to the advantage of each of the half owners. In any regard, the above money transfer underscores that then Governor Clinton had personal liabilities reduced by a payment from Madison. Such payment presumably carries ethical as well as tax implications and is part and parcel of the $47 to $60 million estimated taxpayer loss at Madison.

Attachments.

SEPTEMBER 30, 1983.

Governor BILL CLINTON,
Little Rock, AR.

DEAR GOVERNOR CLINTON: Enclosed is a copy of our check #12677 in the amount of $20,800.00 representing the proceeds of your note. The original was mailed to: Madison Bank & Trust, Kingston, Arkansas.

Sincerely,

CHARLES D. CAMPBELL,
Vice President.

JIM MCDOUGAL,
Little Rock, AR, November 8, 1985.

Mr. CHARLES D. CAMPBELL,
Vice President, Security Bank,
Paragould, AR.

Re: Note #957-585, Bill Clinton.

DEAR MR. CAMPBELL: Enclosed is a White Water Development Corporation check for $7,322.42, representing principal payment of $5,000 and interest payment of $2,322.42, on the above note.

Thank you for your attention to this matter.

Sincerely,

JIM MCDOUGAL.

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS, SECOND DIVISION

MADISON GUARANTY SAVINGS AND LOAN ASSOCIATION, a State Chartered Savings and Loan; MADISON FINANCIAL CORPORATION, a Wholly Owned Subsidiary of Madison Guaranty Savings and Loan Association, Plaintiffs, versus ERNST & CO., an Arkansas Professional Association, and its directors James Alford, Michael Robinson, Gary Grey, Gaines Morton, Tim Gibbon, Steve Humphries, Alan Duncan, Frank Butts, Marjorie Itskowitz, John Does A., B, C, D, Defendant. (No. 88-1193)

FIRST AMENDED COMPLAINT

COKES NOW, Plaintiffs, and for cause of action states as follows:

I

PARTIES

1. Plaintiff Madison Guaranty Savings and Loan Association (hereinafter, Madison Guaranty) is a state savings & loan association duly chartered under the laws of the State of Arkansas. Plaintiff Madison Financial Corporation (hereinafter, Madison Financial) is a state chartered corporation and wholly owned subsidiary of Madison Guaranty.

2. Defendant Frost & Company is a professional association or partnership of public accountants with its principal place of business in Little Rock, Arkansas, comprised of the following individual partners who are set forth as Defendants in paragraph 3.

* * * * *

7. John Latham at all relevant times was the President and Chief Executive Officer of Madison Guaranty and a member of its Board of Directors; and a member of the Board of Directors and the Secretary of MFC.

8. Susan McDougal was at all relevant times wife of James B. McDougal, member of the Board of Directors of Madison Guaranty, President of Madison Real Estate, a division of MFC, and President of Madison Marketing, a service provider to Madison Guaranty and MFC.

9. Madison Real Estate was a real estate brokerage operation owned and operated by Madison Financial with its principal broker Susan McDougal.

10. Madison Marketing was an advertising agency through which Madison Financial and Madison Guaranty purchased all of its advertising for itself and KFC's real estate developments.

11. Jim, David and Bill Kenley ("Kenley Brothers") were real estate agents and/or developers for Madison Real Estate, who sold property and received substantial commissions and/or development fees from Madison Financial.

12. Frost & Company purported to serve as independent auditor of Madison Guaranty and its consolidated subsidiary Madison Financial for the years 1984 and 1985.

13. James D. Alford at all relevant times was the audit and accounting partner of Frost & Company in charge of the Madison Guaranty audit.

14. Federal Home Loan Bank Board ("FHLBB") is the primary federal regulator of Madison Guaranty. FHLBB has oversight of the Federal Home Loan Bank of Dallas which has direct supervisory responsibility for Madison Guaranty.

* * * * *

FEDERAL HOME LOAN BANK BOARD OFFICE OF EXAMINATIONS AND SUPERVISION

Name and Address of Institution Madison Guaranty Savings and Loan Association, 1501 Main Street, Little Rock, Arkansas 72203.

District Number 9, Docket Number 7601.

Examination as of March 4, 1986.

Service Corporations and Other Affiliates Examined: Madison Financial Corporation.

REPORT OF EXAMINATION

Prohibition of disclosure or release

This document is the property of the Federal Home Loan Bank Board and is furnished to the Institution for its confidential use. Under no circumstances shall the Institution, or any of its directors, officers, or employees, disclose or make this document or any portion of it public in any manner.

If a subpoena or other legal process is received calling for production of this document, the District Director—Examinations should be notified immediately. The attorney at whose instance the process was issued, and, if necessary, the court which issued the process, should be advised of the above prohibition, and referred to Part 505 of the General Regulations of the Federal Home Loan Bank Board.

Directors, in keeping with their responsibilities, should review this report thoroughly. This report should not be considered an audit report.

Comments

Information concerning the Institution's policies, practices and condition, considered to be of supervisory interest or concern, is shown below.

A. Objectionable Conflicts of Interest

Conflicts of interest involving James McDougal, Susan McDougal, and William Henley have been detrimental to the safety and soundness of the Institution. These individuals are in control of the Institution (Madison Guaranty) through their stock ownership. James McDougal owns 63.5% of the outstanding Madison shares. His wife, Susan McDougal, owns 12.6%, and her brother, William Henley owns 8.5%. In addition to his ownership control, Mr. McDougal, as President of the Institution's subsidiary (Madison Financial), has complete control of the land development projects discussed in comment B.

This control enabled Mr. McDougal to structure the development and financing of the projects so that substantial cash payments could be diverted to himself, Susan McDougal, William Henley and others. These payments have directly benefited these individuals, but Madison Guaranty has received little or nothing in return. Though they have been structured to avoid specific Insurance Regulations, these payments are contrary to the general policy of the FHLBB concerning conflicts of interest as stated in Insurance Regulation 571.7 and FHLBB Memorandum R–19a.

Many of these payments have been funneled through business entities which are owned or controlled by the McDougals, employees, relatives of employees, or close friends of the McDougals and Henley. In the report, reference will be made to these individuals as the McDougal-Henley Group. Though the activities of these business entities may be appropriate for a savings and loan institution to perform, the advantages associated with these activities accrue to the McDougals and Henley, rather than Madison Guaranty. As such, these arrangements are contrary to the FHLBB's policy concerning appropriations of corporate opportunity as explained by Insurance Regulation 571.9.

Mr. McDougal stated that there were no violations of the conflict of interest regulations.

There are several of these business entities, none of which are disclosed on the Examination Management Questionnaire. The investigation of these businesses remains incomplete. For example, the amount of Madison Guaranty loan proceeds going to many of the entities is unknown. Formal investigative powers have been granted; in this case, under Section 407(m)(2) of the National Housing Act. Current findings, with respect to three of the more important business entities, are discussed below.

1. Madison Real Estate.

Madison Financial pays commissions to Madison Real Estate for selling land from Madison Financial's developments. These commissions in turn are distributed to the sales personnel. Mr. Latham stated that Madison Real Estate was "a division" of Madison Financial. Mr. McDougal stated that Madison Real Estate was essentially formed in order to use Susan McDougal's real estate sales license which, in turn, was being used by Madison Financial to market the projects. But Madison Real Estate's checking account was not on Madison Financial's books until after management was notified of this fact by the examiners. Also, Madison Real estate is not registered in county records as a name being used by Madison Financial or anyone else.

Since the beginning of 1983, after the McDougals and Henley acquired Madison Guaranty, substantial commissions were paid through Madison Real Estate to William Henley ($427,683) and Susan McDougal ($137,500). In Henley's case, a substantial portion of these funds were advances against commissions to be earned on future land sales. Other McDougal-Henley Group members, who received substantial commissions, are Pat Harris ($242,289) and James Henley ($154,690), who is the brother of Susan McDougal and William Henley. These payments represent most of the commissions paid by Madison Financial to Madison Real Estate, which significantly derives all of its business from Madison Financial.

Many of the sales, which generated these commissions, were to McDougal-Henley Group members who are acting as straw buyers. Madison Guaranty essentially retained the risks of ownership on these transactions because it fully financed these sales including the cash sales commissions. Thus, Madison Guaranty's position deteriorated because it retained the same ownership risks as before, but paid cash fees to these individuals. In addition, fees paid through Madison Real Estate were used as down payments in some of the straw land purchases in an apparent attempt to disguise 100% funding of the purchase by Madison Guaranty and its subsidiaries.

Messrs. McDougal and Latham cited an April 24, 1985 letter from a Federal Home Loan Bank of Dallas Supervisory Agent as permission to pay real estate sales commissions to Madison Real Estate. However, this letter in part, asks that the Board of Directors review Insurance Regulation 571.7 which is cited above in this comment.

2. Madison Marketing.

Madison Marketing is paid for doing all the general advertising for Madison Guaranty and most of the advertising for Madison Financial's land development projects. All of Madison Marketing's business is derived from Madison Guaranty or its subsidiaries. Since 1983 these payments total $1,532,000. Until February 1986, Susan McDougal owned Madison Marketing. During a portion of this time, it was a corporation which was incorporated by Lisa Aunspaugh, reportedly a close friend of Susan McDougal.

Mr. Latham stated that after February 1986, Madison Marketing became an entity "d/b/a (doing business as)" for Madison Financial and ceased to be a corporation. However, it is not registered as a "d/b/a" in the County records. Also, its checking account has never been recorded on the books of Madison Financial.

Given the evidence of Madison Marketing's invoices, it is questionable how much of these advertising services are actually performed by the firm. The actual work of advertising, such as the design and production of commercials and providing air time or newspaper space, appears to be performed by others. Madison Marketing apparently just pays the bills of other providers and adds a 15% fee of its own. Examiners estimated this fee to be approximately $200,000 since 1983. It would appear that Madison Guaranty could have an employee perform similar work for much less money.

Mr. Latham stated that Madison Marketing made no payments to any stockholders. This statement is false. As a part of a test for such payments, the examiners discovered two remittances from Madison Marketing to Susan McDougal which total $50,000. This was a text, and there may be additional payments.

3. Designer's Construction.

Designer's Construction performs construction work on some of the land development projects and on some of the property securing Madison Guaranty loans. In 1985 and to date in 1986, $247,000 was paid for work performed for Madison Guaranty and its sub-

sidiaries. The amount of loan proceeds paid to Designer's Construction on work for third party borrowers is unknown.

□ 1540

IMPROVING AMERICA'S SCHOOLS ACT OF 1994

The SPEAKER pro tempore (Mr. LEWIS of Georgia). Pursuant to House Resolution 366 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 6.

□ 1542

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6) to extend for 6 years the authorizations of appropriations for the programs under the Elementary and Secondary Education Act of 1965, and for certain other purposes, with Mr. DARDEN, chairman pro tempore, in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Tuesday, March 22, 1994, the amendment offered by the gentleman from California [Mr. DOOLITTLE] had been disposed of, and title IX of the proposed Elementary and Secondary Education Act was open for amendment at any point.

Are there further amendments to this title?

AMENDMENT OFFERED BY MR. HANCOCK

Mr. HANCOCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK: —Page 762, after line 8, insert the following:

SEC. 9506. PROHIBITION AGAINST FUNDS FOR HOMOSEXUAL SUPPORT.

"(A) PROHIBITION.—No local educational agency that receives funds under this Act shall implement or carry out a program or activity that has either the purpose or effect of encouraging or supporting homosexual as a positive lifestyle alternative.

"(b) DEFINITION.—A program or activity, for purposes of this section, includes the distribution of instructional materials, instruction, counseling, or other services on school grounds, or referral of a pupil to an organization that affirms a homosexual lifestyle.

Mr. HANCOCK. Mr. Chairman, this amendment is very simple. It will prohibit any local educational agency that receives funds under H.R. 6 from implementing or carrying out any program or activity which has either the purpose or effect of promoting homosexuality as a positive lifestyle alternative. I just want to make clear from the very beginning this amendment is not an unfunded mandate. If anything, it is the reverse of a mandate.

My amendment does not impose on schools any duty to undertake a new program or activity. It creates no requirement for schools to denounce homosexuality in the classroom or to undertake a curriculum of any kind on the subject of homosexuality. Very importantly, it does not prevent schools from conducting traditional hygiene or health classes. All of these decisions are up to local elected school boards and parents, which is the way it ought to be.

This amendment does not even impose any new requirements to make reports or certifications to the Federal Government, which is different from a lot of legislation we pass here in Congress. It creates no extra expense or special burdens. We are saving money, which is really rare. All I am attempting to do is prevent the use of taxpayers' dollars to promote homosexuality. That is all.

Mr. Chairman, my amendment does restrict what schools can do with Federal funds. It also restricts what they can do with their own resources if they accept Federal dollars. This is necessary to prevent the shell game we have seen with other grantees who commingle Federal funds with other moneys. My amendment is the only way to protect Federal taxpayers from that kind of nonsense and evasion.

Some Members may ask why this amendment is necessary at all. Many may not be aware of what sort of prohomosexual propaganda is actually infiltrating our public schools. Believe it or not, right now in community after community, our children are being exposed to the homosexual lifestyle as early as elementary school. That lifestyle is presented in an approving manner and as a legitimate alternative lifestyle. This clearly defies the values of the overwhelming majority of parents and taxpayers throughout America.

There are a host of programs and groups, including project 10, since named project 21, I think it is pronounced SIECUS, Sex Information and Education Council of the United States, Mutual Caring, Mutual Sharing, and others which teach young people homosexuality is normal, healthy, and desirable.

Students must explore their sexual feelings through secret counseling. They are referred to gay and lesbian community centers to meet and interact with homosexual adults. Film strips, books, and other materials graphically portray homosexual acts, acts which are not only offensive but dangerous behavior which can expose one to AIDS and other serious health risks. Some even have a buddy system to help match up homosexual couples.

Of course, traditional teachings against homosexuality are systematically ridiculed as ignorance and bigotry. Where is this? So far, in Alaska, California, Connecticut, Hawaii, Louisiana, Massachusetts Minnesota, Nebraska, New Hampshire, New York, Vermont, Virginia, and elsewhere.

In New York City, even elementary schools are exposed to prohomosexual propaganda, including two books entitled, "Heather's two Mommies," and "Daddy's Roommate." This is a clear effort to target our young people.

One homosexual activist, Mr. Michael Swift, made this clear in the Boston Gay Community News, He said of the homosexual movement,

We shall sodomize your sons feeble emblems of your masculinity. We shall seduce them in your schools, in your dormitories, in your gymnasiums, in your locker rooms, in your sports arenas, in your seminaries, in your youth groups, in your army bunkhouses, wherever men are with men together. Your sons shall become our minions and do our bidding. They will be recast in our image.

While this is just one activist, his mindset is highly instructive. I do not believe our children should be recast in his image, especially with Federal dollars. I do not appreciate this sort of attempt to recruit our children and grandchildren to this lifestyle.

Before Members vote, I urge them to survey the literature in front of me. I apologize in advance to Members who might be offended. Yes, some of it is graphic and offensive, but it is the same garbage being forced on our children.

Do not vote on this amendment without looking at this material for yourself. What this comes down to is whether or not Members think voters back home in their districts really approve of their hard-earned money being used to bombard their children with prohomosexual propaganda that directly contradicts their values.

If you think your taxpayers back home have a problem with this, then I ask for your support of this amendment.

□ 1550

AMENDMENT OFFERED BY MRS. UNSOELD TO THE AMENDMENT OFFERED BY MR. HANCOCK

Mrs. UNSOELD. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mrs. UNSOELD to the amendment offered by Mr. HANCOCK:

In subsection (a) of the first amendment made to page 762, after "agency" strike "that received funds under this Act".

After "shall" insert "use funds made available under this Act to".

Add at the end of subsection (a) the following: No local educational agency shall use funds under this Act to distribute or to aid in the distribution by any organization of obscene material to minors on school grounds.

Add at the end of the first amendment made to page 762, after line 8, add the following:

"(c) NO FEDERAL CONTROL OF CURRICULUM.—Nothing in this section shall be construed—

"(1) to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or schools' instructional content, curriculum, and related activities;

"(2) to limit the application of the General Education Provisions Act;

"(3) to require the distribution of scientifically or medically false or inaccurate mate-

rials or to prohibit the distribution of scientifically or medically true or accurate materials;

"(4) to create any legally enforceable right.

"(d) RULE OF CONSTRUCTION.—In carrying out the provisions of this section, the Secretary shall not—

"(1) review any curricula or instructional materials;

"(2) promulgate regulations; or

"(3) take any administrative or legal action against a State or local educational agency or school.

Mrs. UNSOELD. Mr. Chairman, I ask my colleagues to support my amendment to the Hancock amendment to H.R. 6.

The Hancock amendment once more would give the Federal Government jurisdiction over curriculum decisions. What with all of the discussion we have heard in this bill about no Federal mandates, it seems absolutely crazy to even consider giving the Federal Government this control.

My amendment clarifies that restrictions contained in the amendment apply only to funds provided under the Elementary and Secondary Education Act and that it does not apply to the use of local funds. The amendment also clarifies that nothing in this section shall interfere with the rights of local communities to select curriculum appropriate to the needs of the children in their communities.

Decisions regarding curriculum choices are best left to local school officials and local elected school board members.

Education has always been a local matter. To change that now because of the gentleman from Missouri's, Mr. HANCOCK's obsession or fear over prohomosexual propaganda is not only misplaced, it would be illegal.

The Hancock amendment violates a basic principle of the general Education Provisions Act and the Department of Education Organization Act that states that the Federal Government cannot exercise any direction, supervision, or control over the curriculum or program of instruction of any educational institution.

The amendment's definition of program or activity in the Hancock amendment is so broad that classroom discussions, library acquisitions, and even private conversations in counseling sessions would be subject to censorship under the threat of loss of all Federal funding.

Furthermore, we have just in this body passed lobbyist reform legislation. We have said in response to the American public there is too much influence by lobbyists on the legislative process, and yet outside this Chamber's doors material is being distributed to warn, is this coercion or blackmail, to warn Members that a vote for the Unsoeld amendment will be scored in voters' guides as a vote to promote homosexuality. Never mind what the facts are. These people will use it to score. Is that not undue influence by lobbying groups and in total violation to what this body did a very short time ago by more than a two-thirds vote?

The Hancock amendment would set an extremely dangerous precedent for Federal mandating and policing of local education programs. I urge my colleagues to keep local control of local moneys and local schools with the folks back home who know best what is going on in their communities, what the needs are in their schools, and not to impose the Federal Government, big brother, into local schools.

I urge adoption of the Unsoeld amendment.

Mr. HANCOCK. Mr. Chairman, I ask unanimous consent to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Missouri [Mr. HANCOCK] is recognized for 5 minutes.

There was no objection.

Mr. HANCOCK. Mr. Chairman, the Unsoeld amendment—or what I will refer to as the "Unsoeld double-loophole" amendment—is a gutting amendment, pure and simple.

It is a desperate attempt to undermine my amendment completely. A vote for the Unsoeld double-loophole amendment is essentially a vote against the Hancock amendment to H.R. 6.

Indeed, a vote for the Unsoeld double-loophole amendment is a vote for allowing this kind of prohomosexual propaganda to continue unabated in our Nation's public schools.

Allow me to explain.

The Unsoeld amendment contains not one, but two separate and very clever loopholes which will allow any school in the country to use local, State, and Federal funds to blatantly promote and advocate the homosexual lifestyle to preschoolers, elementary school students, junior high students, and high school students.

The first loophole in the Unsoeld double-loophole amendment is that it restricts only the use of Federal funds.

In fact, the Unsoeld amendment explicitly affirms the right of schools to use other public resources to bombard our children and grandchildren with prohomosexual propaganda in the classroom.

This first loophole is a green light to local educational agencies to play the shell game we have come to know so well, where Federal grantees pour all the money in the same pot and somehow insist they didn't use Federal funds. As a result, there is absolutely no accountability regarding the use of Federal tax dollars.

That is loophole No. 1.

The second loophole in the Unsoeld double-loophole amendment is even more insidious.

The Hancock amendment targets those programs which have the purpose or effect of promoting the homosexual lifestyle. The Unsoeld double-loophole amendment changes that.

The Unsoeld amendment only targets those programs which have the purpose of promoting homosexual lifestyle.

Now, what does this mean? It means any school can simply misrepresent the purpose of their program—much as the New York State Board of Education did with this literature which is making the rounds of the Chamber. They claimed it was AIDS education.

All of these programs are instituted under the guise of something other than promoting the homosexual lifestyle. Whether they pass it off as cultural sensitivity training, sex education, or AIDS awareness, the campaign to promote homosexuality as healthy, normal and desirable will continue.

In fact, the Unsoeld double-loophole amendment would allow schools to use even Federal funds to promote the homosexual lifestyle—that's right, even Federal funds. All the school has to do is misrepresent or lie about the purpose of the program.

So you see, the Unsoeld double-loophole amendment covers every base to make it nearly impossible to prevent public resources of any kind from being used to bombard our children and grandchildren with graphic, pro-homosexual propaganda.

What about the mandate argument raised by Mrs. UNSOELD and other opponents of this amendment? My colleagues this is nothing but a red herring.

While I am gratified my liberal colleagues have suddenly gotten religion on the subject of local autonomy and the need to restrain Big Brother government, let's be honest about this so-called mandate issue.

H.R. 6 itself contains no less than 23 specific, new unfunded mandates—not counting the amendments we have added to it on this floor. I have a list of them right here, prepared by the Congressional Research Service at the request of the Unfunded Mandates Caucus.

The mandate issue is no excuse to oppose the Hancock amendment. If you vote against the Hancock amendment on that basis, you better be prepared to vote against H.R. 6.

□ 1600

But for the record, the Hancock amendment is not an unfunded mandate. It does not impose any new expense or burden on schools or States as an unfunded mandate would. Schools and States are not required to make any additional reports or certifications to the Federal Government. They are not required to implement any new program or activity as a normal mandate would.

The Hancock amendment simply restricts schools which choose to accept

Federal funds under this act from pursuing one particular type of activity, promoting a homosexual lifestyle.

Why not have such a restriction? We are not in the business of writing blank checks here in the Congress. As Members of Congress we have a fiduciary responsibility regarding the use of Federal tax dollars whether by an agency or a grantee such as a local school, and the only way to effectively prevent the use of Federal tax dollars to promote the homosexual lifestyle is the Hancock amendment.

My friends, I do not think you are going to escape this issue. You are going on record here; profamily groups across the country are watching this vote, which I will agree with my colleague, the public is going to know about this vote.

Ask yourself a basic question: Do the taxpayers of your district really want their hard-earned tax dollars and our Nation's public schools used to bombard their children with homosexual propaganda? Of course not. They will not be patient with more double talk coming out of the U.S. Congress.

The Unsoeld double loophole is no shield either.

I urge my colleagues, for the sake of what is right and decent, for the sake of the children of this country, to oppose and defeat the Unsoeld double-loophole amendment and support the Hancock amendment to H.R. 6.

Mr. KILDEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to the gentlewoman from Washington [Mrs. UNSOELD].

Mrs. UNSOELD. Mr. Chairman, I thank the gentleman for yielding to me.

My colleague on the other side of the aisle, sponsor of the amendment, referred to unfunded mandates. That was not in any of my statement.

I would like to suggest that if the Hancock amendment is intended to get at some of the literature or material that the gentleman from Missouri [Mr. HANCOCK] referred to, I would point out that the board of education's chancellor in New York has repudiated the use of such material, and it will be talked about by another Member on this side.

But I would point out to the gentleman from Missouri [Mr. HANCOCK] that if his objective is to not have this kind of material in any way distributed at some kind of school-sponsored program, he should read my amendment, which states:

> No local educational agency shall use funds under this act to distribute or to aid in the distribution by any organization of obscene material to minors on school grounds.

Now, I believe that that takes care of this issue.

I would also like the gentleman to read his own definition in his amendment which says that a program or activity for purposes of this section which should be prohibited includes the distribution of instructional materials, instruction, counseling, or other services on school grounds or referral.

So under your definition of what would be prohibited would be a referral of a pupil to an organization that affirms or discusses a homosexual lifestyle, even in the context of providing health care. That kind of Big Brother dictatorship from the Federal Government to local schools, to local communities, in my view, is not acceptable. It is not the American way of doing things.

Local decisions should be made by local people where they know best the problems and how to solve them.

I would submit that, rather than being a loophole, my amendment probably accomplishes what the gentleman was intending in his own amendment, and really he should support it.

Mr. EMERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to engage the gentleman from Missouri [Mr. HANCOCK] in a colloquy if he would agree.

Did I understand the gentleman in his opening remarks to say that there is literature that has been and is being distributed in public schools in this country that the Parliamentarian has determined is not fit for the eyes of Congress?

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. EMERSON. I am happy to yield to the gentleman from Missouri.

Mr. HANCOCK. That is exactly right.

Mr. EMERSON. So this is another example of where we are willing to exempt ourselves, as it were, from some laws and regulations, yet have other entities in our population be exposed to them?

Mr. HANCOCK. If the gentleman will yield further for just a moment, in fact, the Unsoeld double-loophole amendment was changed from the time we started. We just got it in which she added the words that we did not even know about, obscene material. I think we have a problem with the definition of "obscene."

I am assuming that when I handed her this literature a few days ago that she agrees this is obscene material. We also have a few books here which I did not give her which are being used which you are welcome to come over and look at, and so they have corrected or at least changed, and we are getting into the problem of defining "obscene materials"; but these materials have been used and are being used in public education in lots of areas in the United States.

Mr. EMERSON. I would like to make one further point: The gentlewoman was critical of the fact that there are certain interest groups in this country who are seeking to inform Congress and the American public about their perspective on this issue, and they are going to tell people who belong to their organization how Members vote on this issue.

I have always understood that citizen communication or interest-group communication with Congress was protected under the first amendment, and people had the right to make expressions. The gentlewoman acted in such horror that there were people in the corridors out here who were expressing a point of view.

Have you ever come through those doors when there was not someone out there expressing a particular point of view?

Mr. NADLER. Mr. Chairman, will the gentleman yield?

Mr. EMERSON. I yield to the gentleman from New York.

Mr. NADLER. Mr. Chairman, I just had a very simple question. Some materials have been handed out around this Chamber that are on the desk here that were allegedly distributed to schoolchildren. Now, aside from the one incident in New York where the Gay Men's Health Crisis has said that material meant for adults was by mistake left on a table outside a high school conference, can you cite chapter and verse as to where this has been distributed to children?

Mr. HANCOCK. If the gentleman will yield, we have lots of materials: Staples High School, Westport, CT; California, Unified School District, San Francisco; at Pehoa in Hawaii, a high school; the Rainbow Curriculum, and that is in the New York public schools; New Hampshire public schools; Fairfax County in Virginia, under family life education. Yes, we can cite where this is being done.

Mr. EMERSON. Mr. Chairman, reclaiming my time, I yield briefly to the gentleman from New York [Mr. NADLER].

Mr. NADLER. Mr. Chairman, very briefly, my information, first of all, in New York, this material has never been distributed as part of the Rainbow Coalition in the New York City public schools. I do not know about the other high schools. But I do know that with the exception of the one mistake where this was put out at a high school citywide conference on a table, the authors say this has never been and never was mean to be and was never distributed to any schools, because it is meant for adults. I know that your reference to the New York City public schools is plainly mistaken.

Mrs. UNSOELD. Mr. Chairman, will the gentleman yield?

Mr. EMERSON. I am happy to yield to the gentlewoman from Washington.

Mrs. UNSOELD. I believe it is highly appropriate for people outside the doors or anyplace to be expressing their view. What I take exception to is

the threat that a vote is about to be scored, and then he list of the organizations for which that scoring has been done, and I do not think that is appropriate.

Mr. EMERSON. If I may say to the gentlewoman, every day the AFL–CIO and the Chamber of Commerce, the NAM and the NRA, and I am sure any number of interest groups in this country rate our votes according to their perspective, and I would suggest there is absolutely nothing inappropriate about that. It is clearly a matter of expression protected, I think not only by the first amendment, but under other provisions of the Constitution, and about the rights of citizens.

Mrs. UNSOELD. But a threat prior to the vote is probably exactly the kind of lobbyist influence to which the public objects and to which we should try to rise above as a legislative body representing those people.

Mr. EMERSON. I fail to understand how we can represent our constituencies if they are not to communicate with us, and certain organizations which their own membership.

Mr. MCDERMOTT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I did not intend to speak on this amendment, but I sat in my office and watched it, and I decided that somebody needs to come over here and talk about kids.

The fastest growing number of kids in this country, or the fastest growing number of people who are contracting AIDS are young people. It is happening across the board. It does not make any difference whether you are in a rich community or a poor community or people of color or anything else, it is all over the country.

□ 1610

In my State, when I was in the State legislature, I put in the first education money, back in 1984, in order to make money available to the education system, and in 1988 the State of Washington passed a law requiring AIDS education in all the schools and appropriated $8 million of their own money to do it. I find it extraordinarily ironical that folks who are usually up on their feet telling us that the Federal Government ought to stay out of their business and that the beltway does not know everything, are suddenly going to leap in on school districts and decide what ought to happen.

Now, I am not going to defend what happened in every school district across this country, but I will defend the right of the 280-some school districts in the State of Washington to be able to decide what is an appropriate curriculum for their people. And I think for us to be putting in language that decides for them, the language of Mrs. UNSOELD's amendment—"No educational agency shall use funds under this act to distribute or aid in the distribution by any organization of obscene material"—is about as clear-cut as you need. And for us to then decide what obscenity is and for us to get down into that kind of stuff is simply the Federal Government taking away the right of local school districts to decide how to educate their kids.

There may be a problem in some district in the United States, but for us to legislate on the basis of what went on in some in 6 or 3 or 2 districts across the country is simply an invasion by the Federal Government, in a way, on this issue, the most personal of private behavior that we are trying to get kids to change and understand what they are doing, is in my opinion absolutely the wrong way to go.

I expect that in Chewelah, WA they are going to educate their kids a little bit differently than in Rolla, MO, or in Charleston, SC or in a whole lot of other places. And I will trust the school board and I will trust the community to make those kinds of educational decisions for their people.

For us not to have our communities involved in educating their kids is a serious mistake. And if something happens, they can correct that. That is not damage beyond belief. But for us in any way to stand between our school districts and telling their kids about how you contract AIDS, what it is about and what happens and what the end result of it is, simply not good policy.

Mrs. UNSOELD's amendment is sufficient in this regard, and I do not think you need to be delving any further into telling them.

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. MCDERMOTT. I yield to the gentleman from Missouri.

Mr. HANCOCK. I thank the gentleman for yielding.

Mr. Chairman, I am assuming the gentleman is voting against H.R. 6 because of the 23 other mandates in H.R. 6. Is that correct?

Mr. MCDERMOTT. The Federal Government puts out money to aid education. We allow States to use it in a whole lot of ways, and I think there are things in the cities that we have done to support that.

Mr. HANCOCK. But we do make mandates, you will assume.

Mr. MCDERMOTT. Yes. but I am not going to tell them how to run the program or what the actual educational material is going to be.

Mr. KILDEE. Mr. Chairman, will the gentleman from Washington yield to me?

Mr. MCDERMOTT. I yield to the gentleman from Michigan.

Mr. KILDEE. I thank the gentleman for yielding.

Mr. Chairman, I want to tell the gentleman from Missouri he may think they are Federal mandates, but, as the gentleman from Wisconsin [Mr. GUNDERSON] pointed out the other day, he made it very clear that there are no Federal mandates in this bill. There are no Federal mandates in this bill. There are 23 reporting requirements, and those reporting requirements can be paid for with Federal dollars, not State or local dollars, but Federal dollars.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, will the gentleman from Missouri [Mr. HANCOCK] yield for a colloquy? I tried to get the gentleman when he introduced his amendment, and he had yielded back his time already.

I want to go through the same discussion with the gentleman from Missouri, in good faith, that I went through with the gentleman from California [Mr. DOOLITTLE], yesterday.

First and foremost, what does the gentleman mean by program or activity?

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Missouri.

Mr. HANCOCK. I thank the gentleman for yielding.

Mr. Chairman, the program or activity is defined as an activity with the purpose or effect of encouraging or supporting homosexuality as a positive lifestyle. That, I think, is pretty explicit. I have no objection——

Mr. GUNDERSON. Let me give the gentleman some examples. It is very important that we understand what we are or are not doing here.

Will counseling in school between a certified school counselor and a student on that student's struggle for personal identity be considered a program or activity under the gentleman's amendment?

Mr. HANCOCK. Counseling them for the purpose of the counseling which we have here of homosexuality as a positive, affirmative lifestyle, yes, I think that would be prohibited.

Mr. GUNDERSON. Let me take that one further. There is a recent study out, I think it was actually a study by the Department of Health and Human Services under the Bush administration, a 1989 report of the Secretary of Health and Human Services, a task force on youth suicide, which found that "homosexuals were 2 times to 7 times more likely than heterosexuals to attempt suicide."

Now, that happened under the Bush administration. What happens if a kid is found in a lunchroom or a restroom attempting suicide and is discovered and they take that to the high school counselor and the counselor says, "Let's talk," and the kid says, "I think I am a homosexual"? Can that counselor respond in a way that encourages that person, to accept themselves as a person to accept themselves as a

human being? That will have the effect of, quote unquote, promoting homosexuality?

Mr. HANCOCK. I believe, under those circumstances the gentleman describes, the proper position for a school official would be to refer that student to an individual with the credentials that the gentleman from Washington [Mr. MCDERMOTT] has, to be counseled.

Mr. GUNDERSON. Would the gentleman say under his amendment no school guidance counselor in America would be able to counsel a student, boy or girl, who came to them and said, "I am really struggling with who I am"?

Mr. HANCOCK. I think they could counsel them. I question whether we have very many people in public education who are qualified to counsel on this particular subject. I do not know that that is a requirement for teaching.

Mr. GUNDERSON. None of us wanted to get into teacher certification.

Mr. HANCOCK. But we can counsel, and the proper thing to do, if an individual should recognize that they are not qualified to counsel in this field, they should refer them to the proper qualified counsel.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

Mr. Chairman, of course a young man who has an ambivalence ought to be counseled. He needs attention, care. But what this amendment proscribes is encouraging or supporting homosexual lifestyle, and that is different from giving advice and counseling.

Mr. GUNDERSON. Here is the problem I have with the amendment: I do not know about anybody else, but it has the effect of—if you drop the words "has the effect of" from his amendment, then I think what the gentleman from Illinois is suggesting is clearly palatable.

You see, where I am trying to get the gentleman, I hope there is not a person in America who supports an academic course in our public or private schools promoting homosexuality.

□ 1620

I do not support that, but what I am trying to deal with is an amendment that goes beyond what I think is that legitimate intention to some very destructive effects. No. 1 is dealing with counseling. The second one I want to get to is the issue of education.

I say to the gentleman, "I mean your amendment says that any school that receives funds under this act cannot use any funds that has the effect of promoting homosexuality under any program or activity. I would assume by that you mean then that AIDS education is no longer allowed activity in any public school in America if your amendment passes."

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has expired.

(By unanimous consent the gentleman from Wisconsin [Mr. GUNDERSON] was allowed to proceed for 5 additional minutes.)

Mr. GUNDERSON. Mr. Chairman, I ask the gentleman, "Can you respond? I'm just trying to find out. I think, as I tried to discuss with you some time ago, I think a discussion can lead us to a consensus in this amendment that gets where you want to go that doesn't have the negative effect that I feel."

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I just again revert to the language of the amendment offered by the gentleman from Missouri [Mr. HANCOCK]. It says, "* * * shall implement or carry out a program or activity that has either the purpose," and I know the words that trouble the gentleman, "or effect of encouraging or supporting homosexuality as a positive lifestyle alternative."

I think that fits what the gentleman himself has said is not——

Mr. GUNDERSON. So the gentleman does not believe then that, if this amendment is adopted, that AIDS education will in any way be limited?

Mr. HYDE. Not at all. I would hope it would not be, and I would hope that young people struggling with their own identity could get counseling under this amendment so long as the life style of homosexuality is not encouraged. That does not mean it has to be misunderstood, or condemned, or judgmental, but just not to promote, encourage, it as a positive lifestyle.

Mr. GUNDERSON. OK; question No. 3:

What's the enforcement effect of your amendment? I mean we discussed this yesterday with the Doolittle amendment as well. Let's assume a school is found to have violated your amendment. What's the penalty?

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Missouri.

Mr. HANCOCK. Mr. Chairman, since the question was brought up yesterday we did a little research, and we found that the Department of Education, when they receive applications for Federal funds from schools, that the schools swear to uphold the laws under this—under the——

Mr. GUNDERSON. Do they have to sign a report ahead of time proving they are not doing any thing of this sort?

Mr. HANCOCK. That is correct, and they also have to uphold the rules and regulations, the mandates, if you want to call it that, the other 23 of the Department of Education. So, those funds could be removed, if in fact—if they did not abide by the law.

Mr. GUNDERSON. OK; let me further ask the gentleman another question, and I regret this is taking a lot of time, but the Reagan AIDS Commission listed three recommendations regarding education on AIDS in the school system. One of them required States' boards of education should mandate that an HIV education curriculum be developed that is student AIDS sensitive; a recommendation was that local school boards should do the same thing, and the third recommendation was that school boards and parents should develop a means to incorporate values emphasizing personal responsibility. How would those recommendations of the Reagan AIDS Commission be affected by the gentleman's amendment?

Mr. HANCOCK. Were those recommendations made to promote—to encourage and support homosexuality as an alternative lifestyle? I do not think so.

Mr. GUNDERSON. Well, does it have the effect of—

Mr. HANCOCK. No, in fact I think it is just the other way around. I think that AIDS education, properly presented for what it is, but not the type of literature that is being used in our public schools now, this document here—

Mr. GUNDERSON. OK. It is my time, and I am running out of time, and the gentleman is getting off the subject. Answer a question: Would you agree to a unanimous consent request to delete the words "or has the effect of"?

Mr. HANCOCK. No.

Mr. GUNDERSON. Why not?

Mr. HANCOCK. Because there again it is part of the Unsoeld—

Mr. GUNDERSON. This has got nothing to do with the Unsoeld amendment. I am talking about the gentleman's amendment.

Mr. HANCOCK. The Unsoeld amendment does do the same thing the gentleman is asking me to do, and, no, I would agree because that opens up the door for them to say, "Well, we didn't intend for this to be this way. We didn't intend." It opens up the door for them to get around it by misrepresentation—

Mr. GUNDERSON. All right; I reclaim my time because I think my colleagues see the problem. No matter how good the intentions might be verbally, the problem is, if we adopt the Hancock amendment by itself, it has the effect of prohibiting school counseling and guidance, it has the effect of prohibiting AIDS education.

Now I put myself second to none in, quote, unquote, advocating Christian values around here, and I am aware of the flyer that is here. But I am going to plead with all my colleagues on this amendment to have the courage of their convictions and to recognize that as of January of this year 63,000 young people between the ages of 20 to 29, and

most medical people say that means every one of those 63,000 was infected with AIDS while they were teenagers, and I ask my colleagues simply: How many kids do we have to kill before we have the courage to stand up and say it's time to educate them and to do what is right, not what is politically popular at that moment?

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to thank the gentleman from Wisconsin [Mr. GUNDERSON] for his words. He is stepping right up to the plate on this issue. But there is something more important at stake here.

We are not entertaining the country by one series of amendments after another that do not rise to the intellectual level of scatological jokes exchanged by naughty little boys in the boys' room in a grade school, and that is what this debate, and the debate that we have been having on a lot of these other issues, has become.

I say to my colleagues, Now you want to talk about homosexuality; you don't have guts enough to talk straight. Now I'm telling you to your face to quit dancing around with it and say what it is that you don't want to have happen. Your amendment is so poorly written that the case in New York that you're complaining about isn't covered by the amendment.

Mr. Chairman, the March 23 New York Times has a description of what happened in that case. The Hancock amendment does not do anything.

I will tell my colleague something else: Maybe we are lucky that you don't know any more about education legislation than you do. There is no enforcement in your legislation. On the other hand, the gentlelady's amendment to your amendment, which I don't like, does make an enforceable prohibition. There is a way to enforce it.

My colleagues, go ahead and pass this, and I say, If you think that scatological jokes in a boys' room raise the intellectual level of a grade school any place in this country, or lower it, then you vote for the Hancock amendment because it will have just as much impact on the intellectual content of education in this country, and if you don't like what they are doing in New York in their schools, why don't you move to New York and run for the school board?

Mr. DORNAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was going to yield to the gentleman from Florida [Mr. STEARNS] because he was ahead of me, but please hang on, CLIFF, and allow me to say this:

My wife just called, mother of five, grandmother of nine, and she suggested I read some of the stuff from the pamphlets that they are distributing to young children in elementary schools.

I said,

I'm already going to have a meeting with the Parliamentarian about something else. I can't read that filthy, pornographic material on national television. I can't do that, Sally. We have got a decorum in this Chamber, and it may be the last sane place in this Nation 20 or 30 years from now when our moral standards have culturally melted down to the standards of Sodom and Gomorrah.

I say to my colleagues,

Look, I was born in Manhattan, and I was raised in Beverly Hills from 10 to 19, when I went in the Air Force, and those two communities have a particular penchant for poisoning little Dorothy's in Kansas, or Iowa, or other parts of this country.

Now the last Republican——

Mr. NADLER. Mr. Chairman, I have a point of personal privilege.

Mr. Chairman, I ask the gentleman to withdraw his comment about the State of New York or Manhattan, his comment about my district poisoning the rest of the country.

Mr. DORNAN. Ridiculous. Teach him parliamentary procedure.

The CHAIRMAN. The gentleman cannot rise to a question of personal privilege at this point.

□ 1630

Mr. DORNAN. Now, the last gentleman——

Mr. GOODLING. Mr. Chairman, I think this conversation is out of order and has no place here.

Mr. FORD of Michigan. Mr. Chairman, take down the gentleman's words.

The CHAIRMAN. The gentleman from Michigan demands the words to be taken down.

Mr. DORNAN. Take them down. I will wait.

The CHAIRMAN. The Clerk will report the gentleman's words.

□ 1640

Mr. DORNAN. Mr. Chairman, I ask unanimous consent to withdraw my words.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DORNAN. Mr. Chairman, do I not control the time now?

Mr. FORD of Michigan. Mr. Chairman, I am sorry. I think the words should be taken down, and he should be silenced in this Chamber.

Mr. DORNAN. Mr. Chairman, the parliamentary ruling already occurred.

The CHAIRMAN. The Committee has already agreed by unanimous consent to allow the gentleman to withdraw his words.

Mr. FORD of Michigan. Mr. Chairman, I am standing on my feet trying to deal with the Members around me. I object to the unanimous-consent request and insist that the gentleman's words be read and he be silenced for the rest of this debate.

Mr. DORNAN. Mr. Chairman, it is my time.

The CHAIRMAN. The gentleman's objection is untimely.

The gentleman from California [Mr. DORNAN] may proceed in order.

Mr. DORNAN. Mr. Chairman, when I look at this material on the desk, as a grandfather and as a father who is very lucky to have five children, it puts me in a fighting mood. This is material promoting and encouraging what a majority of people in this country consider grievous sin. There is a Federal role when our society is degenerating, when our culture is literally melting down, when we live in a country where the whole world points at us and refers to our child pornography, our drive-by shootings, our gangs and carjackings, where people are pulled out of cars by teenagers and beaten sometimes to death.

Our culture is melting down. This is one of the root causes, trying to sell sodomy as a healthy lifestyle.

Now, I notice that the distinguished, wonderful gentlewoman from the great State of Washington said that the gentleman from Missouri [Mr. HANCOCK] was obsessed with this issue. The word "homophobe" never appeared in that dictionary until a new edition was put in here 2 years ago. In my first 15 years around here, there was no such word. Why is it that people are insulted when we stand up here in disgust of the moral degeneration of our country and want to defend traditional family values? I am tired of this. I am tired of this kind of a debate where I pick up a book not fit for the eyes of adults with its obscene language and X-rated pictures and a cover designed for children.

I notice that the gentleman from Massachusetts [Mr. FRANK] is here. Here they are claiming, as homosexual people in history, Alexander the Great, Susan B. Anthony, where it says she probably had a sexual relationship with her lifelong friend Anna Dickinson, St. Augustin, for Lord's sake. It goes on, Lord Byron, Julius Caesar, Frederick the Great, that follows one of the Members of this House. Anne Frank, the little 13-year-old girl in that attic in Holland, what an obscenity. It goes on and on. Of course, Langston Hughes, John Maynard Keynes. Then they throw in some people out of themselves, Leonardo da Vinci, Michelangelo, grab anybody, Eleanor Roosevelt, Richard the Lionhearted. This is destructive to the educational system of our wonderful country. I hope this vote is rated. I will go on national radio and speak about why this vote is important and should be rated.

I think that one of the gentleman over there, the chairman, was hurling insults at my friend from Missouri right and left, suggesting he was ignorant on his amendment and did not know what he was doing. That it was lousy written legislation.

I was tempted to take down his words. I am glad I did not.

As far as my words are taken down, I will take that up with the gentleman that I referred to earlier, because he has criticized me in his press.

Mr. KILDEE. Mr. Chairman, I ask unanimous consent that debate on the Hancock amendment and the amendments pending thereto end in 10 minutes. That would give both sides a way to conclude their arguments.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. STEARNS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. NADLER. Mr. Chairman, I move to strike the requisite number of words.

I rise in opposition to the amendment offered by the gentleman from Missouri. When I was in high school, I was a member of the debating team. The national debate topic one year was whether the Federal Government should provide aid to education. The chief conservative argument in all the debates against Federal aid to education was that along with Federal aid would come Federal control.

The liberal reply was that one did not follow the other. The Federal Government could restrain itself. The Congress could restrain itself from attempting to control, from attempting to dictate to local school districts.

Now look at this amendment. It would mandate a cutoff of all Federal funds to any school district that uses certain instructional materials of which some Members in this Chamber disapprove. Why should we attempt to seize control of classrooms, across the Nation? Why should we dictate the preferences of the gentleman from Missouri [Mr. HANCOCK] to the local school districts, which are a lot closer to local citizens that we are?

Do we not believe in local control of education, or are we in favor of local control only when local school officials agree with us and with our prejudices? What a policy. What an amendment.

The purpose of this amendment allegedly is to discourage proselytization of homosexuality.

The effect of this amendment is much different. It would leave our teachers bound and gagged, afraid to speak of anything which might cause offense to the most bigoted and ignorant in the local community. This amendment turns our most fundamental values on their head.

In considering this amendment, we are faced with a number of choices. Do we want to encourage the kind of behavior we saw in this House a few minutes ago? Are we going to teach children tolerance, or are we going to teach them to be intolerant toward those who may be different from us? Are we going to teach our children that open debate and understanding are worthy values in a free society, or are we going to teach them censorship and ignorance? Because if we vote for the Hancock amendment, we choose for our children censorship, ignorance, and intolerance. This amendment would impose a Federal mandate on every teacher in America to the effect that if the mere existence of gay men and lesbian women is mentioned at all, it must be in a negative light.

Why should we impose a curriculum of hate on every classroom in every community on this Nation? Who would judge just what curriculum materials have the effect of encouraging homosexuality and by what standards would they judge? How could local school districts know that would violate this amendment and bring down upon them the draconian penalty of a cutoff of all Federal funds?

And what about the AIDS education, education about safe sex? Are we to prohibit it?

The fact is there are gay boys and lesbian girls in our schools. That is a fact. Nothing that we say in this Chamber will alter that fact. The question is how to relate to it. How to relate to the fact that these boys and girls are at a greater risk of AIDS than most others in our society. How to prevent them from contracting AIDS. How to teach the facts about AIDS in a socially acceptable context.

These are questions that local school officials must wrestle with and that we are telling them, "Don't deal with, be careful with how you deal with it, because we will cut off all your aid to education."

It is misinformation, lack of understanding and intolerance that leads to this amendment. This amendment would mandate either that no mention ever be made in school of the existence of gay men and lesbians except in the language of fear, ignorance, and hate.

Let us not decide today that this is what we want to teach our children. Let us reject, let us reject this terrible amendment.

Mr. STEARNS. Mr. Chairman, I move to strike the requisite number of words.

I yield to the gentleman from Missouri [Mr. HANCOCK].

Mr. HANCOCK. Mr. Chairman, I would just like to say that if everybody in the United States, every parent, every person in the United States could see this literature, I think he would find that 98 percent of the people would come into the category that the gentleman mentioned of being bigoted and ignorant.

Frankly, I resent a little bit, the gentleman complained about his State of New York, I resent a little bit the gentleman calling the people in my district bigoted and ignorant, because they do not want this in their schools.

Mr. STEARNS. Mr. Chairman, I would just like to tone down the debate here and see that we talk about some of the facts. As any piece of legislation, everybody reads it differently.

I am sure the gentlewoman from Washington [Mrs. UNSOELD] has promoted an amendment here that she believes honestly clarifies, I think might be the word, the Hancock amendment. But let me read what she is saying in her amendment.

She is adding this to the Hancock amendment. "No local educational agency shall use funds under this Act to distribute or to aid in the distribution by any organization of obscene material to minors on school grounds."

I have here a book. It is called "Daddy's Roommate." This is not obscene literature.

Let me ask the gentlewoman from Washington [Mrs. UNSOELD], "Heather has two mommies." One teenager in 10, and I would be glad to yield to the gentlewoman from Washington [Mrs. UNSOELD], if this is considered literature that would be allowed under her amendment to be distributed?

□ 1650

Mrs. UNSOELD. Will the gentleman yield?

Mr. STEARNS. I yield to the gentlewoman from Washington.

Mrs. UNSOELD. Mr. Chairman, that is a local school and locally elected school board's decision, not the Federal Government's.

Mr. STEARNS. I understand what the gentlewoman is saying, but I think that is the crux of this whole debate, what the gentleman from Missouri [Mr. HANCOCK] is saying.

Mrs. UNSOELD. Keeping Big Brother out of the high schools.

Mr. STEARNS. Mr. Chairman, we have used that argument, and I have heard it so many times. I understand why the gentlewoman is using it on her side.

This is the crux of the question, shall we allow the distribution of this material in our schools or not? The gentleman from Missouri [Mr. HANCOCK] believes that we should not, and obviously, the literature that he has cited over here, which is obscene, I think the gentlewoman would agree, the other literature he mentioned which is on the table, that many of us can hardly open, is obscene.

Under the gentlewoman's amendment, as I understand it, she is saying that literature could not be distributed?

Mrs. UNSOELD. If the gentleman will continue to yield, under the amendment of the gentleman from Missouri [Mr. HANCOCK] that literature would not be prohibited.

Mr. STEARNS. The gentlewoman is saying that literature could be circulated?

Mrs. UNSOELD. I am saying, Mr. Chairman, that the way his amendment is worded, it did not apply to that literature and its distribution.

Mr. STEARNS. In conclusion, let me just say I think we have a fundamental difference between what the gentlewoman is trying to do and what the gentleman from Missouri [Mr. HANCOCK] is trying to do.

Mr. Chairman, I rise in support of the Hancock amendment to prevent parents from being forced to subsidize the teaching of values that run directly counter to those they strive to teach their children, and against the Unsoeld amendment, which would attempt to distort the intentions of what the gentleman from Missouri [Mr. HANCOCK] is trying to do.

He is simply trying to say, "Let us not subsidize the distribution of material," not only like what I have in my hand, but obviously some of the material over there which is really destructive.

Mr. DORNAN. Mr. Chairman, will the gentleman yield?

Mr. STEARNS. I yield to the gentleman from California.

Mr. DORNAN. Mr. Chairman, I just want to correct this. One of the gentleman on our side mentioned the HHS study. That was thrown out by Dr. Louis Sullivan, the Secretary of HHS, as being wrongheaded and bigoted, particularly bigoted against the Catholic Church, which the report accused of causing teenage suicide, in fact.

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. STEARNS. I do not have much time. As I get near the end, I would be glad to yield to the gentleman from Wisconsin.

Mr. GUNDERSON. Mr. Chairman, I would like to clear up the charge that was just made.

Mr. STEARNS. The gentleman from Wisconsin [Mr. GUNDERSON] knows how much I respect him, and I am glad to yield to the gentleman.

Mr. GUNDERSON. Mr. Chairman, I appreciate the gentleman yielding.

Mr. Chairman, I just want to point out that just because the whole study was rejected does not mean a particular statistic in that study was rejected.

Mr. STEARNS. I appreciate the gentleman's comment.

In my way of thinking. Mr. Chairman, particularly across the United States, what we see here in these books and what the gentleman from Missouri [Mr. HANCOCK] has mentioned, the number of schools distributing this, it is used in the public schools to promote an agenda which is contrary to what many Americans believe. I could quote at length examples of homosexual groups who want to provide details of the gay lifestyle to our schools, but instead, I just want to concentrate on saying that our children need to be learning reading, writing, and arithmetic, studying foreign languages, world cultures and the sciences, and our children need to learn history, geography, and economics.

How can we even be thinking about wasting their valuable time on teaching and distributing materials like this? It simply has no place in our schools. We have just been through a lengthy debate over how much we should protect the very limited right to constitutionally protected prayer.

The CHAIRMAN. The time of the gentleman from Florida [Mr. STEARNS] has expired.

(By unanimous consent, the gentleman from Florida, Mr. STEARNS, was given permission to proceed for 1 additional minute.)

Mr. STEARNS. Mr. Chairman, we know, however, that promoting values that are shared by mainstream Americans, such as the Ten Commandments or the Golden Rule, cannot even be done in our public schools, yet we are distributing material like this.

At the local level, some are making every effort to force the homosexual agenda into the normal school curriculum, it seems clear to me, particularly in light of the constitutional prayer amendment that we talked about earlier.

Therefore, I ask my colleagues to support real education on real academic subjects, and urge my colleagues to vote yes on the Hancock amendment, and no on the Unsoeld substitute.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to join the Republican mayors of Los Angeles and New York, Mr. Reardon and Mr. Giuliani, in opposing this amendment. The Hancock amendment would cut off all Federal aid to the schools of New York, presided over by Rudy Giuliani, whose office authorized the statement of his opposition. It would cut off all aid to the schools of Los Angeles. Do the Members know why? Because those schools have tried, and two Republican mayors of those cities have continued to try, to respond to some of the unhappiest children in America.

I am struck by this debate about promoting homosexuality. I have to tell the Members, and I think I have had as much experience about it as almost anybody in here, if you paid me to promote homosexuality, I do not know what I would do. How do you promote homosexuality? What do people think it is, a rock concert? A prize fight? How do you promote homosexuality? What shallowness of understanding of basic human nature leads Members to talk about promoting homosexuality, encouraging homosexuality? What do they think it is, a taste for food?

In fact, people in New York and in Los Angeles and in other schools who understand human nature and understand human sexuality know that there are 15- and 16- and 17- and 18-year-old children who are tortured by feelings they cannot control in a society that condemns them. They have reached out to those children. They have established schools that say to those kids, "You are not worthless," that would not subject those children to the kind of treatment that one of the Members sought to subject another Member to on the floor. That is the kind of insensitivity and bullying that exists. We know that.

Yes, I suppose if we have a 16- or a 17-year-old whose feelings are homosexual and cannot turn them off, like a water faucet, despite the shallowness of the understanding that some people in here have of human nature, if we take that kid who has been abused and who has been picked on and put him in a more supportive environment, then we lose our money. How do we dare support that kid? How dare we tall her she is not worthless? How dare we try to say that the person should not be discouraged from going on with their life? That is what we are talking about.

The literature that is being given out, and some Members here have more interest in it than I do, that literature, if it is the literature talked about in New York by the Gay Men's Health Crisis, was rejected by the chancellor. That is why it is irrelevant to the gentleman's amendment. The chancellor of the schools in New York, Mr. Cortines, said that literature is no good. That was not in there by the schools. The schools repudiated it.

What they do have in New York, in Los Angeles, under Republican mayors, in San Francisco, is an effort to reach out. Let me say to the Members, I think most Members understand that this kind of attempted imposition on people who are trying to help young people is not good public policy.

People worry about the politics. We all understand politics. Nobody parachuted in here totally pure. However, may I please entreat my colleagues, do not torture children. No vote is worth that. No vote is worth adding to the pain of these teenagers. Please vote against the Hancock amendment.

Mr. DUNCAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Missouri [Mr. HANCOCK]. I know it is late in the afternoon, and I will not take my full time, but I do want to say this, that the gentleman from Missouri [Mr. HANCOCK] is one of the finest, and I might add, one of the kindest Members of this body, and I salute him for the work that he has done in this regard.

Mr. Chairman, the people of this Nation want our schools to emphasize the basics, and to do a better job in teaching core academic subjects, the point that was made so eloquently by my friend, the gentleman from Florida [Mr. STEARNS] just a few moments ago.

They do not want our schools to go to some of the extremes and tangents we have seen in some of the materials which schools have distributed and which they would be prohibited from distributing under the Hancock amendment.

Mr. Chairman, I might just read a quote that was written last year in Newsweek magazine by Joy Overbeck, a very liberal playwright and columnist, and she was writing about another topic, but it really relates to what we are talking about here today.

Writing of her sadness at the revealing clothes her 10-year-old daughter felt peer pressure to wear, Ms. Overbeck said this:

It's not really that I want her to be a little girl forever. It's just that it would be nice if she were a child during her childhood. Instead, she has been bathed in the fantasy of bodies and beauty that marinates our entire culture. The result is an insidious form of premature sexual awakening that is stealing our kids' youth.

Mr. Chairman, that is why so many parents in New York City rebelled when the schools up there started to distribute the books "Heather Has Two Mommies" and "Daddy's Roommate." This is what we are talking about, education of small children.

There is tremendous competition for Government dollars today. We are having trouble coming up with enough money even for programs about which there is great consensus. The overwhelming majority of the American people do not want tax dollars spent to encourage or support homosexuality. Even my friend, the gentleman from Wisconsin [Mr. GUNDERSON] agreed that he did not want that, either. Nothing in the amendment of the gentleman from Missouri [Mr. HANCOCK] prohibits anyone from being a homosexual or having any type of homosexual activity. It simply gives our schools some very needed direction.

To hear some of the most liberal Members of this body say that they are just trying to keep Big Brother out of our schools has the most hollow ring to it of anything I have ever heard said. I might say, in response to what the last speaker said, you promote homosexuality by handing out pamphlets and books telling impressionable young people that homosexuality is a positive and healthy lifestyle. That is the very thing that would be prohibited by this amendment. I urge its support.

Mr. MILLER of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, if the gentleman from Tennessee [Mr. DUNCAN] thinks that teenagers decide on their sexual activity and their basic sexual urges from reading pamphlets, he is a poor guide, indeed, to public policy dealing with young people.

□ 1700

Mr. MILLER of California. Mr. Chairman, in the 20 years I have been in the House, somehow we have visited afternoon like this from time to time when the House has the incredible ability to be so narrow-minded and so shallow in its thinking, and to be so mean in its spirit. This amendment is not about those materials that fascinate the gentleman at the other table. This amendment is not about whatever the title of the book is, "Heather's Other Mommy," or somebody's roommate. This is not what this is about.

This is about using those materials as a pretext to punish and to ostracize a class of people in this country, and to deny them the ability to make the same decisions that we want all of our children and each one of us to make about our futures, about our lives, about our sexuality, about our identity, about our crises.

For 10 years this House was nice enough to make me the chairman of the Committee on Children, Youth, and Families. For a long time it was only going to be the Committee on Children and Families, because people here did not want it to carry the title "youth," because youth scare the living hell out of us, adolescence scares us. Fortunately, at that time, the Catholic Church came forward and said they could not support the creation of this committee if it did not include young people, because young people are some of the most troubled and some of the most vulnerable and some of the most at-risk people in our society. They take special care, special nurturing, and we need to pay attention to them.

In those 10 years and today after the end of that committee, I have continued to spend an inordinate amount of time with young people in the public schools and other schools of my district, talking to them about themselves, and about our society, and about their chances to confront it, and their fears, and their hopes and their aspirations. And I think that all of us try to do that with our own children. And we certainly all know our neighbors, our friends, the chairmen of our finance committees, our donors, the people we come across in our daily lives tell us a whole series of stories about their children. They tell us about their children that are happy and wonderful, they tell us about their children who are sad, the children that cannot make it in college that are thinking about dropping out of school. They tell us about all of those children. They tell us about their children who are gay or lesbian, and we tell them we understand.

But somehow on the floor of this Congress, we do not permit ourselves to say to this Nation we understand. Instead, what we do is to seek to strike out in the meanest possible way when these young people are the most vulnerable, to deny them the information, the counseling that may be necessary. The gentleman from Wisconsin [Mr. GUNDERSON] had it about right. If the counselor said to the young person who was thinking of suicide, and tragically we know there are some young people who are gay who have not only thought about suicide, but in fact have committed suicide, if the young person said to the counselor, "What should I do," and if the counselor suggested go on living, that would have the effect of promoting homosexuality under the Hancock amendment.

Are we really going to deny counselors, teachers, and others who encounter our children, and these are our children, our collective children, are we going to deny them the tools to say, "Choose life. Let us get you some additional counseling, some understanding, and let us put you together with professionals so that you can see the possibilities and the excitement of life over your despair at this moment, for whatever reason"? That cannot be the policy of the U.S. Congress, and it clearly cannot be the policy of this country.

I know it is new information to the gentleman from California [Mr. DORNAN] that before they put "homophobe" in the dictionary, there were some, and before they were listed in the book, and before the printing press, there were homosexuals and lesbians, before the printing press, before the telegraph, before the media, before the 20th century, before the 1960's there were homosexuals and lesbians. And we should not, we should not as a society seek to punish those individuals because they are in fact different from us. We must understand.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 3 additional minutes.)

Mr. MILLER of California. Every study of this problem that we have looked at in America says adolescents are the most vulnerable, they are the most at risk. As was pointed out by the gentleman from Massachusetts [Mr. FRANK], school districts did not endorse these materials. Richard Riordan is a wonderful superintendent of schools and asked that they be taken out, that the policy not allow them. This is not about those materials. It is about whether or not you can strike out at homosexuals, whether or not you can mug them, and batter them, and beat them on the floor of this Congress, because you cannot do it in the street, because it is illegal. That is what this is about, and the youngest and most vulnerable of those.

I would just hope that we would not accept this amendment. This amendment is in fact poorly drafted.

I am one who believes in mandates from the Federal Government to local school districts. But we in fact ought to do it when it is right, and we certainly ought to do it where it does not create this kind of harm. And I would hope that we would reject this amendment, if necessary accept the Unsoeld amendment, but clearly these are decisions for our constituents as families, as parents, as members of the school board, and as members of our community.

Mr. DORNAN. Mr. Chairman, my distinguished colleague from California has said on his side that he is protecting children, indicating we are not, and said we are denying them tools. Is this what the gentleman calls tools? We believe we are protecting children on this side. These are not tools.

Mr. MILLER of California. I would say to the gentleman I do not know if those are or are not, because I have not looked through all of that material. Let me just say again I have held up a whole range of materials, some which apparently people believe are obscene, some which people object to and all of that. The point is in fact that that is not official policy, and if it is, that is a matter I think really in terms of local school districts, that is a matter for parents whose children are going to those schools.

Mr. DORNAN. There is a common denominator. They all glorify and promote sodomy, fisting, anal sex, and homosexual conduct. And the gentleman says he is protecting the children.

Mr. MILLER of California. Mr. Chairman, I do not know that they do that.

Mr. DORNAN. Here it is. Look at it. The gentleman said he had never looked at it, and those who defend every level of pornography never look at the material.

Mr. MILLER of California. I am taking back my time, Mr. Chairman. This was not about that. The gentleman did not listen. This was not about defending materials. This was about stopping, stopping the kind of outrageous behavior that would be allowed under this amendment, and preventing school districts from carrying out their functions to try and help teachers and to take care of our young people. And I would hope that we would reject this amendment.

Mr. GOODLING. Mr. Chairman, I ask unanimous consent that all debate on this amendment be ended after 3 minutes by the gentlewoman from Maryland [Mrs. MORELLA] and 2 minutes by the author of the amendment, the gentleman from Missouri [Mr. HANCOCK], and then after that I would ask that there be one-half hour on all future amendments and amendments thereto, and 1 hour on the substitute and all amendments thereto, if it is offered.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. INSLEE. Mr. Chairman, reserving the right to object, following the conclusion of the Unsoeld amendment, there may be consideration of another proposed amendment to the Hancock amendment. We would like to reserve the ability to debate that matter.

Mr. GOODLING. Mr. Chairman, I would like to amend that request to indicate the gentleman from California [Mr. BECERRA] would also have 3 minutes on this discussion before we end it, and that if the Unsoeld amendment would happen to be defeated, there would be a period of 5 minutes where they would have time to offer an amendment to the Hancock amendment.

Mr. KILDEE. Mr. Chairman, if the gentleman will yield, I think this is a reasonable compromise, and the gentleman from Washington [Mr. INSLEE] agrees with that unanimous consent request.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair will announce, according to the Chair's understanding of this agreement, there will be 10 minutes of future debate on the Unsoeld amendment to the Hancock amendment. The time will be equally divided between the gentleman from Missouri [Mr. HANCOCK], 5 minutes, and the gentlewoman from Washington [Mrs. UNSOELD], 5 minutes, and then that 3 of those minutes are reserved, 3 additional minutes reserved for the gentleman from California [Mr. BECERRA], is that correct?

Mr. GOODLING. That is correct, Mr. Chairman, on this amendment.

The CHAIRMAN. On this amendment those are the ground rules.

Mr. GOODLING. Three minutes to the gentlewoman from Maryland [Mrs. MORELLA], 3 minutes for the gentleman from California [Mr. BECERRA], and 2 minutes for the gentleman from Missouri [Mr. HANCOCK], to close the debate on this particular issue.

The CHAIRMAN. The gentlewoman from Maryland [Mrs. MORELLA] is recognized for 3 minutes.

Mrs. MORELLA. Mr. Chairman, I wanted to rise to reiterate my support for the Unsoeld substitute amendment to the Hancock amendment. I have listened to this debate. I would like to point out that, as this body knows, I am a former educator. My husband and I have raised nine children. We have 10 grandchildren. And I am against the Hancock amendment because I do not think the Federal Government should interfere with the decisions that are made on a local level.

Students in different parts of the Nation have different needs. Educational issues should be addressed by the local level, by the people that we elect or we appoint. So says my school board in Montgomery County, MD, one of the best educational systems in the country. So says a whole group of organizations, such as the Child Welfare League of America, the National Association of Elementary School Principals, the National Network of Runaway and Youth Services, the National Council of Jewish Women, the American Association of School Administrators, the United States Conference of Mayors, and the American Public Health Association. They all believe, as I do, that local school boards should preserve the right to develop programs that conform to local community standards.

I would also point out, as has been mentioned, among the Conference of Mayors are two Republican mayors of very large cities. Rudolf Guiliani of New York City, and Richard Riordan of Los Angeles were mentioned. But I want to point out they said:

> The Hancock amendment would set an extremely dangerous precedent for Federal mandating and policing of local programs.

I also have concerns about the fact that there are administrative burdens that would be imposed upon the school systems that are there to educate in the basics. The Department of Education would have to issue regulations regarding the content of what should or should not be taught in the classroom, and all of our local school districts would have to examine their curricula and instructional materials to make sure that they do comply with these regulations set forth by the Department of Education.

So, Mr. Chairman, I urge my colleagues to vote in favor of local school systems making the decisions about local school matters for all children.

□ 1710

The CHAIRMAN. According to the prior agreement, the gentleman from California [Mr. BECERRA] is recognized for 3 minutes.

Mr. BECERRA. Mr. Chairman, I have been here before, and what I am about to say I have said before, but I have said it about a different segment of the population. Normally when I take to this mike, it is to talk about immigrants, but if you were to just replace the word "immigrants" with the words of "young people" who are desperate for counseling and guidance and some attention, whether they are gay, lesbian, or not, then you have heard what I am going to say before.

This amendment, is portrayed as one thing, but if it were to pass, I guarantee it would do another.

Members, please, read the language of this amendment. See if you can define its separate provisions. See if you can come up with some definitions for what it says. See how it will rob our communities of their local control to decide for themselves how they will manage their local school affairs.

Notice the chilling effect it will have on schools and school districts that want to provide guidance and counseling. Watch how it will handcuff our schools that receive Federal funds that will be at risk, who will be afraid to receive Federal funds if this amendment passes.

And to Members of this body who represent large numbers of minorities, please, read this amendment closely, because it will be the Latino, the Asian American, the black American, the African-American communities that will suffer most from this amendment.

I urge those Members to look very closely at this language in this amendment.

I have been here before, and I have said this before. It pains me to have to say it over and over and over, but this amendment is not what it says it is. It is something much worse, whether it is intended as something bad or not, it makes no difference, because we are about to set policy by passing this amendment, should it pass, that we will regret.

I hope the Members will take the time to read the one or two simple paragraphs in this amendment and understand that this Hancock amendment should not pass whether or not it is well-intentioned.

Mr. CHAIRMAN. The gentleman from Missouri [Mr. HANCOCK] has 2 minutes remaining and is recognized.

Mr. HANCOCK. Mr. Chairman, frankly, ladies and gentlemen, Members of the House, I had no idea when I came to the U.S. Congress 5 years ago that I would ever be called upon to discuss the subject, frankly, that we are discussing today except from the standpoint in private counseling with people that are concerned about it.

But when I see things like this, frankly, this is the first amendment I have ever offered on the House floor in the 5 years that I have been in the U.S. Congress. I am not comfortable. I have helped a lot of people do things. This made me so uncomfortable that I had to offer this amendment on the House floor, because I am a grandfather, I am a father.

Frankly, this type of stuff has no place in public education except from the standpoint of counseling people that do have a problem, and this amendment is not designed to keep that from happening. It has absolutely nothing to do with it.

But it does; it would prohibit from advocating this lifestyle as an acceptable alternative. I do not think of that as bigoted. I know people that are homosexual, and I have no problem with that as long as they do not advocate it, as long as they do not advocate it or promote it.

I am fully aware of what this amendment will do. It will return control, and it will tell people, "Look, look what the schools are doing."

Let us get involved in the education of our children. Let us go to the school board meetings. Let us see what is happening in our schools. And I think this forum is going to bring that out.

I would also say this: I certainly hope, in closing, I certainly hope that all of the rhetoric I have heard today about removing local control, that Government cannot control locally, all of the people, the liberals that have been doing it for the past 4 years, I hope they will read their comments later when it comes to some of the other votes that we are going to be doing throughout this session of Congress.

The CHAIRMAN. The gentleman from California [Mr. HUNTER] is recognized for such time as he may consume.

Mr. HUNTER. Mr. Chairman, I rise in strong support of the Hancock amendment.

Mr. CHAIRMAN. The gentlewoman from Washington [Mrs. UNSOELD] is recognized for 5 minutes.

Mrs. UNSOELD. Mr. Chairman, I wanted to assure the gentleman from Missouri [Mr. HANCOCK], the maker of the amendment, that I have no question about his intent, but must seriously question the effect of the amendment.

Mr. Chairman, I yield 1 minute to the gentleman from Washington [Mr. INSLEE].

Mr. INSLEE. Mr. Chairman, I also agree that the drafter of this amendment, his intention is sincere, and many of us join you in your intent, but this amendment, if passed with this current language, is going to drive crazy a certain segment of our population, one of whom is my brother.

Let me tell you something about my brother that you may not know. He is a teacher. He is a teacher——

PARLIAMENTARY INQUIRY

Mr. HANCOCK. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. HANCOCK. Mr. Chairman, do I have the right to close, or does the gentlewoman from Washington [Mrs. UNSOELD] have the right to close?

The CHAIRMAN. The gentlewoman from Washington is offering the amendment to the amendment, and she has the right to close.

Mr. INSLEE. Mr. Chairman, as I was saying, my brother is a teacher. He has a stressful, tough job. We should not add to his job the worry that if a child comes to him and says, "Frank, Mr. Inslee, I may kill myself today because I am concerned about my sexual orientation," for this Congress to tell my brother to tell that child to go out in the hall and, "Get ye from the school yard," is not what I want this Congress to do.

I frankly do not think that is the intent of the drafter of this amendment. But that is what the language says.

And I speak for my father who was a biology teacher, and if someone raised his hand and said, "Mr. Inslee, is there a genetic component to sexual orientation," for him to have to worry about some bureaucrat disagreeing with him to lose school funding, that is wrong.

I urge you to support the Unsoeld amendment.

PARLIAMENTARY INQUIRY

Mr. GOODLING. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. GOODLING. This is contrary to the unanimous consent that was requested. We are not going beyond the unanimous consent request.

The CHAIRMAN. The gentlewoman from Washington has 5 minutes. She has yielded 1.

Mr. GOODLING. No; no. That was if this was defeated and there was a substitute amendment.

The CHAIRMAN. The Chair divided the 10 minutes between the gentleman from Missouri [Mr. HANCOCK] and the gentlewoman from Washington [Mrs. UNSOELD].

Mr. GOODLING. But you only gave him 2 minutes.

The CHAIRMAN. The original request allotted 3 of the 5 minutes of the gentleman from Missouri [Mr. HANCOCK] to the gentlewoman from Maryland.

Mr. GOODLING. No. I requested 3 minutes for the gentlewoman from Maryland, 3 minutes for the gentleman from California and 2 minutes to close for the gentleman from Missouri [Mr. HANCOCK]. The additional time that we spoke about is if her amendment would happen to be defeated, then she would have an opportunity to offer another, and you were going to divide the 10 minutes at that particular time.

But now we are going beyond, and we will never get it stopped.

The CHAIRMAN. The Chair's understanding was that the gentleman requested 10 additional minutes equally divided, and then granted an additional 3 minutes to the gentleman from California [Mr. BECERRA].

The Chair announced at the time that the time would be equally divided between the gentleman from Missouri [Mr. HANCOCK] and the gentlewoman from Washington [Mrs. UNSOELD].

Mr. GOODLING. We had a misunderstanding in communication.

The CHAIRMAN. The Chair regrets any misunderstanding.

Mr. GOODLING. The 10 minutes I meant was for the time that she may need to offer a substitute or another amendment if her amendment went down, and I thought that is what we discussed.

What time is now left?

The CHAIRMAN. The gentlewoman from Washington has 4 minutes remaining.

Mr. GOODLING. And he has the other 3 of his 5?

The CHAIRMAN. The gentleman from Missouri yielded 3 minutes to the gentlewoman from Maryland.

Mrs. UNSOELD. Mr. Chairman, could I have a unanimous consent request that the 4 minutes be divided?

The CHAIRMAN. The gentlewoman requests that the 4 minutes remaining be equally divided between the two sides.

Is there objection to the request of the gentlewoman from Washington?

There was no objection.

The CHAIRMAN. The time will be divided. The gentleman from Missouri [Mr. HANCOCK] will be recognized for 2 minutes.

The Chair recognizes the gentleman from Missouri [Mr. HANCOCK].

Mr. HANCOCK. Mr. Chairman, I thought we were a little further along than we were, and I thought everybody would like for it to be over.

The arguments that we are hearing, quite frankly, are misleading, and I am not questioning anybody's judgment or their rationale.

As I talked to the gentleman yesterday about changing the amendment, he pointed out to me, he says, "Well," he says, "maybe it is because I am an attorney that I am reading into this thing," and maybe that is so.

The only thing I know is I believe that our amendment is straightforward. It would take somebody with a legal mind to read in anything other than what is plainly said.

In fact, the amendment even in the verbiage is very limited. We did not go into a lot of technicalities and legalese. It is very open, straightforward, and above board. That is exactly what we wanted to do.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentlewoman from Washington [Mrs. UNSOELD] for 2 minutes.

Mrs. UNSOELD. Mr. Chairman, I ask my colleagues to support my amendment, to correct the amendment by the gentleman from Missouri [Mr. HANCOCK], whose effect would be to prohibit the discussion of homosexuality even in the context of providing health care as a result of the passage of his amendment.

□ 1720

I ask my colleagues to consider some of the words that were spoken on this floor today and questions that were posed to us, Mr. Chairman. How many children must die before we are willing to accept the teaching of the local curriculum so that lives can be saved, so that the mental, emotional health, as well as the physical needs of those children can be met.

I ask my colleagues to support us today in our attempt to reach out to those young people wherever they are, to support them in what they need to go forward in their own lives and for us to stand aside and not be the Federal Government dictating to the local school boards, but, rather, to permit those people who run for the school board on the local level, those people who know the issue on a day-to-day basis, who visit those schools, who talk to the teachers, who talk to the parents, who are the parents, to let them make these very important decisions. I ask for support of the Unsoeld amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentlewoman from Washington [Mrs. UNSOELD] to the amendment offered by the gentleman from Missouri [Mr. HANCOCK].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. HANCOCK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. The Chair announces that pursuant to clause 2(c) of rule XXIII, the Chair many reduce to not less than 5 minutes the time for any recorded vote that may be ordered on the Hancock amendment without any business or debate.

The vote was taken by electronic device, and there were—ayes 224, noes 194, not voting 20, as follows:

[Roll No. 91]

AYES—224

Abercrombie
Ackerman
Andrews (ME)
Bacchus (FL)
Barca
Barcia
Barrett (WI)
Becerra
Beilenson
Bereuter
Bilbray
Bishop
Blute
Boehlert
Bonior
Borski
Boucher
Brooks
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Byrne
Cantwell
Carr
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Coppersmith
Coyne
de la Garza
de Lugo (VI)
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Dooley
Durbin
Edwards (CA)
Engel
English
Eshoo
Evans
Faleomavaega (AS)
Farr
Fazio
Fields (LA)
Filner
Fingerhut
Fish
Flake
Foglietta
Ford (MI)
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gilchrest
Gilman
Glickman
Gonzalez
Green
Gunderson
Gutierrez
Hamburg
Hamilton
Harman
Hastings
Hefner
Hilliard
Hinchey
Hoagland
Hobson
Hochbrueckner
Hoke
Horn
Houghton
Hoyer
Huffington
Hughes
Inslee
Jacobs
Jefferson
Johnson (CT)
Johnson (GA)
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy
Kennelly
Kildee
Kleczka
Klein
Klug
Kolbe
Kopetski
Kreidler
Kyl
Lambert
Lantos
LaRocco
Lazio
Leach
Lehman
Levin
Lewis (GA)
Long
Lowey
Machtley
Maloney
Mann
Manton
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCandless
McCloskey
McCrery
McCurdy
McDermott
McHale
McKinney
Meehan
Meek
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Moran
Morella
Murtha
Nadler
Neal (MA)
Neal (NC)
Oberstar
Obey
Olver
Orton
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Penny
Peterson (FL)
Pomeroy
Price (NC)
Rangel
Reed
Reynolds
Richardson
Roemer
Rohrabacher
Romero-Barcelo (PR)
Rose
Rostenkowski
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schenk
Schroeder
Schumer
Scott
Serrano
Sharp
Shays
Shepherd
Skaggs
Slattery
Slaughter
Smith (IA)
Snowe
Stark
Stokes
Strickland
Studds
Stupak
Swett
Swift
Synar
Thomas (CA)
Thompson
Thornton
Thurman
Torkildsen
Torres
Towns
Tucker
Underwood (GU)
Unsoeld
Velazquez
Vento
Visclosky
Washington
Waters
Watt
Waxman
Wheat
Williams
Wise
Woolsey
Wyden
Wynn
Yates

NOES—194

Allard
Andrews (TX)
Applegate
Archer
Armey
Bachus (AL)
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barlow
Barrett (NE)
Bartlett
Barton
Bateman
Bevill
Bilirakis
Bliley
Boehner
Bonilla
Brewster
Browder
Bunning
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chapman
Clement
Clinger
Coble
Collins (GA)
Combest
Cooper
Costello
Cox
Cramer
Crane
Crapo
Cunningham
Danner
Darden
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Edwards (TX)
Ehlers
Emerson
Everett
Ewing
Fawell
Fields (TX)
Fowler
Franks (CT)
Franks (NJ)
Gekas
Geren
Gillmor
Gingrich
Goodlatte
Goodling
Gordon
Goss
Grams
Hall (OH)
Hall (TX)
Hancock
Hansen
Hastert
Hayes
Hefley
Herger
Hoekstra
Holden
Hunter
Hutchinson
Hutto
Hyde
Inglis
Inhofe
Istook
Johnson, Sam
Kasich
Kim
King
Kingston
Klink
Knollenberg
LaFalce
Lancaster
Laughlin
Levy
Lewis (CA)
Lightfoot
Linder
Lipinski
Livingston
Lloyd
Manzullo
McCollum
McDade
McHugh
McInnis
McKeon
McNulty
Meyers
Mica
Michel
Miller (FL)
Molinari
Montgomery
Moorhead
Murphy
Myers
Nussle
Ortiz
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Poshard
Pryce (OH)
Quillen
Quinn
Rahall
Ramstad
Ravenel
Regula
Ridge
Roberts
Rogers
Ros-Lehtinen
Roth
Roukema
Rowland
Royce
Sangmeister
Santorum
Sarpalius
Saxton
Schaefer
Schiff
Sensenbrenner
Shaw
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Solomon
Spence
Spratt
Stearns
Stenholm
Stump
Sundquist
Talent
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Traficant
Upton
Valentine
Volkmer
Vucanovich
Walker
Walsh
Whitten

Wilson	Young (AK)	Zeliff
Wolf	Young (FL)	Zimmer

NOT VOTING—20

Andrews (NJ)	Gallegly	Norton (DC)
Bentley	Gallo	Pickle
Berman	Grandy	Smith (TX)
Blackwell	Greenwood	Thomas (WY)
Cardin	Lewis (FL)	Torricelli
Derrick	McMillan	Weldon
Ford (TN)	Natcher	

□ 1745

Messrs. GORDON, SMITH of Michigan, and EDWARDS of Texas changed their vote from "aye" to "no."

So the amendment to the amendment was agreed to.

The result of the vote was announced as above recorded.

Ms. PELOSI. Mr. Chairman, I rise in strong opposition to the Hancock amendments. The Hancock amendments would attempt to remove funding from local school districts with activities and programs which instruct or distribute materials to students that support homosexual orientation as a positive adult outcome. The amendments are mean-spirited and dangerous.

Mr. Chairman, on Monday night Tom Hanks won the Academy Award for best performance by an actor for his starring role in Philadelphia. In his moving acceptance speech, he particularly thanked to gay Americans who influenced his decision to become an actor. Please note that Tom Hanks was not made gay by these early influences. But he was made more open-minded and sensitive to others. His performance was a gift to all of us.

Mr. Chairman, gay affirmative materials and activities do not make people gay. Gay affirmative materials do, however, make people who are eventually going to be lesbian or gay adults feel better about themselves. Such affirmative materials also make those who will eventually be heterosexual adults more open-minded and accepting of others who are different—and thus also feel better about themselves.

Clearly, lesbian and gay youth encounter special challenges because they confront a frequently hostile environment. The Centers for Disease Control and Prevention reports that gay youth are at high risk of depression and suicide. According to former HHS Secretary Sullivan's Task Force on Youth Report, gay youth make up 30 percent of completed youth suicides. Gay youth are at least three times more likely than other youth to try to take their own lives.

These distressing facts are largely due to the ways in which antigay attitudes are promoted by certain individuals and groups in this country. These amendments, if enacted, would further promote gay youth depression, isolation and suicide. This is not a symbolic vote—real young people will be irreparably harmed.

The proper role of Government is to protect and improve the lives of all our young people. I urge my colleagues to reject the Hancock amendments.

Mr. TOWNS. Mr. Chairman, as a former educator now representing a highly diverse constituency, I must oppose the amendment offered by the distinguished colleague from Missouri. This amendment undermines the very nature and intent of education.

The purpose of education is to introduce and expose students to new or existing information, stimuli, and methods in a controlled environment through instruction and guidance. Certainly, lifestyles and the teaching thereof are essential to human development in our society.

In teaching lifestyles we must explore an abundance of interrelated fundamental elements such as interpersonal skills, effective communication, and coping mechanisms. These skills are key ingredients to success on all levels, in all endeavors. These elements prepare our youth to better cope with, compete in, and later, prosper in this increasingly complex society.

Therefore, I must reject any legislation which prohibits the teaching of homosexuality as a lifestyle in our school systems throughout the Nation. Nor can I support language that penalizes or paralyzes the operation of associated schools, programs, and activities by barring Federal funding.

Ms. WOOLSEY. Mr. Chairman, I rise today to oppose the Hancock amendments in the strongest terms possible and to urge my colleagues to vote for the Unsoeld perfecting amendment.

As a life-long advocate of civil rights, as a career human resources professional, and as the mother of a gay son, I urge my colleagues to defeat this damaging amendment.

This amendment severely restricts the autonomy of local schools and boards by reaching the long arm of Federal Government in a place where it has never, ever been before—your local school. This amendment dictates what conversations school administrators and teachers may have with students, what may be taught, and what the curriculum should be.

Mr. Chairman, in that respect, this amendment is a first. Does the gentleman offering it believe that it is OK for the Federal Government to tell local schools that they cannot teach creationism or evolution?

I think not. I would wager that he would say it is best left up to local discretion. And he would be right. We need to let local schools and local communities decide what is appropriate to teach children.

But, even if this amendment did not increase Federal bureaucracy and control, I would oppose it.

The fact is that many, many adolescents in school realize that they are gay or lesbian, or believe that they might be. It is then that they need the most support, especially from peers, teachers, school administrators, and parents.

The Secretary of Health and Human Services under President Bush, Louis Sullivan, issued a report on youth suicide which revealed that gay teens are two to three times more likely than their peers to attempt suicide.

They are also at a far greater risk for drug abuse; dropping out of school; running away from home; prostitution; and unwanted pregnancy.

Mr. Chairman, these are the exact children who need the most help. This amendment takes a sledgehammer to their fragile existence by not allowing them to receive counseling, whether it is about physical health issues, or mental health issues.

But, Mr. Chairman, the most important issue here is who is in charge of your local school? Mr. HANCOCK wants the Federal Government telling local schools what they can and cannot do. I am opposed to that, and I believe that the vast majority of this body is as well.

Again, I urge my colleagues to join me in soundly defeating this destructive and dangerous amendment.

PERSONAL EXPLANATION

Ms. NORTON. Mr. Chairman, I was unavoidably detained during part of this afternoon's consideration of H.R. 6, the Improving America's Schools Act, and therefore missed rollcall votes on two amendments: the Unsoeld amendment to the Hancock amendment—rollcall vote 91—and the Hancock amendment as amended by the Unsoeld amendment—rollcall vote number 92. Had I been present, I would have voted "yes" on rollcall vote 91 and "yes" on rollcall vote 92.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. HANCOCK], as amended.

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. HANCOCK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 301, noes 120, not voting 17, as follows:

[Roll No. 92]

AYES—301

Abercrombie	Clyburn	Goss
Ackerman	Coble	Grams
Allard	Coleman	Green
Andrews (NJ)	Collins (GA)	Greenwood
Andrews (TX)	Combest	Gunderson
Applegate	Condit	Hall (OH)
Archer	Cooper	Hall (TX)
Armey	Costello	Hamilton
Bachus (AL)	Cox	Hancock
Baesler	Cramer	Hansen
Baker (CA)	Crapo	Hastert
Baker (LA)	Cunningham	Hayes
Ballenger	Danner	Hefley
Barca	Darden	Hefner
Barcia	de la Garza	Herger
Barlow	de Lugo (VI)	Hobson
Barrett (NE)	Deal	Hochbrueckner
Bartlett	Diaz-Balart	Hoekstra
Barton	Dingell	Holden
Bateman	Dooley	Horn
Bentley	Doolittle	Houghton
Bevill	Dornan	Huffington
Bilbray	Dreier	Hughes
Bilirakis	Duncan	Hunter
Bishop	Durbin	Hutto
Bliley	Edwards (TX)	Hyde
Blute	Ehlers	Inglis
Boehlert	Emerson	Inhofe
Boehner	Everett	Inslee
Bonilla	Ewing	Istook
Borski	Faleomavaega	Jacobs
Boucher	(AS)	Jefferson
Brewster	Fawell	Johnson (GA)
Brooks	Fields (LA)	Johnson (SD)
Browder	Fields (TX)	Johnson, Sam
Brown (CA)	Fingerhut	Kanjorski
Brown (FL)	Fish	Kaptur
Brown (OH)	Fowler	Kasich
Bryant	Franks (CT)	Kennedy
Burton	Franks (NJ)	Kildee
Buyer	Frost	Kim
Byrne	Gephardt	King
Callahan	Geren	Kingston
Calvert	Gibbons	Klein
Camp	Gilchrest	Klink
Canady	Gillmor	Klug
Cantwell	Gilman	Knollenberg
Carr	Gingrich	Kolbe
Castle	Glickman	Kyl
Chapman	Goodlatte	LaFalce
Clement	Goodling	Lambert
Clinger	Gordon	Lancaster

LaRocco
Laughlin
Lazio
Leach
Lehman
Levin
Levy
Lightfoot
Linder
Lipinski
Livingston
Lloyd
Long
Machtley
Mann
Manton
Manzullo
Martinez
Mazzoli
McCandless
McCloskey
McCollum
McCurdy
McDade
McHale
McHugh
McInnis
McKeon
McNulty
Meek
Menendez
Meyers
Mfume
Mica
Michel
Miller (FL)
Minge
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Murphy
Murtha
Myers
Neal (MA)
Neal (NC)
Nussle
Oberstar
Obey
Ortiz
Orton
Oxley
Packard
Parker
Paxon
Payne (VA)
Penny
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quillen
Quinn
Rahall
Ramstad
Ravenel
Regula
Richardson
Ridge
Roberts
Roemer
Rogers
Rohrabacher
Romero-Barcelo (PR)
Ros-Lehtinen
Rose
Rostenkowski
Roth
Roukema
Rowland
Royce
Sangmeister
Santorum
Sarpalius
Saxton
Schaefer
Schiff
Sensenbrenner
Shaw
Shays
Shepherd
Shuster
Sisisky
Skeen
Skelton
Slattery
Smith (IA)
Smith (MI)
Smith (NJ)
Smith (OR)
Snowe
Solomon
Spence
Spratt
Stearns
Stenholm
Stump
Stupak
Sundquist
Swett
Talent
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas (CA)
Thornton
Thurman
Traficant
Tucker
Upton
Valentine
Vento
Volkmer
Vucanovich
Walker
Walsh
Weldon
Whitten
Williams
Wilson
Wise
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOES—120

Andrews (ME)
Bacchus (FL)
Barrett (WI)
Becerra
Beilenson
Bereuter
Blackwell
Bonior
Bunning
Clay
Clayton
Collins (IL)
Collins (MI)
Conyers
Coppersmith
Coyne
Crane
DeFazio
DeLauro
DeLay
Dellums
Deutsch
Dickey
Dicks
Dixon
Dunn
Edwards (CA)
Engel
English
Eshoo
Evans
Farr
Fazio
Filner
Flake
Foglietta
Ford (MI)
Frank (MA)
Furse
Gejdenson
Gonzalez
Gutierrez
Hamburg
Harman
Hastings
Hilliard
Hinchey
Hoagland
Hoyer
Hutchinson
Johnson (CT)
Johnson, E. B.
Johnston
Kennelly
Kleczka
Kopetski
Kreidler
Lantos
Lewis (CA)
Lewis (GA)
Lowey
Maloney
Margolies-Mezvinsky
Markey
Matsui
McCrery
McDermott
McKinney
Meehan
Miller (CA)
Mineta
Mink
Moran
Morella
Nadler
Olver
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Rangel
Reed
Reynolds
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schenk
Schroeder
Schumer
Scott
Serrano
Sharp
Skaggs
Slaughter
Stark
Stokes
Strickland
Studds
Swift
Synar
Thompson
Torkildsen
Torres
Towns
Underwood (GU)
Unsoeld
Velazquez
Visclosky
Washington
Waters
Watt
Waxman
Wheat
Woolsey
Wyden
Wynn
Yates

NOT VOTING—17

Berman
Cardin
Derrick
Ford (TN)
Gallegly
Gallo
Gekas
Grandy
Hoke
Lewis (FL)
McMillan
Natcher
Norton (DC)
Pickle
Smith (TX)
Thomas (WY)
Torricelli

□ 1756

Mr. SHARP, Mrs. LOWEY, Mrs. SCHROEDER, and Ms. EDDIE BERNICE JOHNSON of Texas changed their vote from "aye" to "no."

Mr. ACKERMAN changed his vote from "no" to "aye."

So the amendment, as amended, was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. THOMAS of Wyoming. Mr. Chairman, during consideration of rollcall votes No. 91 and No. 92 earlier today, I was unavoidably detained. Had I been present, I would have voted "no" on rollcall No. 91 and "yes" on rollcall No. 92.

Mr. KILDEE. Mr. Chairman, I ask unanimous consent that the remainder of the bill be printed in the RECORD and open to amendment at any point, with the understanding that it does not affect the time agreement and is consistent with the rule. Only amendments that have been printed in the RECORD are in order.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The text of the remainder of the committee amendment in the nature of a substitute, as modified, is as follows:

"TITLE X—COORDINATED SERVICES PROJECTS

"SEC. 10001. FINDINGS AND PURPOSE.

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

"(1) Growing numbers of children are negatively affected by influences outside of the classroom which increase their risk of academic failure.

"(2) Factors such as poor nutrition, unsafe living conditions, physical and sexual abuse, family and gang violence, inadequate health care, unemployment, lack of child care and substance abuse adversely affect family relationships and the ability of a child to learn.

"(3) Parents and other caregivers in today's high pressure society often face demands which place restraints on their time and affect their ability to adequately provide for the needs of their families.

"(4) Access to health and social service programs can address the basic physical and emotional needs of children so that they can fully participate in the learning experiences offered them in school.

"(5) Services for at-risk students need to be more convenient, less fragmented, regulated and duplicative in order to meet the needs of children and their families.

"(6) School personnel, parents, and support service providers often lack knowledge of, and access to, available services for at-risk students and their families in the community, and have few resources to coordinate services and make them accessible.

"(7) Service providers, such as teachers, social workers, health care and child care providers, juvenile justice workers and others, are often trained in separate disciplines that provide little support for the coordination of services.

"(8) Coordination of services is more cost effective because it substitutes prevention for expensive crisis intervention.

"(9) Coordinating health and social services with education can help the Nation meet the National Education Goals by ensuring better outcomes for children.

"(b) PURPOSE OF COORDINATING SERVICES.—The purpose of this section is to provide elementary and secondary school students and their families better access to the social, health and education services necessary for students to succeed in school and for their families to take an active role in ensuring that children receive the best possible education.

"SEC. 10002. DEFINITIONS.

"(a) The term 'coordinated services project' refers to a comprehensive approach to meeting the educational, health, social service, and other needs of children and their families, including foster children and their foster families, through a communitywide partnership that links public and private agencies providing such services or access to such services through a coordination site at or near a school.

"(b) An 'eligible entity' is a local educational agency, individual school, or consortium of schools.

"SEC. 10003. PROJECT DEVELOPMENT AND IMPLEMENTATION.

"(a) PROJECT PLANS.—Eligible entities exercising their authority under section 9206(b) shall submit to the Secretary an application for the development of a plan or a plan for the implementation of a coordinated services project.

"(b) PROJECT DEVELOPMENT.—The application for the development of the coordinated services project, which can last for up to one year, shall:

"(1) demonstrate that an assessment will be performed of the economic, social, and health barriers to educational achievement experienced by children and families, including foster children and their foster families, in the community, and the local, State, federal, and privately funded services available to meet such needs;

"(2) identify the measures that will be taken to establish a communitywide partnership that links public and private agencies providing services to children and families; and

"(3) identify any other measures that will be taken to develop a comprehensive plan for the implementation of a coordinated services project or projects.

"(c) PROJECT IMPLEMENTATION.—Eligible entities shall submit to the Secretary a plan for the implementation or expansion of a coordinated services project. Such plan shall include—

"(1) the results of a children and families needs assessment, which will include an assessment of the needs of foster children;

"(2) the membership of the coordinated services project partnership;

"(3) a description of the proposed coordinated services project, its objectives, where it will be located, and the staff that will be used to carry out the purposes of the project;

"(4) a description of how the success of the coordinated services project will be evaluated;

"(5) a description of the training to be provided to teachers and appropriate personnel; and

"(6) information regarding whether or not a sliding scale fee for services will be employed, and if not, an explanation of why such scale is not feasible.

"SEC. 10004. USES OF FUNDS.

"(a) Funds utilized under the authority of section 9206(b) may be used for activities under this title which include—

"(1) hiring a services coordinator;

"(2) making minor renovations to existing buildings;

"(3) purchasing basic operating equipment;

"(4) improving communications and information-sharing between members of the coordinated services project partnership;

"(5) providing training to teachers and appropriate personnel concerning their role in a coordinated services project; and

"(6) conducting the needs assessment required in section 10003(b)(1).

"(b) Projects operating under the authority of this title shall comply with the requirements of Sec. 1121(b).

"SEC. 10005. CONTINUING AUTHORITY.

"The Secretary shall not approve the plan of any project which fails to demonstrate that it is achieving effective coordination after 2 years of implementation.

"SEC. 10006. FEDERAL AGENCY COORDINATION.

"(a) AGENCY COORDINATION.—The Secretaries of Education, Health and Human Services, Labor, Housing and Urban Development, Treasury, and Agriculture, and the Attorney General shall review the programs administered by their agencies to identify barriers to service coordination.

"(b) REPORT TO CONGRESS.—Such Secretaries and the Attorney General shall submit jointly a report to the Congress not later than 2 years after the date of the enactment of the Improving America's Schools Act, based on the review required under paragraph (a) recommending legislative and regulatory action to address such barriers, and during this time, shall use waiver authorities authorized under this and other Acts.

"TITLE XI—SCHOOL FACILITIES IMPROVEMENT ACT

"SEC. 11001. FINDINGS.

"The Congress finds the following:

"(1) According to a 1991 survey conducted by the American Association of School Administrators, 74 percent of all public school buildings in the United States need to be replaced.

"(2) Almost one-third of such buildings were built prior to World War II.

"(3) It is estimated that 1 of every 4 public school buildings in the United States is in inadequate condition, and of such buildings, 61 percent need maintenance or major repairs, 43 percent are obsolete, 42 percent contain environmental hazards, 25 percent are overcrowded, and 13 percent are structurally unsound.

"(4) Large numbers of local educational agencies have difficulties securing financing for school facility improvement.

"SEC. 11002. PURPOSE.

"The purpose of this Act is the leverage limited Federal funds to enable local educational agencies to finance the costs associated with the improvement of school facilities within their jurisdiction.

"SEC. 11003. FEDERAL ASSISTANCE IN THE FORM OF LOANS.

"(a) AUTHORITY AND CONDITIONS FOR LOANS.—To assist local educational agencies in the construction, reconstruction, or renovation of schools, the Secretary may make loans of funds to such agencies for the construction, reconstruction, or renovation of such schools. Such assistance shall only be provided—

"(1) to local educational agencies eligible for grants under section 1124A of part A of title I, schools located on Indian reservations, or local educational agencies eligible for payments under section 8004.

"(2) if the Secretary finds that such constructions will be undertaken in an economical manner, and that any such construction, reconstruction or renovation is not or will not be of elaborate or extravagant design or materials.

"(b) PRIORITIES.—In approving loans under this title, the Secretary shall consider—

"(1) the difficulty of the applicant in securing affordable financing from other sources;

"(2) the threat the condition of the physical plant poses to the safety and well-being of students;

"(3) the demonstrated need for the construction, reconstruction, or renovation as based on the condition of the facility; and

"(4) the age of the facility to be renovated or replaced.

"(c) AMOUNT AND CONDITIONS OF LOANS.—A loan to a local educational agency—

"(1) may be in an amount not exceeding the total development cost of the facility, as determined by the Secretary;

"(2) shall be secured in such manner and be repaid within such period, not exceeding 50 years, as may be determined by the Secretary; and

"(3) shall bear interest at a rate determined by the Secretary which shall be the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury minus 1 and one quarter per cent each year.

"SEC. 11004. GENERAL PROVISIONS.

"(a) BUDGET AND ACCOUNTING.—In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary, notwithstanding the provisions of any other law, shall—

"(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31, United States Code; and

"(2) maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of chapter 35 of title 31, United States Code, but such financial transactions of the Secretary, as the making of loans and vouchers approved by the Secretary, in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

"(b) USE OF FUNDS.—Funds made available to the Secretary pursuant to the provisions of this part shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Secretary in connection with the performance of functions under this part, and all funds available for carrying out the functions of the Secretary under this part (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Secretary in connection with the performance of such functions.

"(c) LEGAL POWERS.—In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary, notwithstanding the provisions of any other law, may—

"(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

"(2) sue and be sued;

"(3) foreclose on any property or commence any action to protect or enforce any right conferred upon the Secretary by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which the Secretary has made a loan pursuant to this part;

"(4) in the event of any such acquisition, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property, but any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

"(5) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as the Secretary may fix;

"(6) obtain insurance against loss in connection with property and other assets held; and

"(7) include in any contract or instrument made pursuant to this part such other covenants, conditions, or provisions as may be necessary to assure that the purposes of this part will be achieved.

"(d) CONTRACTS FOR SUPPLIES OR SERVICES.—Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this part if the amount of such contract does not exceed $1,000.

"(e) APPLICABILITY OF GOVERNMENT CORPORATION CONTROL ACT.—The provisions of section 9107(a) of title 31, United States Code, which are applicable to corporations or agencies subject to chapter 91 of such title, shall also be applicable to the activities of the Secretary under this part.

"(f) WAGE RATES.—The Secretary shall take such action as may be necessary to ensure that all laborers and mechanics employed by contractors or subcontractors on any project assisted under this part—

"(1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act), as amended; and

"(2) shall be employed not more than 40 hours in any one week unless the employee receives wages for the employee's employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which the employee is employed,

but the Secretary may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Secretary determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction.

"(g) LIMITATIONS.—(1) No loan shall be made under this part to any local educational agency until 5 years after the date on which a previous loan to that agency was made under this part, unless the loan is intended to be used to construct or reconstruct a facility damaged as a result of a national disaster, as declared by the President.

"(2) Not more than 12.5 percent of the amount of the funds provided for in this part in the form of loans annually shall be made available to educational institutions within any one State.

"SEC. 11005. DEFINITIONS.

"The term 'school' is defined as structures suitable for use as classrooms, laboratories, libraries, and related facilities, the primary purpose of which is the instruction of elementary and secondary school students.

"SEC. 11006. AUTHORIZATION.

"There are authorized to be appropriated to carry out this title, $200,000,000 for fiscal year 1995 and such sums as may be necessary for each of the 4 succeeding fiscal years.".

"TITLE XII—URBAN AND RURAL EDUCATION ASSISTANCE

"PART A—URBAN EDUCATION DEMONSTRATION GRANTS

"SEC. 12000. AUTHORIZATION OF APPROPRIATIONS.

"(a) DEMONSTRATION GRANTS.—(1) There is authorized to be appropriated $200,000,000 for fiscal year 1995, and such sums as may be necessary for each of the fiscal years 1996 through 1999 to carry out the provisions of sections 12003 and 12103.

"(2) 50 percent of the amount appropriated under paragraph (1) shall be reserved and made available only for the purposes of section 12103. If the amount reserved for any fiscal year for section 12103 is less than $50,000,000, the Secretary shall grant awards on a competitive basis to local educational agencies serving rural areas, making such that there is an equitable geographic distribution of such awards. If the amount reserved for any fiscal year for section 12103 exceeds $50,000,000, the Secretary shall grant awards in such a manner that a local educational agency serving rural areas in each State receives such an award.

"(3) 50 percent of the amount appropriated under paragraph (1) shall be reserved and made available only for the purposes of section 12003.

"(b) HIGHER EDUCATION AND RESEARCH GRANTS.—(1) There are authorized to be appropriated $50,000,000 for fiscal year 1995, and such sums as may be necessary for each of the fiscal years 1996 through 1999 to carry out the provisions of sections 12004 and 12104.

"(2) 50 percent of the amount appropriated under paragraph (1) shall be reserved and made available only for the purposes of section 12004.

"(3) 50 percent of the amount appropriated under paragraph (1) shall be reserved and made available only for the purposes of section 12104.

(c) COMMISSIONS.—"There are authorized to be appropriated for fiscal years 1995, 1996, and 1997 such sums as may be necessary to carry out the provisions of sections 12006 and 12105. Amounts appropriated pursuant to this authority shall remain available until expended.

"(d) EVALUATION.—There are authorized to be appropriated for each of the fiscal years 1995 through 1999 such sums as may be necessary to carry out the provisions of section 12005.

"SEC. 12001. FINDINGS.

"The Congress finds that—

"(1) the ability of the Nation's major urban school systems to meet the Nation's educational goals will determine the country's economic competitiveness and academic standing in the world community;

"(2) the quality of public education in the Nation's major urban areas has a direct effect on the economic development of the Nation's inner cities;

"(3) the success of urban schools in boosting the achievement of its minority youth attending such schools will determine the ability of the Nation to close the gap between the 'haves and have-nots' in society;

"(4) the cost to America's businesses to provide remedial education to high school graduates is approximately $21,000,000,000 per year;

"(5) approximately ⅓ of the Nation's work force will be minority by the year 2000;

"(6) urban schools enroll a disproportionately large share of the Nation's poor and 'at-risk' youth;

"(7) urban schools enroll approximately ⅓ of Nation's poor, 40 percent of the Nation's African American children, and 30 percent of the Nation's Hispanic youth;

"(8) nearly 20 percent of the Nation's limited English proficient children and 15 percent of the Nation's disabled youth are enrolled in urban schools;

"(9) the academic performance of students in the average inner-city public school system is below that of students in most other kinds of school systems;

"(10) urban schools systems have higher dropout rates, more problems with health care and less parental participation than other kinds of school systems;

"(11) urban preschoolers have one-half the access to early childhood development programs as do other children;

"(12) shortages of teachers in urban school systems are 2.5 times greater than such shortages in other kinds of school systems;

"(13) declining numbers of urban minority high school graduates are pursuing postsecondary educational opportunities;

"(14) urban schools systems have greater problems with teen pregnancy, discipline, drug abuse and gangs than do other kinds of school systems;

"(15) 75 percent of urban school buildings are over 25 years old, 33 percent of such buildings are over 50 years old, and such buildings are often in serious disrepair and create poor and demoralizing working and learning conditions;

"(16) solving the challenges facing our Nation's urban schools will require the concerted and collaborative efforts of all levels of government and all sectors of the community;

"(17) State and Federal funding or urban schools has not adequately reflected need; and

"(18) Federal funding that is well targeted, flexible and accountable would contribute significantly to addressing the comprehensive needs of inner-city schools.

"SEC. 12002. STATEMENT OF PURPOSE.

"It is the purpose of this Act to provide financial assistance to—

"(1) assist urban schools in meeting national education goals;

"(2) improve the educational and social well being of urban public school children;

"(3) close the achievement gap between urban and nonurban school children, while improving the achievement level of all children nationally;

"(4) renovate and repair urban school buildings and facilities;

"(5) conduct coordinated research on urban education problems, solutions and promising practices;

"(6) improve the Nation's global economic and educational competitiveness by improving the country's urban schools;

"(7) encourage community, parental and business collaboration in the improvement or urban schools; and

"(8) review regulations whose simplification might improve the achievement of urban school children.

"SEC. 12003. URBAN EDUCATION DEMONSTRATION GRANTS.

"(a) AUTHORITY.—The Secretary is authorized to make grants to eligible local educational agencies serving an urban area or State educational agencies in the case where the State educational agency is the local educational agency for activities designed to assist in local school improvement efforts and school reform, and to assist the schools of such agencies in meeting the National Education Goals.

"(b) AUTHORIZED ACTIVITIES.—Funds under this section may be used to—

"(1) increase academic achievement or urban school children;

"(2) ensure the readiness of urban children for school;

"(3) increase the graduation rates of urban students;

"(4) prepare urban school graduates to enter higher education, pursue careers, and exercise their responsibilities as citizens;

"(5) recruit and retain qualified teachers, particularly minority teachers and teachers specializing in areas of critical shortage;

"(6) provide for ongoing staff development to increase the professional capacities of the teaching staff and the skills of teacher aides and paraprofessionals;

"(7) decrease the use of drugs and alcohol among urban students and to ensure the physical and emotional well-being of such students in a bias-free school environment;

"(8) coordinate and collaborate with parents, the community, the private sector, and with other service providers and programs;

"(9) acquire and improve access to educational technology; and

"(10) assist the schools most in need of services by replicating successful efforts of other urban local educational agencies and expanding successful programs within the eligible agency.

"(c) GENERAL PROVISIONS.—An eligible local educational agency desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require, consistent with this section.

"(d) DEFINITIONS.—Except as otherwise provided, for the purposes of this part—

"(1) CENTRAL CITY.—The term 'central city' has the same meaning as that used by the United States Census Bureau.

"(2) ELIGIBLE LOCAL EDUCATIONAL AGENCY.—The term 'eligible local educational agency' means a local educational agency which—

"(A) serves the largest central city in a State;

"(B) enrolls more than 30,000 students and serves a central city with a population of at least 200,000 in a metropolitan statistical area; or

"(C) enrolls between 25,000 and 30,000 students and serves a central city with a population of at least 140,000 in a metropolitan statistical area.

"(3) METROPOLITAN STATISTICAL AREA.—The term 'metropolitan statistical area' has the same meaning as that used by the United States Census Bureau.

"SEC. 12004. RESEARCH AND EVALUATION GRANTS.

"The Secretary is authorized to make grants and enter into contracts with eligible local educational agencies, and institutions of higher education jointly with eligible local educational agencies to conduct research and evaluate programs for improving and reforming the Nation's urban schools.

"SEC. 12005. USE OF FUNDS.

"Funds allotted to eligible local educational agencies and institutions of higher education under section 12004 may be used for—

"(1) collaborative and coordinated research and evaluation of educational techniques or approaches used in multiple eligible local educational agencies;

"(2) evaluation of projects assisted under title I;

"(3) collection and dissemination of information on successful projects and approaches assisted under title I;

"(4) design and implementation of extension service programs to allow an eligible local educational agency to provide technical assistance to individual schools and teachers involved in projects assisted under title I;

"(5) provision of data and information management services to individual schools assisted under title I;

"(6) provision of staff training in schools assisted under title I;

"(7) evaluation of progress made by eligible local educational agencies assisted under this Act in meeting national education goals;

"(8) provision of staff training in test interpretation and use for diagnostic purposes;

"(9) provision of information to parents on test results and test interpretation;

"(10) provision of technology and training in its research and evaluation uses;

"(11) development of assessment tools of students in individualized instruction;

"(12) research on school policies and practices which may be barriers to the success of students in school; and

"(13) development and testing of new multiple, alternative assessments of student progress toward the national education goals which are race and gender bias-free and sensitive to limited-English proficient and disabled students.

"SEC. 12006. AUGUSTUS F. HAWKINS NATIONAL COMMISSION ON URBAN EDUCATION.

"(a) ESTABLISHMENT.—There is established a National Commission on Urban Education (in this Act referred to as the 'Commission').

"(b) MEMBERSHIP.—

"(1) IN GENERAL.—The Commission shall be composed of 12 members as follows:

"(A) 4 of the Members shall be appointed by the President.

"(B) 4 of the Members shall be appointed by the Speaker of the House, including 2 Members of the House, of which 1 shall be from each political party.

"(C) 4 of the members shall be appointed by the President pro tempore of the Senate, including 2 Members of the Senate, of which 1 shall be from each political party.

"(2) CHAIRPERSON.—The Chairperson of the Commission shall be elected by the members of the Commission and shall continue to serve for the duration of the Commission.

"(3) VACANCIES.—Any vacancy in the Commission shall be filled in the same manner as the original appointment.

"(c) DUTIES.—The Commission shall study the following issues:

"(1) DEMOGRAPHIC CHANGES.—Demographic changes in student enrollment and classroom teachers in the 10-year period prior to the date of enactment of this Act.

"(2) SPECIAL NEEDS.—Numbers and types of special needs of students in urban schools.

"(3) UNSERVED OR UNDERSERVED STUDENTS.—Number of unserved or underserved students in urban schools eligible for assistance under the Head Start Act, chapter 1 of title 1 of the Elementary and Secondary Education Act of 1965, School Dropout Demonstration Assistance Act of 1988, Drug Free Schools and Communities Act of 1986. Carl D. Perkins Vocational and Applied Technology Education Act, Education of the Handicapped Act and other Federal programs.

"(4) STUDENT PERFORMANCE.—Program and management efforts in urban schools designed to enhance student performance, and reasons for the effectiveness of such efforts.

"(5) FINANCIAL SUPPORT.—Financial support and funding needs of urban schools from local, State, and Federal sources.

"(6) COLLABORATE EFFORTS.—Collaborative efforts and programs between urban schools, the private sector, and community groups.

"(7) SUPPLY NEEDS.—Supply needs for teachers in urban schools in the 10-year period beginning on the date of enactment of this Act.

"(d) REPORTS.—

"(1) IN GENERAL.—The Commission shall submit a report that includes recommendations to the President and to the appropriate committees of the Congress on the findings of the study required by this section. The report shall be submitted as soon as practicable.

"(2) PROPOSAL FOR CHANGES IN FEDERAL LEGISLATION.—The report submitted under this section shall include proposals for changes in Federal legislation.

"(e) STAFF.—Such personnel as the Commission deems necessary may be appointed by the Commission without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subtitle III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate of basic pay for level III of the Executive Schedule.

"(f) COMPENSATION.—

"(1) IN GENERAL.—Members of the Commission who are officers or full-time employees of the United States shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

"(2) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, as authorized by section 5702 and 5703 of title 5, United States Code.

"(3) SPECIAL RULE.—Members of the Commission who are not officers or full-time employees of the United States may receive a per diem and travel allowance as is provided by the United States Code for persons in the Government service employed intermittently.

"(g) ADMINISTRATION.—

"(1) IN GENERAL.—The Commission or, on the authorization of the Commission, any committee thereof, may, for the purpose of carrying out the provisions of this section, hold such hearings and site and act at such times and such places within the United States as the Commission or such committee considers advisable.

"(2) CONSULTATION.—In carrying out its duties under this section, the Commission shall consult with other Federal agencies, representatives of State and local governments, and private organizations to the extent feasible.

"(3) INFORMATION.—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this section. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish that information to the Commission.

"(4) CONTRACTS.—The Commission is authorized to enter into contracts to secure the necessary data and information to conduct its work and to obtain the services of experts and consultants.

"(5) COOPERATION.—The heads of all Federal agencies are, to the extent practicable, directed to cooperate with the Commission in carrying out this section.

"(6) SPECIAL RULE.—The Commission is authorized to utilize, with the consent of such agencies, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement.

"(h) TERMINATION.—The Commission shall terminate 3 years after the date of its first meeting.

"SEC. 12007. EVALUATION.

"The Secretary is authorized directly, or through grants or contracts to evaluate the programs and activities funded under this title, broadly disseminate such information to other school districts, and to report the results of such evaluation to the Education and Labor Committee of the House of Representatives and the Labor and Human Resources Committee of the Senate.

"PART B—RURAL EDUCATION DEMONSTRATION GRANTS

"SEC. 12101. FINDINGS.

"The Congress finds that—

"(1) rural schools are essential to national efforts to meet the National Education Goals;

"(2) approximately 60 percent of the Nation's public school districts are rural, with populations of less than 2,500;

"(3) about 1 out of every 4 of America's rural school children are living below the poverty level;

"(4) the quality of public education in rural areas has a direct effect on the economic development of our country's rural communities;

"(5) the academic performance of students in the average rural school system is below that of students in most other suburban school systems;

"(6) the average age of rural public school buildings is more than 45 years old, creating poor and demoralizing working and learning conditions;

"(7) shortages of teachers for rural school systems is greater than in other kinds of school systems;

"(8) solving the challenges facing the Nation's rural schools will require the concerted and collaborative efforts of all levels of government and all sectors of the education community; and

"(9) additional Federal funding would contribute significantly to addressing the comprehensive needs of rural schools.

"SEC. 12102. STATEMENT OF PURPOSE.

"It is the purpose of this part to provide financial assistance to rural schools to encourage innovative school reform programs, the enhanced use of telecommunications technology for learning, and inservice training and teacher recruitment initiatives in cooperation with institutions of higher education designed to augment local school improvement activities.

"SEC. 12103. RURAL SCHOOL GRANTS.

"(a) AUTHORITY.—The Secretary is authorized to make grants to local education agencies serving rural areas or State educational agencies in the case where the State educational agency is the local educational agency for activities designed to assist in local school improvement efforts.

"(b) AUTHORIZED ACTIVITIES.—Funds under this title may be used to—

"(1) assist rural schools in meeting National Education goals and undertaking local school improvement initiatives;

"(2) develop pilot projects that experiment with innovative ways to teach rural public school children more effectively;

"(3) encourage rural school consortia for the purpose of increasing efficiency and course offerings;

"(4) provide meaningful inservice training opportunities for rural public school teachers; and

"(5) assist rural schools in acquiring and improving access to educational technology, including distance learning technologies.

"(c) GENERAL PROVISIONS.—Each eligible entity desiring a grant under this title shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require. Awards made by the Secretary shall be of sufficient size and scope to achieve significant rural school improvement.

"SEC. 12104. HIGHER EDUCATION GRANTS.

"(a) GRANTS.—The Secretary is authorized to make grants to institutions of higher education, consortia of such institutions, or partnerships between institutions of higher education and local education agencies to assist rural schools and local education agencies serving rural areas in undertaking local school improvement activities.

"(b) AUTHORIZED ACTIVITIES.—Funds under this section may be used to—

"(1) assist rural schools in meeting National Education Goals;

"(2) assist in the recruitment and training of teachers in rural schools;

"(3) assist rural schools in the development of appropriate innovative school improvement initiatives;

"(4) provide inservice training opportunities for teachers in rural schools; and

"(5) provide technical assistance in the use and installation of innovative telecommunications technology.

"(c) GENERAL PROVISIONS.—Each eligible entity desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

"SEC. 12105. NATIONAL COMMISSION ON RURAL EDUCATION.

"(a) ESTABLISHMENT.—There is established a National Commission on Rural Education.

"(b) MEMBERSHIP.—The Commission shall be composed of 12 members, 4 of whom shall be appointed by the President of the United States, 4 of whom shall be appointed by the Speaker of the House upon the recommendation of the ma-

jority leader and the minority leader, and 4 of whom shall be appointed by the President pro tempore of the Senate upon the recommendation of the majority leader and the minority leader. A majority of the members of the Commission shall be individuals involved in rural education, with at least 2 individuals involved in rural postsecondary education. The Chair of the Commission shall be elected by the President from among his 4 appointees and shall continue to serve during the duration of the Commission. Vacancies in the Commission shall be filled in the same manner as the original appointment.

"(c) STUDIES.—The Commission shall conduct a full and complete study on the State of rural education in America. Included in this analysis should be the impact of demographic changes in rural schools, the special needs of these schools, the current and future teacher needs of these schools, the effectiveness of existing Federal education programs in meeting the needs of these schools, the adequacy of financial support for these schools, and any other issues that the Commission deems to be important and essential for a complete and exhaustive examination of the state and condition of rural schools in America.

"(d) STAFF.—The Commission may appoint such staff as may be necessary by the Chair without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may pay such staff without regard to the provisions of chapter 51 of subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate authorized for GS–18 of the General Schedule.

"(e) COMPENSATION AND EXPENSES.—(1) Members of the Commission who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers and employees of the United States. Such members may be allowed travel expenses and per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code.

"(2) Members of the Commission who are not officers or full-time employees of the United States may each receive per diem and travel allowance as is provided by the United States Code for persons in the Government service employed intermittently.

"(f) ADMINISTRATION.—(1) The Commission may organize itself in whatever manner is most appropriate for the conduct of its activities. It may hold such hearings and act at such time and such places within the United States as it may consider advisable. In carrying out its duties, the Commission may consult with other Federal agencies, representatives of State and local governments, and private organizations to the extent feasible.

"(2) The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality, information, suggestions, estimates, and statistics for the purpose of this section, and each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request by the Chair.

"(3) The Commission may enter into contracts for the acquisition of information, suggestions, estimates, and statistics for the purpose of this section. The Commission is authorized to obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code, and to set pay in accordance with such section.

"(4) The head of such Federal agency shall, to the extent not prohibited by law, cooperate with the Commission in carrying out this section. The Commission is authorized to utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement.

"(g) FINAL REPORT.—The Commission shall report to Congress its findings not later than 3 years after the date of enactment of this Act. Such report may include legislative recommendations. The Commission may make whatever interim reports to Congress that it deems necessary.".

TITLE II—AMENDMENTS TO THE GENERAL EDUCATION PROVISIONS ACT

PART A—APPLICABILITY OF THE GENERAL EDUCATION PROVISIONS ACT

SEC. 211. TITLE; APPLICABILITY; DEFINITIONS.

Section 400 of the General Education Provisions Act (20 U.S.C. 1221 et seq.; referred to in this title as "the Act") is amended to read as follows:

"TITLE; APPLICABILITY; DEFINITIONS

"SEC. 400. (a) This title may be cited as the 'General Education Provisions Act'.

"(b)(1) Except as otherwise provided, this title applies to each applicable program of the Department of Education.

"(2) Except as otherwise provided, this title does not apply to any contract made by the Department of Education.

"(c) As used in this title, the following terms have the following meanings:

"(1) The term 'applicable program' means any program for which the Secretary or the Department has administrative responsibility as provided by law or by delegation of authority pursuant to law. The term includes each program for which the Secretary or the Department has administrative responsibility under the Department of Education Organization Act or under statutes effective after the effective date of that Act.

"(2) The term 'applicable statute' means—

"(A) the Act or the title, part, section, or any other subdivision of an Act, as the case may be, that authorizes the appropriation for an applicable program;

"(B) this title; and

"(C) any other statute that by its terms expressly controls the administration of an applicable program.

"(3) The term 'Department' means the Department of Education.

"(4) The term 'Secretary' means the Secretary of Education.

"(d) Nothing in this title shall be construed to affect the applicability of title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, title V of the Rehabilitation Act of 1973, the Age Discrimination Act, or other statutes prohibiting discrimination, to any applicable program.".

SEC. 212. REPEAL AND REDESIGNATION.

(a) The following provisions of the Act are repealed:

(1) Sections 400A, 401, 402, 405, 406, 406A, 406B, 406C, 407, 413, 416, 419, 421, 423, 424, 426A, and 429; and

(2) part D.

(b) Sections 403, 408, 409, 411, 412, 414, 415, 417, 420, 421A, 422, 425, 426, 427, 428, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, and 440 are redesignated as 401, 410, 411, 420, 421, 422, 423, 425, 426, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, and 446 respectively.

(c) Part E is redesignated as part D.

PART B—THE DEPARTMENT OF EDUCATION

SEC. 221. NEW HEADING FOR PART A.

The heading for part A of the Act is amended to read as follows:

"PART A—FUNCTIONS OF THE DEPARTMENT OF EDUCATION".

SEC. 222. OFFICE OF NON-PUBLIC EDUCATION.

Section 401 of the Act (as redesignated) is amended by—

(1) striking the heading of such section and inserting the following new heading:

"OFFICE OF NON-PUBLIC EDUCATION".

(2) striking subsections (a), (b), and (c); and

(3) striking "(d)(1) There" and inserting "SEC. 401 (1) There".

SEC. 223. GENERAL AUTHORITY OF THE SECRETARY.

Section 410 of the Act (as redesignated) is amended to read as follows:

"GENERAL AUTHORITY OF THE SECRETARY

"SEC. 410. The Secretary, in order to carry out functions otherwise vested by law or by delegation of authority pursuant to law, and subject to limitations as may be otherwise imposed by law, is authorized to make, promulgate, issue, rescind, and amend rules and regulations governing the manner of operation of, and governing the applicable programs administered by, the Department.".

SEC. 224. COORDINATION.

The Act is amended by inserting the following new section 412:

"COORDINATION

"SEC. 412. The Advisory Council on Education Statistics, the National Education Goals Panel, the National Education Statistics and Improvement Council, and any other Board established to analyze, address, or approve standards and assessments shall coordinate and interact with one another in order to ensure that each entity does not duplicate activities to assist States in their efforts to reform their educational systems.".

PART C—APPROPRIATIONS AND EVALUATIONS

SEC. 230. FORWARD FUNDING.

Section 420 of the Act (as redesignated) is amended to read as follows:

"FORWARD FUNDING

"SEC. 420. (a) To the end of affording the responsible State, local, and Federal officers adequate notice of available Federal financial assistance for carrying out ongoing education activities and projects, appropriations for grants, contracts, or other payments under any applicable program are authorized to be included in the appropriations Act for the fiscal year preceding the fiscal year during which such activities and projects shall be carried out.

"(b) In order to effect a transition to the timing of appropriation action authorized by subsection (a), the application of this section may result in the enactment, in a fiscal year, of separate appropriations for an applicable program (whether in the same appropriations Act or otherwise) for 2 consecutive fiscal years.".

SEC. 231. AVAILABILITY OF APPROPRIATIONS.

(a) The heading for section 421 of the Act (as redesignated) is amended to read as follows: "AVAILABILITY OF APPROPRIATIONS ON ACADEMIC OR SCHOOL-YEAR BASIS; ADDITIONAL PERIOD FOR EXPENDITURE OF FUNDS".

(b) Section 421 of the Act (as redesignated) is further amended—

(1) in subsection (b) by striking "(b) Notwithstanding" and inserting "(b)(1) Notwithstanding"; and

(2) in subsection (c) by striking "section 3679(d)(2) of the Revised Statutes" and inserting "section 1341(a) of title 31 of the United States Code".

SEC. 232. CONTINGENT EXTENSION OF PROGRAMS.

Section 422 of the Act (as redesignated) is amended to read as follows:

"CONTINGENT EXTENSION OF PROGRAMS

"SEC. 422. (a) The authorization of appropriations for, or duration of, an applicable program

shall be automatically extended for one additional fiscal year unless Congress, in the regular session that ends prior to the beginning of the terminal fiscal year of such authorization or duration, has passed legislation that becomes law and extends or repeals the authorization or duration of such program.

"(b) The amount authorized to be appropriated for the period of automatic extension of an applicable program under subsection (a) shall be the amount that was authorized to be appropriated for that program during its terminal fiscal year.

"(c) During the period of automatic extension of an applicable program under subsection (a), the Secretary shall administer such program, including the performance of all required acts and determinations, in the same manner required in the termination fiscal year by the applicable statute.

"(d) This section shall not apply to the authorization of appropriations for a commission, council or committee which is required by an applicable statute to terminate on a date certain.".

SEC. 233. STATE REPORTS.

Subpart 2 of part B of the Act is amended by inserting the following new section 424 at the beginning of such subpart.

"RESPONSIBILITY OF STATES TO FURNISH INFORMATION

"SEC. 424. (a) Each State educational agency shall submit to the Secretary a report on or before March 15 of every second year. Each such report shall include—

"(1) information with respect to the uses of Federal funds in such State in the 2 preceding fiscal years under any applicable program under the jurisdiction of the State educational agency; and

"(2) information with respect to the uses of Federal funds in such State in the 2 preceding fiscal years under any Federal program administered by the State that provided grants or contracts to a local educational agency in the State.

"(b) Each report submitted as required by subsection (a) shall—

"(1) list, with respect to each program for which information is provided, all grants made to and contracts entered into with local educational agencies and other public and private agencies and institutions within the State during each fiscal year concerned;

"(2) analyze the information included in the report by local educational agency and by program;

"(3) include the total amount of funds available to the State under each such program for each fiscal year concerned; and

"(4) be made readily available by the State to local educational agencies and institutions within the State and to the public.

"(c) If the Secretary does not receive a report by the date required under subsection (a), or receives an incomplete report, the Secretary, not later than 30 days after such report is required to be submitted, shall take all reasonable measures to obtain the delinquent or incomplete information from the State educational agency.

"(d) When the Secretary receives a report required under subsection (a), the Secretary shall provide such information to the National Center for Education Statistics, and shall make such information available, at a reasonable cost, to any individual who requests it.

"(e) The Secretary shall consult with the Speaker and Minority Leader of the House of Representatives and the Majority and Minority Leaders of the Senate regarding the costs and feasibility of making the information described in subsection (a) available as part of a telecommunications network that is readily accessible to every member of Congress and other interested parties.

"(f) On or before August 15th of each year in which reports are submitted under subsection (a), the Secretary shall submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Such report shall include—

"(1) an analysis of the content and data quality of such reports;

"(2) a compilation of statistical data derived from such reports; and

"(3) information obtained by the Secretary with respect to—

"(A) direct grants made to local educational agencies by the Federal Government; and

"(B) contracts entered into between such agencies and the Federal Government.".

SEC. 234. BIENNIAL EVALUATION REPORT.

Section 425 of the Act (as redesignated) is amended to read as follows:

"BIENNIAL EVALUATION REPORT

"SEC. 425. Not later than March 31 of each second year beginning with 1995, the Secretary shall transmit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate an evaluation report on the effectiveness of applicable programs during the two preceding fiscal years in achieving their legislated purposes. Such report shall—

"(1) contain program profiles that include legislative citations, multi-year funding histories, and legislated purposes;

"(2) contain recent evaluation information on the progress being made toward the achievement of program objectives, including listings of program performance indicators, data from performance measurement based on the indicators, evaluation information on the costs and benefits of the applicable programs being evaluated.

"(3) contain selected significant program activities, such as initiatives for program improvement, regulations, and program monitoring and evaluation;

"(4) list the principal analyses and studies supporting the major conclusions in such report; and

"(5) be prepared in concise summary form with necessary detailed data and appendices, including available data to indicate the effectiveness of the programs and projects by the race, sex, disability and age of their beneficiaries.".

SEC. 235. TECHNICAL AMENDMENT.

(a) Section 423 of the Act (as redesignated) is amended by striking "Commissioner" and inserting "Secretary".

(b) Section 426 of the Act (as redesignated) is amended by—

(1) striking "title I of" and all that follows through "Congress)" and inserting "title VIII of the Elementary and Secondary Education Act of 1965"; and

(2) striking "subparagraph (C) of section 3(d)(2) or section 403(1)(C)" and inserting in lieu thereof "sections 8003(c) or residing on property described in section 8012(4)(B)(ii)".

SEC. 236. COORDINATION.

The National Assessment Governing Board, the Advisory Council on Statistics, the National Education Goals Panel, the National Education Statistics and Improvement Council, and any other Board established to analyze, address, or approve standards and assessments shall coordinate and interact with one another in order to ensure that each entity does not duplicate activities to assist States in their efforts to reform their educational systems.

PART D—ADMINISTRATION OF EDUCATION PROGRAMS

SEC. 241. JOINT FUNDING OF PROGRAMS.

Section 430 of the Act (as redesignated) is amended to read as follows:

"JOINT FUNDING OF PROGRAMS

"SEC. 430. (a)(1) The Secretary is authorized to enter into arrangements with other Federal agencies to jointly carry out projects of common interest, to transfer to such agencies funds appropriated under any applicable program, and to receive and use funds from such agencies, for projects of common interest.

"(2) Funds so transferred or received shall be used only in accordance with the statutes authorizing the appropriation of such funds, and shall be made available by contract or grant only to recipients eligible to receive such funds under such statutes.

"(3) If the Secretary enters into an agreement under this subsection for the administration of a project, the agency administering the project shall use its procedures to award contracts or grants and to administer such awards, unless the parties to the agreement specify the use of procedures of another agency that is a party to the agreement.

"(4) If the Secretary has entered into an agreement authorized under subsection (a) of this section and the Secretary and the heads of the other agencies participating in the agreement determine that joint funding is necessary to address a special need consistent with the purposes and authorized activities of each program that provides funding, the Secretary and the heads of the other participating agencies may develop a single set of criteria for jointly funded projects and require each applicant for those projects to submit a single application for review by the participating agencies.

"(b) The Secretary may develop the criteria for, and require the submission of, joint applications under two or more applicable programs under which awards are made on a competitive basis, and may jointly review and approve such applications separately from other applications under such programs, when the Secretary determines that such joint awards are necessary to address a special need consistent with the purposes and authorized activities of each such program. An applicant for such a joint award must meet the eligibility requirements of each such program.

"(c) The Secretary may not construe the provisions of this section to take precedence over a limitation on joint funding contained in an applicable statute.

"(d)(1) The Secretary shall provide notice to the Committee on Education and Labor of the House of Representatives and to the Committee on Labor and Human Resources of the Senate of each joint funding agreement made with other Federal agencies not later than 60 days following the making of such agreements.

"(2) Such notice shall include—

"(A) a description of the purpose and objectives of the joint funding arrangement;

"(B) the amounts and sources, by program, of the funds dedicated to such arrangement; and

"(C) the criteria developed to govern the award of contracts and grants.".

SEC. 242. COLLECTION AND DISSEMINATION OF INFORMATION.

Section 431 of the Act (as redesignated) is amended by—

(1) striking "(a) The Commissioner" and inserting "The Secretary";

(2) inserting "and" at the end of paragraph (2);

(3) striking "; and" at the end of paragraph (3) and inserting "."; and

(4) striking paragraph (4) and subsections (b) and (c).

SEC. 243. REVIEW OF APPLICATIONS.

(a) Section 432 of the Act (as redesignated) is amended—

(1) in subsection (a)—

(A) by striking "Commissioner" and inserting "Secretary";

(B) by striking "and in the case of the program provided for in title I of the Elementary and Secondary Education Act of 1965,";

(C) in the third sentence thereof, by inserting a comma after "the hearing"; and

(D) in the fourth sentence thereof—

(i) by striking the comma after "guidelines"; and

(ii) by inserting a comma after "program";

(2) in subsection (b), by striking "Commissioner" each place it appears and inserting "Secretary"; and

(3) in subsection (d), by striking "Commissioner" each time it appears and inserting "Secretary" and by inserting before the period "or issue such other orders as the Secretary may deem appropriate to achieve such compliance".

(b) All statistics and other data collection and analysis reported under this section shall, whenever feasible, be collected cross-tabulated, analyzed, and reported by sex within race or ethnicity and socioeconomic status. In the event that the Secretary determines that such statistics or data collection and analysis reveals no significant differences among such categories, the Secretary shall include in the relevant report incorporating such statistics or data an explanation of such determination.

SEC. 244. TECHNICAL AMENDMENT.

Section 434 of the Act (as redesignated) is amended in the first sentence by striking "the Commissioner" and "he" and inserting "the Secretary" in lieu of each.

SEC. 245. USE OF FUNDS WITHHELD.

Section 435 of the Act (as redesignated) is amended to read as follows:

"USE OF FUNDS WITHHELD

"SEC. 435. (a) At any time that the Secretary makes an allotment or reallotment to any State under any applicable program, the Secretary shall reduce such allotment or reallotment by such amount as the Secretary determines such allotment or reallotment would have been reduced, had the data on which the allotment or reallotment is based excluded all data relating to local educational agencies of the State that, on the date of the Secretary's action, are ineligible to receive the Federal financial assistance involved because of failure to comply with title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, or the Age Discrimination Act of 1975.

"(b) The Secretary may use any funds withheld under subsection (a)—

"(1) to increase the allotments of other local educational agencies within the State, or the allotments of all States, in accordance with the statutes governing the program; or

"(2) for grants to local educational agencies of that State in accordance with section 405 of the Civil Rights Act of 1964, or for any other program administered by the Department that is designed to enhance equity in education or redress discrimination on the basis of race, color, national origin, sex, age, or disability.".

SEC. 246. APPLICATIONS.

Section 436 of the Act (as redesignated) is amended by striking "for three fiscal years" and inserting "for more than one fiscal year".

SEC. 247. REGULATIONS.

Section 437 of the Act (as redesignated) is amended—

(1) in the heading by striking ": REQUIREMENTS AND ENFORCEMENT";

(2) in subsection (a) by—

(A) striking, in paragraph (1), "Commissioner" and inserting "Secretary"; and

(B) striking, in paragraph (2), "Department of Health, Education, and Welfare or the Office of Education, or by an official of such agencies" and inserting "Secretary";

(3) in subsection (b) by—

(A) striking "Commissioner" each place it appears and inserting "Secretary"; and

(B) striking the last sentence of paragraph (2)(B);

(4) in subsection (d) by—

(A) striking, in paragraph (1)—

(i) in the second sentence, "transmission unless the Congress shall, by concurrent resolution, find that the final regulation is inconsistent with the Act from which it derives its authority, and disapprove such final regulation, in whole or in part" and insert "transmission";

(ii) the last sentence; and

(iii) "(1)";

(B) striking paragraph (2);

(5) by striking subsections (e) and (f); and

(6) in subsection (g), by striking "Commissioner" each place it appears and inserting "Secretary".

SEC. 248. RECORDS; REDUCTION IN RETENTION REQUIREMENTS.

Section 443 of the Act (as redesignated) is amended—

(1) in subsection (a)—

(A) by striking out "grant, subgrant, contract, subcontract, loan, or other arrangement (other than procurement contracts awarded by an administrative head of an educational agency)" and inserting in lieu thereof "grant, subgrant, cooperative agreement, loan or other agreement";

(B) by inserting "financial or programmatic" immediately before "audit."; and

(C) by striking "five" in the last sentence and inserting "three"; and

(2) in subsection (b), by striking out "to any records of a recipient which may be related, or pertinent to, the grants, subgrants, contracts, subcontracts, loans, or other arrangements" and inserting in lieu thereof "to any records currently maintained by a recipient that may be related, or pertinent to, grants, subgrants, cooperative agreements, loans, or other arrangements".

SEC. 249. RELEASE OF RECORDS.

Section 444(b)(1)(E) of the Act (as redesignated) is amended to read as follows:

"(E) State and local officials or authorities to whom such information is specifically allowed to be reported or disclosed pursuant to State statute adopted—

"(i) before November 19, 1974, if the allowed reporting or disclosure concerns the juvenile justice system and its ability to effectively serve the student whose records are released, or

"(ii) after November 19, 1974, if—

"(I) the allowed reporting or disclosure concerns the juvenile justice system and its ability to effectively serve the student whose records are released, and

"(II) the officials and authorities to whom such information is disclosed certify in writing to the educational agency or institution that the information will not be disclosed to any other party except as provided under State law without the prior written consent of the parent.".

SEC. 250. PROTECTION OF PUPIL RIGHTS.

Section 445 of the Act (as redesignated) is amended to read as follows:

"PROTECTION OF PUPIL RIGHTS

"SEC. 445. (a) All instructional materials, including teacher's manuals, films, tapes, or other supplementary material which will be used in connection with any survey, analysis, or evaluation as part of any applicable program shall be available for inspection by the parents or guardians of the children.

"(b) No student shall be required, as part of any applicable program, to submit to a survey, analysis, or evaluation that reveals information concerning—

"(1) political affiliations;

"(2) mental and psychological problems potentially embarrassing to the student or his family;

"(3) sex behavior and attitudes;

"(4) illegal, antisocial, self-incriminating, and demeaning behavior;

"(5) critical appraisals of other individuals with whom respondents have close family relationships;

"(6) legally recognized privileged or analogous relationships, such as those of lawyers, physicians, and ministers; or

"(7) income (other than that required by law to determine eligibility for participation in a program or for receiving financial assistance under such program),

without the prior consent of the student (if the student is an adult or emancipated minor), or in the case of an unemancipated minor, without the prior written consent of the parent.

"(c) Educational agencies and institutions shall give parents and students effective notice of their rights under this section.

"(d) The Secretary shall take such action as the Secretary determines appropriate to enforce this section, except that action to terminate assistance provided under an applicable program shall be taken only if the Secretary determines that—

"(1) there has been a failure to comply with such section; and

"(2) compliance with such section cannot be secured by voluntary means.

"(e) The Secretary shall establish or designate an office and review board within the Department of Education to investigate, process, review, and adjudicate violations of the rights established under this section.".

SEC. 251. ENFORCEMENT.

(a) Section 452 of the Act is amended—

(1) in the first sentence of paragraph (2) of subsection (a), by striking "stating" and all that follows through the end of such sentence and inserting "establishing a prima facia case for the recovery of funds, including an analysis reflecting the value of the program services actually obtained in a determination of harm to the federal interest.";

(2) in the first sentence of paragraph (1) of subsection (b), by striking "30" and inserting "60"; and

(3) in subsection (d) by—

(A) striking "(d) Upon" and inserting "(d)(1) Upon";

(B) adding a new paragraph (2) as follows:

"(2) During the conduct of such review, there shall not be any ex parte contact between the Secretary and individuals representing the Department or the recipient.".

(b) Section 459 of the Act is amended—

(1) in paragraph (1) of subsection (a) by striking ", and that the recipient is in all other respects in compliance with the requirements of that program"; and

(2) subsection (c) is amended to read as follows:

"(c) Notwithstanding any other provisions of law, the funds made available under this section shall remain available for expenditure for a period of time deemed reasonable by the Secretary, but in no case to exceed more than 3 fiscal years following the later of—

"(1) the fiscal year in which final agency action under section 452(e) is taken; or

"(2) if such recipient files a petition for judicial review, the fiscal year in which final judical action under section 458 is taken.".

SEC. 252. TECHNICAL AMENDMENTS.

(a) The heading for Part C of the Act is amended by striking "COMMISSIONER OF EDUCATION" and inserting "SECRETARY".

(b) Section 434 of the Act (as redesignated) is amended in the second sentence thereof, by inserting "is made" after "such determination".

(c) Section 436 of the Act (as redesignated) is amended by striking "Commissioner" each place it appears and inserting "Secretary".

(d)(1) The heading of section 440 of the Act (as redesignated) is amended by striking "EDUCATIONAL".

(2) Section 440 of the Act (as redesignated) is amended—

(A) by striking "Commissioner" each place it appears and inserting "Secretary"; and

(B) by inserting "(c)" before the last sentence and by deleting "paragraph (3)" in such sentence and inserting "subsection (b)(3)".

(e) Section 441 of the Act (as redesignated) is amended—

(1) by striking "Commissioner" each place it appears and inserting "Secretary"; and

(2) in subsection (a)—

(A) by striking the comma after "submits a plan"; and

(B) by striking "(subject, in the case of programs under chapter 1 and chapter 2 of title I of the Elementary and Secondary Education Act of 1965, to the provisions of title V of such Act)".

(f) Section 442 of the Act (as redesignated) is amended—

(1) in subsection (a), by striking "that local education agency" and inserting "that local educational agency"; and

(2) in subsection (b)—

(A) in paragraph (2), by inserting a comma after "program";

(B) in paragraph (4), by striking "Commissioner" each place it appears and inserting "Secretary"; and

(C) in paragraph (7), by striking "handicapped individuals" and inserting "individuals with disabilities".

(g) Section 444 of the Act (as redesignated) is amended—

(1) in subsection (a)(4)(B)(ii), by striking the period at the end thereof and inserting a semicolon;

(2) in subsection (b)—

(A) in paragraph (1)(C), by striking "(iii) an administrative head of an education agency (as defined in section 408(c)), or (iv)" and inserting "or (iii)";

(B) in paragraph (1)(H), by striking "1954" and inserting "1986"; and

(C) in paragraph (3)—

(i) by striking "(C) an administrative head of an education agency or (D)" and inserting "or (C)"; and

(ii) by striking "education program" and inserting "education programs";

(3) in subsection (d), by inserting a comma after "education";

(4) in subsection (f)—

(A) by striking "The Secretary, or an administrative head of an education agency," and inserting "The Secretary";

(B) by striking "provisions of" after "enforce";

(C) by striking "according to the provisions of" and inserting "in accordance with"; and

(D) by striking "the provisions of" after "with"; and

(5) in subsection (g)—

(A) by striking "Health, Education, and Welfare" and inserting "Education"; and

(B) by striking "the provisions of".

SEC. 253. EQUITY FOR STUDENTS, TEACHERS, AND OTHER PROGRAM BENEFICIARIES.

The Act is further amended by inserting after section 426 (as redesignated) a new section 427 to read as follows:

"EQUITY FOR STUDENTS, TEACHERS, AND OTHER PROGRAM BENEFICIARIES

"SEC. 427. (a) The purpose of this section is to assist the Department in implementing its mission to ensure equal access to education and to promote educational excellence throughout the Nation, by ensuring equal opportunities to participate for all eligible students, teachers, and other program beneficiaries in any project or activity carried out under an applicable program and promoting their ability to meet high standards.

"(b) The Secretary shall require each applicant for assistance under an applicable program (other than an individual) to develop and describe in its application the steps it proposes to take to ensure equitable access to, and equitable participation in, the project or activity to be conducted with such assistance, by addressing the special needs of students, teachers, and other program beneficiaries in order to overcome barriers to equitable participation, including barriers based on gender, race, color, national origin, disability, and age.

"(c) The Secretary may establish criteria and provide technical assistance for meeting the requirements of this section.

"(d) Nothing in this section is intended to alter in any way the rights or responsibilities established under the statutes cited in section 400(d) of this Act.".

PART E—RELATED AMENDMENTS TO OTHER ACTS

SEC. 261. DEPARTMENT OF EDUCATION ORGANIZATION ACT.

The Department of Education Organization Act is amended—

(1) by repealing sections 414 and 427;

(2) by redesignating sections 209, 210, 211, 212, 214, 215, 303, 304, 305, 306, 307, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, and 428 as sections 208, 209, 210, 211, 212, 213, 302, 303, 304, 305, 306, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, and 426;

(3) the table of contents is amended to read as follows:

"TABLE OF CONTENTS

"Sec. 1. Short title; table of contents.

"TITLE I—GENERAL PROVISIONS

"Sec. 101. Findings.
"Sec. 102. Purposes.
"Sec. 103. Federal-State Relationships.
"Sec. 104. Definitions.

"TITLE II—ESTABLISHMENT OF THE DEPARTMENT

"Sec. 201. Establishment.
"Sec. 202. Principal officers.
"Sec. 203. Office for Civil Rights.
"Sec. 204. Office of Elementary and Secondary Education.
"Sec. 205. Office of Postsecondary Education.
"Sec. 206. Office of Vocational and Adult Education.
"Sec. 207. Office of Special Education and Rehabilitative Services.
"Sec. 208. Office of Educational Research and Improvement.
"Sec. 209. Office of Bilingual Education and Minority Languages Affairs.
"Sec. 210. Office of General Counsel.
"Sec. 211. Office of Inspector General.
"Sec. 212. Office of Correctional Education.
"Sec. 213. Federal Interagency Committee on Education.

"TITLE III—TRANSFERS OF AGENCIES AND FUNCTIONS

"Sec. 301. Transfers from the Department of Health, Education, and Welfare.
"Sec. 302. Transfers from the Department of Labor.
"Sec. 303. Transfers of programs from the National Science Foundation.
"Sec. 304. Transfers from the Department of Justice.
"Sec. 305. Transfers from the Department of Housing and Urban Development.
"Sec. 306. Effect of transfers.

"TITLE IV—ADMINISTRATIVE PROVISIONS

"PART A—PERSONNEL PROVISIONS

"Sec. 401. Officers and employees.
"Sec. 402. Experts and consultants.
"Sec. 403. Personnel reduction and annual limitations.

"PART B—GENERAL ADMINISTRATIVE PROVISIONS

"Sec. 411. General authority.
"Sec. 412. Delegation.
"Sec. 413. Reorganization.
"Sec. 414. Contracts.
"Sec. 415. Regional and field offices.
"Sec. 416. Acquisition and maintenance of property.
"Sec. 417. Facilities at remote locations.
"Sec. 418. Use of facilities.
"Sec. 419. Copyrights and patents.
"Sec. 420. Gifts and bequests.
"Sec. 421. Technical advice.
"Sec. 422. Working capital fund.
"Sec. 423. Funds transfer.
"Sec. 424. Seal of department.
"Sec. 425. Annual report.
"Sec. 426. Authorization of appropriations.

"TITLE V—TRANSITIONAL, SAVINGS, AND CONFORMING PROVISIONS

"Sec. 501. Transfer and allocation of appropriations and personnel.
"Sec. 502. Effect on personnel.
"Sec. 503. Agency terminations.
"Sec. 504. Incidental transfers.
"Sec. 505. Savings provisions.
"Sec. 506. Separability.
"Sec. 507. Reference.
"Sec. 508. Amendments.
"Sec. 509. Redesignation.
"Sec. 510. Coordination of programs affecting handicapped individuals.
"Sec. 511. Transition.

"TITLE VI—EFFECTIVE DATE AND INTERIM APPOINTMENTS

"Sec. 601. Effective date.
"Sec. 602. Interim appointments.".

(4) in section 202(b), by inserting after paragraph (2) the following:

"(3) There shall be in the Department, a Special Assistant for Gender Equity who shall be appointed by the Secretary. The Special Assistant shall promote, coordinate, and evaluate gender equity programs, including the dissemination of information, technical assistance, coordination of research activities, and the administration of grant programs. The Special Assistant shall report directly to the Secretary, and shall perform such additional functions as the Secretary shall prescribe.".

TITLE III—AMENDMENTS TO OTHER ACTS

PART A—AMENDMENTS TO THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT

SEC. 311. ALLOCATIONS UNDER SECTION 611 OF THE IDEA.

(a) GRANT AMOUNTS.—Section 611(a) of the Individuals with Disabilities Education Act (referred to in this title as the "IDEA") is amended—

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

"(1) Except as provided in paragraph (5), the maximum amount of the grant for which a State is eligible under this section for any fiscal year is—

"(A) the sum of—

"(i) the number of children with disabilities in the State, aged six through 21, who are receiving special education and related services, as determined under paragraph (3); and

"(ii) the number of such children in the State, aged three through five, if the State is eligible for a grant under section 619; multiplied by

"(B) 40 percent of the average per-pupil expenditure in public elementary and secondary schools in the United States.";

(2) by amending paragraph (2) to read as follows:

"(2) For the purpose of this section, the term 'State' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico."; and

(3) in paragraph (5)(A)—

(A) in clause (i)—

(i) by striking "and the State" and inserting "or the combined percentage of such children counted by the Secretary for the purpose of making fiscal year 199— allocations under this section and under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965, as in effect the day before the date of the enactment of the Improving America's Schools Act of 1994, whichever is greater, if the State"; and

(ii) by inserting "and" at the end thereof;

(B) in clause (ii)—

(i) by striking "and the State" and inserting "or the combined percentage of such children counted by the Secretary for the purpose of making fiscal year 1994 allocations under this section and under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965, as in effect the day before the date of the enactment of the Improving America's Schools Act of 1994, whichever is greater, if the State"; and

(ii) by striking out the semicolon and "and" at the end thereof and inserting in lieu thereof a period; and

(C) by striking out clause (iii).

(b) AMOUNT RECEIVED.—Section 611(b) of the IDEA is amended to read as follows:

"(b)(1) Notwithstanding subsections (a) and (g) of this section, no State shall receive an amount under this section for any of the fiscal years 1995 through 1999 that is less than the combined amount it received for fiscal year 1994 under—

"(A) this section; and

"(B) subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 as in effect the day before the date of the enactment of the Improving America's Schools Act of 1994, for children with disabilities aged three through 21.

"(2) If, for fiscal year 1998 or 1999, the number of children determined under subsection (a)(3) for any State is less than the total number of children with disabilities, aged three through 21, counted for such State's fiscal year 1994 grants under this section and under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965, as in effect the day before the date of the enactment of the Improving America's Schools Act of 1994, the amount determined under paragraph (1) for such State shall be reduced by the same percentage by which the number of such children so declined.

"(3) In any fiscal year in which the amount appropriated for grants under this section is less, in real dollar terms, than the amount appropriated in the immediate preceding fiscal year, the amount for each State under this subsection will be reduced proportionately.".

(c) USES OF FUNDS.—Section 611(c) of the IDEA is amended—

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

"(1) Of the funds received under subsection (a) by any State for any fiscal year—

"(A) the State may use up to 25 percent in accordance with paragraph (2); and

"(B) except as provided in paragraph (4), the State shall distribute at least 75 percent to local educational agencies and intermediate educational units, in accordance with subsection (d), for use in accordance with priorities established under section 612(3).";

(2) in paragraph (2), by amending subparagraph (A) to read as follows:

"(A) From the funds that any State may use under paragraph (1)(A) for any fiscal year, the State—

"(i) may use 5 percent of the funds received under this section or $450,000, whichever is greater, for administrative costs related to carrying out sections 612 and 613; and

"(ii) shall use the remainder—

"(I) to provide support services and direct services, subject to subparagraph (B), in accordance with priorities established under section 612(3); and

"(II) for the administrative costs of monitoring and complaint investigation, but only to the extent that such costs exceed the costs of administration incurred during fiscal year 1985.".

(d) STATE FUNDS.—Section 611(d) of the IDEA is amended to read as follows:

"(d)(1) From the total amount of funds available for any fiscal year under subsection (c)(1)(B), the State shall provide to each local educational agency or intermediate educational unit an amount that bears the same ratio to such total amount as the number of children, aged 3 through 21, determined under subsection (a)(3) for such agency or unit bears to the total number of such children determined for all such agencies and units that apply for such funds.

"(2)(A) To the extent necessary, the State—

"(i) shall use funds available under subsection (c)(2)(A)(ii) to ensure that each State-owned or State-operated school or program or State-supported school or program that received fiscal year 1994 funds under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 receives, from the combination of such funds and funds provided under paragraph (1), an amount equal to—

"(I) the number of children, aged 6 through 21, determined under subsection (a)(3) for such agency; multiplied by

"(II) the per-child amount provided under such subpart for fiscal year 1994; and

"(ii) may use such funds to ensure that each local educational agency that received fiscal year 1994 funds under such subpart for children who had transferred from a State-owned, State-operated, or State-supported school or program assisted under such subpart receives, from the combination of such funds and funds provided under paragraph (1), an amount for each such child, aged 3 through 21, determined under subsection (a)(3) for such agency, equal to the per-child amount the agency received under such subpart for fiscal year 1994.

"(B) For the purpose of subparagraph (A), the number of children determined under subsection (a)(3) for any State agency or local educational agency shall not exceed the number of children aged 3 through 21 for whom such agency received funds under such subpart for such fiscal year.

"(3) In any fiscal year in which the amount appropriated for grants under this section is less, in real dollar terms, than the amount appropriated in the preceding fiscal year, the amount for each State under this subsection will be reduced proportionately.".

(e) JURISDICTION.—Section 611(e)(1) of the IDEA is amended to read as follows:

"(1) The jurisdictions to which this subsection applies are Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and Palau (until the effective date of the Compact of Free Association with the Government of Palau).".

(f) POSSIBLE RATABLE REDUCTION.—Section 611(g) of the IDEA is amended to read as follows:

"(g)(1)(A) If the sums appropriated under subsection (h) for any fiscal year are not sufficient to pay in full the total of the amounts that all States are eligible to receive under subsection (a), each such amount shall be ratably reduced.

"(B) If additional funds become available for making such payments for any fiscal year, such reduced amounts shall be increased on the same basis as they were reduced.

"(C) Any State that receives any such additional funds shall distribute them in accordance with this section, except that any State that has used funds available under subsection (c)(2)(A)(ii) for the purposes described in subsection (d)(2) may—

"(i) deduct, from the amount that it would otherwise be required to make available to local educational agencies and intermediate educational units, the same amount of such additional funds as it so used; and

"(ii) use such funds in accordance with subsection (c)(2)(A)(ii).

"(2)(A) In any fiscal year for which payments have been reduced and additional funds have not been made available under paragraph (1) to pay in full the amounts for which all States are eligible under this section, each State educational agency shall fix dates by which each local educational agency or intermediate educational unit shall report to the State agency the amount of funds available to it under this section that it estimates it will expend.

"(B) The State educational agency shall, in accordance with this section, reallocate any funds that it determines will not be used during the period of availability by such local educational agencies and intermediate educational units, and by any such agency or unit to which such funds would be available if it applied for them under this part, to such local educational agencies and intermediate educational units that the State educational agency determines will need, and be able to use, additional funds to carry out approved programs.".

SEC. 312. TREATMENT OF CHAPTER 1 STATE AGENCIES.

Part B of the IDEA is further amended by inserting after section 614 the following new section:

"TREATMENT OF CHAPTER 1 STATE AGENCIES

"SEC. 614A. (a) For the purpose of making payments under sections 611 and 619 of this Act, any State agency that received funds for fiscal year 1994 under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 shall be treated as if it were a local educational agency.

"(b) The State educational agency shall ensure that each State agency that owns or operates or supports a program or school for children with disabilities with funds under this part—

"(1) provides each child with a disability in such school or program a free appropriate public education in accordance with this part, including the due process protections of section 615, as if it were a local educational agency; and

"(2) has on file with the State educational agency an application that meets the requirements of section 614 that the Secretary finds appropriate.

"(c) Section 611(c)(4) shall not apply with respect to a State agency that is eligible for a payment under this part by virtue of this section.".

SEC. 313. INFANTS AND TODDLERS WITH DISABILITIES.

(a) ALLOTMENTS.—Section 684(c) of the IDEA is amended—

(1) by redesignating paragraph (2) as paragraph (5); and

(2) by striking paragraph (1) and inserting paragraphs (1) through (4) to read as follows:

"(1) Except as provided in paragraphs (3) and (4), from the funds remaining for each fiscal year after the reservation and payments under subsections (a) and (b), the Secretary shall first allot to each State an amount that bears the same ratio to the amount of such remainder as the number of infants and toddlers in the State bears to the number of infants and toddlers in all States.

"(2) For fiscal year 1995 only, the Secretary shall allot $34,000,000 of the remaining funds de-

scribed in paragraph (1) among the States in proportion to the relative numbers of infants and toddlers who—

"(A) are counted on December 1, 1994; and

"(B) would have been eligible to be counted under section 1221(c)(1) of the Elementary and Secondary Education Act of 1965 as in effect before the enactment of the Improving America's Schools Act of 1994.

"(3) Except as provided in paragraph (4), no State shall receive an amount under this section for any fiscal year that is less than the greater of—

"(A) one-half of one percent of the remaining amount described in paragraph (1), not including any amounts allotted under paragraph (2); or

"(B) $500,000.

"(4)(A) No State shall receive an amount under this section for any of the fiscal years 1995 through 1999 that is less than the combined amount it received for fiscal year 1994 under—

"(i) this part; and

"(ii) subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 for children with disabilities from birth through age two.

"(B) If, for fiscal year 1998 or 1999, the number of infants and toddlers in any State, as determined under paragraph (1), is less than the number of infants and toddlers so determined for fiscal year 1994, the amount determined under subparagraph (A) for that State shall be reduced by the same percentage by which the number of those infants and toddlers so declined.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect beginning in fiscal year 1995.

PART B—EDUCATION FOR HOMELESS CHILDREN AND YOUTH

SEC. 320. AMENDMENTS TO TABLE OF CONTENTS.

Section 101 of the Stewart B. McKinney Homeless Assistance Act is amended by striking subtitles A and B of title VII and inserting the following:

"Subtitle A—Adult Education for the Homeless

"Sec. 701. State literacy initiatives

"Subtitle B—Education for Homeless Children and Youth

"Sec. 721. Statement of policy.

"Sec. 722. Grants for state and local activities for the education of homeless children and youth.

"Sec. 723. Local educational agency grants for the education of homeless children and youth.

"Sec. 724. Secretarial responsibilities.

"Sec. 725. Definitions.

"Sec. 726. Authorization of appropriations.".

SEC. 321. STATEMENT OF POLICY.

Subtitle A of title VII of the Stewart B. McKinney Homeless Assistance Act is amended to read as follows:

"Subtitle A—Adult Education for the Homeless

"SEC. 701. STATE LITERACY INITIATIVES.

"(a) GENERAL AUTHORITY.—(1) The Secretary of Education is authorized to make grants to State educational agencies to enable each such agency to implement, either directly or through contracts and grants, a program of literacy training and academic remediation for adult homeless individuals within the State, which program shall—

"(A) include outreach activities; and

"(B) be coordinated with other agencies or organizations, such as community-based organizations, nonprofit literacy-action organizations, and funding recipients under the Adult Education Act, title II of the Job Training Partnership Act, the Youth Fair Chance program under title IV of the Job Training Partnership Act, the Volunteers in Service to America program under the Domestic Volunteers Service Act, part C of this title, or the Job Opportunity and Basic Skills program under the Social Security Act.

"(2) The Secretary of Education shall, in awarding grants under this section, give special consideration to the estimates submitted in the application submitted under subsection (b) and make such awards in whatever amounts he or she determines would best serve the purposes of this section.

"(b) APPLICATION.—Each State educational agency desiring to receive a grant under this section shall submit to the Secretary of Education an application at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall include an estimate of the number of homeless individuals in the State and the number of such individuals expected to be served.

"(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out the adult literacy and academic remediation programs authorized by this section, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(d) DEFINITION.—As used in this section, the term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and Palau (until the effective date of the Compact of Free Association with the Government of Palau).".

SEC. 322. EDUCATION FOR HOMELESS CHILDREN AND YOUTH.

Subtitle B of title VII of the Stewart B. McKinney Homeless Assistance Act is amended to read as follows:

"Subtitle B—Education for Homeless Children and Youth

"SEC. 721. STATEMENT OF POLICY.

"It is the policy of the Congress that—

"(1) each State educational agency shall ensure that each child of a homeless individual and each homeless youth has equal access to the same free, appropriate public education, including a public preschool education, as provided to other children and youth;

"(2) in any State that has a compulsory residency requirement as a component of its compulsory school attendance laws or other laws, regulations, practices, or policies that may act as a barrier to the enrollment, attendance, or success in school of homeless children and youth, the State will review and undertake steps to revise such laws, regulations, practices, or policies to ensure that homeless children and youth are afforded the same free, appropriate public education as provided to other children and youth;

"(3) homelessness alone should not be sufficient reason to separate students from the mainstream school environment; and

"(4) homeless children and youth should have access to the education and other services that they need to ensure that they have an opportunity to meet the same challenging State performance standards to which all students are held.

"SEC. 722. GRANTS FOR STATE AND LOCAL ACTIVITIES FOR THE EDUCATION OF HOMELESS CHILDREN AND YOUTH.

"(a) GENERAL AUTHORITY.—The Secretary is, in accordance with the provisions of this section, authorized to make grants to States to carry out the activities described in subsections (d), (e), (f), and (g).

"(b) APPLICATION.—No State may receive a grant under this section unless the State educational agency submits an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

"(c) ALLOCATION AND RESERVATIONS.—(1) Subject to paragraph (2) and section 724(c), from the amounts appropriated for each fiscal year pursuant to section 726, the Secretary is authorized to allot to each State an amount that bears the same ratio to the amount appropriated in each such year as the amount allocated under section 1122 of the Elementary and Secondary Education Act of 1965 to the State in that year bears to the total amount allocated to all States, except that no State shall receive less than $100,000.

"(2)(A) The Secretary is authorized to reserve 0.1 percent of the amount appropriated for each fiscal year pursuant to section 726 to be allocated by the Secretary among the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and Palau (until the effective date of the Compact of Free Association with the Government of Palau), according to their respective need, as determined by the Secretary.

"(B)(i) The Secretary is authorized to transfer one percent of the amount appropriated for each fiscal year under section 726 to the Department of the Interior for programs for Indian students served by schools funded by the Secretary of the Interior, as determined under the Indian Self-Determination and Education Assistance Act, that are consistent with the purposes of this Act.

"(ii) The Secretary and the Secretary of the Interior shall enter into an agreement, consistent with the requirements of this part, for the distribution and use of these funds under terms that the Secretary determines best meet the purposes of the covered programs. Such agreement shall set forth the plans of the Secretary of the Interior for the use of the amounts transferred, including appropriate goals, objectives, and milestones.

"(3) As used in this subsection, the term 'State' shall not include the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or Palau.

"(d) ACTIVITIES.—Grants under this section shall be used—

"(1) to carry out the policies set forth in section 721 in the State;

"(2) to provide activities for, and services to, homeless children, including preschool-aged children, and homeless youth that enable such children and youth to enroll in, attend, and succeed in school, or, if appropriate, in preschool programs;

"(3) to establish or designate an Office of Coordinator of Education of Homeless Children and Youth in the State educational agency in accordance with subsection (f);

"(4) to prepare and carry out the State plan described in subsection (g); and

"(5) to develop and implement professional development programs for school personnel to heighten their awareness of, and capacity to respond to, specific problems in the education of homeless children and youth.

"(e) STATE AND LOCAL GRANTS.—(1)(A) Subject to subparagraph (B), if the amount allotted to the State educational agency for any fiscal year under this subtitle exceeds the amount such agency received for fiscal year 1990 under this subtitle, such agency shall provide grants to local educational agencies for purposes of section 723.

"(B) The State educational agency may reserve not more than the greater of five percent of the amount it receives under this subtitle for any fiscal year, or the amount such agency received under this subtitle for fiscal year 1990, to conduct activities under subsection (f) directly or through grants or contracts.

"(2) If the amount allotted to a State educational agency for any fiscal year under this

subtitle is less than the amount such agency received for fiscal year 1990 under this subtitle, such agency, at its discretion, may provide such grants or may conduct activities under subsection (f) directly or through grants or contracts.

"(f) FUNCTIONS OF THE OFFICE OF COORDINATOR.—The Coordinator of Education of Homeless Children and Youth established in each State shall—

"(1) estimate the number of homeless children and youth in the State and the number of such children and youth served with assistance provided under the grants under this subtitle;

"(2) gather, to the extent possible, reliable, valid, and comprehensive information on the nature and extent of the problems homeless children and youth have in gaining access to public preschool programs and to public elementary and secondary schools, the difficulties in identifying the special needs of such children and youth, any progress made by the State educational agency and local educational agencies in the State in addressing such problems and difficulties, and the success of the program under this subtitle in allowing homeless children and youth to enroll in, attend, and succeed in school;

"(3) develop and carry out the State plan described in subsection (g);

"(4) prepare and submit to the Secretary not later than October 1, 1997, and on October 1 of every third year thereafter, a report on the information gathered pursuant to paragraphs (1) and (2) and such additional information as the Secretary may require to carry out responsibilities under this subtitle;

"(5) facilitate coordination between the State educational agency, the State social services agency, and other agencies providing services to homeless children and youth and their families, including children who are preschool age; and

"(6) develop relationships and coordinate with other relevant education, child development, or preschool programs and providers of services to homeless children, homeless families, and runaway and homeless youth (including domestic violence agencies, shelter operators, transitional housing facilities, runaway and homeless youth centers, and transitional living programs for homeless youth), to improve the provision of comprehensive services to homeless children and youth and their families.

"(g) STATE PLAN.—(1) Each State shall submit to the Secretary a plan to provide for the education of homeless children and youth within the State, which plan shall describe how such children and youth are or will be given the opportunity to meet the same challenging State performance standards all students are expected to meet, shall describe the procedures the State educational agency will use to identify such children and youth in the State and to assess their special needs, and shall—

"(A) describe procedures for the prompt resolution of disputes regarding the educational placement of homeless children and youth;

"(B) describe programs for school personnel (including principals, attendance officers, teachers and enrollment personnel), to heighten the awareness of such personnel of the specific needs of runaway and homeless youth;

"(C) describe procedures that ensure that homeless children and youth who meet the relevant eligibility criteria are able to participate in Federal, State, or local food programs;

"(D) describe procedures that ensure that—

"(i) homeless children have equal access to the same public preschool programs, administered by the State agency, as provided to other children; and

"(ii) homeless children and youth who meet the relevant eligibility criteria are able to participate in Federal, State, or local before- and after-school care programs;

"(E) address problems set forth in the report provided to the Secretary under subsection (f)(4);

"(F) address other problems with respect to the education of homeless children and youth, including problems caused by—

"(i) transportation issues; and

"(ii) enrollment delays that are caused by—

"(I) immunization requirements;

"(II) residency requirements;

"(III) lack of birth certificates, school records, or other documentation; or

"(IV) guardianship issues;

"(G) demonstrate that the State and local educational agencies in the State have developed, and will review and revise, policies to remove barriers to the enrollment and retention of homeless children and youth in schools in the State; and

"(H) contain an assurance that the State educational agency and local educational agencies in the State will adopt policies and practices to ensure that homeless children and youth are not isolated or stigmatized.

"(2) Each plan adopted under this subsection shall also show how the State will ensure that local educational agencies in the State will comply with the requirements of paragraphs (3) through (9).

"(3)(A) The local educational agency that serves each homeless child and youth shall, according to the child's or youth's best interest, either—

"(i) continue the child's or youth's education in the school of origin—

"(I) for the remainder of the academic year; or

"(II) in any case in which a family becomes homeless between academic years, for the following academic year; or

"(ii) enroll the child or youth in any public school that nonhomeless students who live in the attendance area in which the child or youth is actually living are eligible to attend.

"(B) In determining the best interests of the child or youth under subparagraph (A), the local educational agency shall comply, to the extent possible, with the request made by a parent or guardian regarding school selection.

"(C) For purposes of this paragraph, the term 'school of origin' means the school that the child or youth attended when permanently housed, or the school in which the child or youth was last enrolled.

"(D) The choice regarding placement shall be made regardless of whether the child or youth lives with the homeless parents or has been temporarily placed elsewhere by the parents.

"(4) Each homeless child or youth shall be provided services comparable to services offered to other students in the school selected according to the provisions of paragraph (3), including—

"(A) transportation services;

"(B) educational services for which the child or youth meets the eligibility criteria, such as services provided under title I of the Elementary and Secondary Education Act of 1965 or similar State or local programs, educational programs for children with disabilities, and educational programs for students with limited-English proficiency;

"(C) programs in vocational education;

"(D) programs for gifted and talented students; and

"(E) school meals programs.

"(5) Any record ordinarily kept by the school, including immunization records, academic records, birth certificates, guardianship records, and evaluations for special services or programs, of each homeless child or youth shall be maintained—

"(A) so that the records are available, in a timely fashion, when a child or youth enters a new school district; and

"(B) in a manner consistent with section 438 of the General Education Provisions Act.

"(6) Each local educational agency serving homeless children and youth that receives assistance under this subtitle shall coordinate with local social services agencies and other agencies or programs providing services to such children or youth and their families, including services and programs funded under the Runaway and Homeless Youth Act.

"(7)(A) Each local educational agency in a State that receives a grant under this subtitle shall designate a homelessness liaison to ensure that—

"(i) homeless children and youth enroll and succeed in the schools of such agency; and

"(ii) homeless families, children, and youth receive educational services for which they are eligible, including preschool programs administered by the local educational agency, and referrals to health care services, dental services, mental health services, and other appropriate services.

"(B) State coordinators and local educational agencies shall inform school personnel, service providers, and advocates working with homeless families of the duties of the liaisons.

"(8) Each State and local educational agency shall review and revise any policies that may act as barriers to the enrollment of homeless children and youth in schools selected in accordance with paragraph (3). In reviewing and revising such policies, consideration shall be given to issues concerning transportation, immunization, residency, birth certificates, school records, and other documentation, and guardianship. Special attention shall be given to ensuring the enrollment and attendance of homeless children and youth who are not currently attending school.

"SEC. 723. LOCAL EDUCATIONAL AGENCY GRANTS FOR THE EDUCATION OF HOMELESS CHILDREN AND YOUTH.

"(a) GENERAL AUTHORITY.—(1) The State educational agency shall, in accordance with section 722(e) and with amounts made available to such agency under section 726, make grants to local educational agencies for the purpose of facilitating the enrollment, attendance, and success in school of homeless children and youth.

"(2) Unless otherwise specified, services under paragraph (1) may be provided through programs on school grounds or at other facilities. Where services are provided through programs to homeless students on school grounds, schools may provide services to other children and youth who are determined by the local educational agency to be at risk of failing in, or dropping out of, schools, on an incidental basis. To the maximum extent practicable, services shall be provided through existing programs and mechanisms that integrate homeless individuals with nonhomeless individuals.

"(3) Services provided under this section are not intended to replace the regular academic program and shall be designed to expand upon or improve services provided as part of the school's regular academic program.

"(b) APPLICATION.—A local educational agency that desires to receive a grant under this section shall submit an application to the State educational agency at such time, in such manner, and containing or accompanied by such information as the State educational agency may reasonably require according to guidelines issued by the Secretary. Each such application shall include—

"(1) a description of the services and programs for which assistance is sought and the problems to be addressed through the provision of such services and programs;

"(2) an assurance that the local educational agency's combined fiscal effort per student or the aggregate expenditures of that agency and

the State with respect to the provision of free public education by such agency for the preceding fiscal year was not less than 90 percent of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year;

''(3) an assurance that the applicant complies with, or will use requested funds to come into compliance with, paragraphs (3) through (9) of section 722(g); and

''(4) a description of policies and procedures that the agency will implement to ensure that activities carried out by the agency will not isolate or stigmatize homeless children and youth.

''(c) AWARDS.—(1) The State educational agency shall, in accordance with section 722(g) and with amounts made available to such agency under section 726, award grants under this section to local educational agencies submitting an application under subsection (b) on the basis of the need of such agencies.

''(2) In determining need under paragraph (1), the State educational agency may consider the number of homeless children and youth enrolled in preschool, elementary, and secondary schools within the area served by the agency, and shall consider the needs of such children and youth and the ability of the agency to meet such needs. Such agency may also consider—

''(A) the extent to which the proposed use of funds would facilitate the enrollment, retention, and educational success of homeless children and youth;

''(B) the extent to which the application reflects coordination with other local and State agencies that serve homeless children and youth, as well as the State plan required by section 722(g);

''(C) the extent to which the applicant exhibits in the application and in current practice a commitment to education for all homeless children and youth; and

''(D) such other criteria as the agency determines appropriate.

''(3) Grants awarded under this section shall be for terms not to exceed three years.

''(d) AUTHORIZED ACTIVITIES.—(1) A local educational agency may use funds awarded under this section for activities to carry out the purpose of this subtitle, including—

''(A) the provision of tutoring and accelerated instruction and enriched educational services that are linked to the achievement of the same challenging standards the State establishes for other children or youth;

''(B) the provision of expedited evaluations of the strengths and needs of homeless children and youth, including needs and eligibility for programs and services (such as educational programs for gifted and talented students, children with disabilities, and students with limited-English proficiency, services provided under title I of the Elementary and Secondary Education Act of 1965 or similar State or local programs, programs in vocational education, and school meals programs);

''(C) professional development and other activities for educators and other school personnel that is designed to heighten the understanding and sensitivity of such personnel to the needs of homeless children and youth, the rights of such children and youth under this Act, and the specific educational needs of runaway and homeless youth;

''(D) the provision of referral services to homeless children and youth for medical, dental, mental, and other health services;

''(E) the provision of assistance to defray the excess cost of transportation for students pursuant to sections 722(g)(4) or 722(g)(9), not otherwise provided through Federal, State, or local funding, where necessary to enable students to attend the school selected under section 722(g)(3);

''(F) the provision of developmentally appropriate early childhood education programs, not otherwise provided through Federal, State, or local funding, for preschool-aged children;

''(G) the provision of before- and after-school, mentoring, and summer programs for homeless children and youth in which a teacher or other qualified individual provides tutoring, homework assistance, and supervision of educational activities;

''(H) where necessary, the payment of fees and other costs associated with tracking, obtaining, and transferring records necessary to enroll homeless children and youth in school, including birth certificates, immunization records, academic records, guardianship records, and evaluations for special programs or services;

''(I) the provision of education and training to the parents of homeless children and youth about the rights of, and resources available to, such children and youth;

''(J) the development of coordination between schools and agencies providing services to homeless children and youth, including programs funded under the Runaway and Homeless Youth Act;

''(K) the provision of counseling (including violence prevention counseling), social work, and psychological services, and referrals for such services;

''(L) activities to address the particular needs of homeless children and youth that may arise from domestic violence;

''(M) the adaptation of space and purchase of supplies for nonschool facilities made available under subsection (a)(2) to provide services under this subsection;

''(N) the provision of school supplies; and

''(O) the provision of other extraordinary or emergency assistance needed to enable homeless children and youth to attend school.

''SEC. 724. SECRETARIAL RESPONSIBILITIES.

''(a) REVIEW OF PLANS.—In reviewing the State plans submitted by the State educational agencies under section 722(g), the Secretary shall use a peer review process and shall evaluate whether State laws, policies, and practices described in such plans adequately address the problems of homeless children and youth relating to access to education and placement as described in such plans.

''(b) TECHNICAL ASSISTANCE.—The Secretary shall provide support and technical assistance to the State educational agencies to assist such agencies to carry out their responsibilities under this subtitle.

''(c) EVALUATION AND DISSEMINATION.—The Secretary shall conduct evaluation and dissemination activities of programs designed to meet the educational needs of homeless elementary and secondary school students, and may use funds appropriated under section 726 to conduct such activities.

''(d) SUBMISSION AND DISTRIBUTION.—The Secretary shall require applications for grants under this subtitle to be submitted to the Secretary not later than the expiration of the 60-day period beginning on the date that funds are available for purposes of making such grants and shall make such grants not later than the expiration of the 120-day period beginning on such date.

''(e) DETERMINATION BY SECRETARY.—The Secretary, based on the information received from the States and information gathered by the Secretary under subsection (d), shall determine the extent to which State educational agencies are ensuring that each homeless child and homeless youth has access to a free appropriate public education as described in section 721(1).

''(f) REPORTS.—The Secretary shall prepare and submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate on the programs and activities authorized by this subtitle by December 31, 1997, and every third year thereafter.

''SEC. 725. DEFINITIONS.

''For the purpose of this subtitle, unless otherwise stated—

''(1) the term 'Secretary' means the Secretary of Education; and

''(2) the term 'State' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

''SEC. 726. AUTHORIZATION OF APPROPRIATIONS.

''For the purpose of carrying out this subtitle, there are authorized to be appropriate $30,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.''.

PART C—IMPACT AID STATUTES

SEC. 331. AMENDMENTS TO PUBLIC LAW 815.

(a) SECTION 2.—Section 2 of the Act of September 23, 1950 (Public Law 815, 81st Congress; 20 U.S.C. 632) is amended to read as follows:

''SEC. 2. PORTION OF APPROPRIATIONS AVAILABLE FOR PAYMENTS.

''For each fiscal year the Secretary shall distribute the funds appropriated in accordance with section 1 which shall be available for carrying out the provisions of sections 5, 9, 10, and 14. The funds provided under section 1 for the schools serving military dependents and Indian lands shall be divided equally between section 5 and section 14 of this Act. Funds provided under section 5 of this Act shall be divided equally between the priority categories of section 1(a)(1) and 1(a)(2) of this Act.''.

(b) SECTION 3.—Section 3 of such Act (20 U.S.C. 633) is amended to read as follows:

''SEC. 3. ESTABLISHMENT OF PRIORITIES.

''Applications for construction or modification projects provided for under this Act must be filed by June 30 of the fiscal year prior to the year in which funds are first requested. The Secretary shall use the following order of priority in approving applications under section 5 and funded in accordance with section 1(a)(1) and section 1(a)(2) of this Act. The priority of payment of application under section 1(a)(1) shall be based on the highest percentage of number of children in need of minimum school facilities. The priority of payment of applications under section 1(a)(2) shall be based on the highest percentage of federally connected students eligible for payment. The Secretary shall use the priorities stated in this section in approving applications in the event the funds appropriated under section 1 of this title and remaining available on any such date for payment to local educational agencies are less than the Federal share of the cost of the projects with respect to which applications have been filed prior to such date (and for which funds under section 1 have not already been obligated). Only applications meeting the conditions for approval under this Act (other than section 6(b)(2)(C)) shall be considered applications for purposes of the preceding sentence. Such order of priority shall provide that applications payments based upon increases in the number of children residing on, or residing with a parent employed on property which is party of a low-rent housing project assisted under the United States Housing Act of 1937 shall not be approved for any fiscal year until all other applications under paragraph (2) of subsection (a) of section 5 have been approved for the fiscal year.''.

(c) SECTION 5.—Section 5 of such Act (20 U.S.C. 635) is amended to read as follows:

''SEC. 5. LIMITATION ON TOTAL PAYMENTS TO ANY LOCAL EDUCATIONAL AGENCY.

''(a) Subject to the limitations in subsection (c) the total of the payments to a local educational agency under this Act may not exceed the sum of—

''(1) the estimated increase, since the base year, in the number of children determined with respect to such agency who live on Federal

property and have a parent who works on Federal property multiplied by 100 percent of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated; and

"(2) the estimated increase, since the base year, in the number of children determined with respect to such agency who have a parent who lives on or works on Federal property multiplied by 50 percent of such cost;

"(3) In computing for any local educational agency the number of children in an increase under paragraph (1) or (2), the estimated number of children described in such paragraph who will be in the membership of the schools of such agency at the close of the increase period shall be compared with the estimated number of such children in average daily membership of the schools of such agency during the base year. However, the base year average daily membership shall be adjusted to exclude the number of children that formed the basis for previous payments on applications approved 30 or more years prior to the close of the increased period for the current application.

"(b) If two of the paragraphs of subsection (a) apply to a child, the local educational agency shall elect which of such paragraphs shall apply to such child, except that, notwithstanding the election of a local educational agency to have paragraph (2) apply to a child instead of paragraph (1), the determination of the maximum amount for such agency under subsection (a) shall be made without regard to such election.

"(c) A local educational agency shall not be eligible to have any amount included in its maximum by reason of paragraphs (1), (2), and (3) of subsection (a) unless the increase in children referred to in such paragraph is at least 20, and in the case of paragraphs (1), (2), and (3) of subsection (a), is—

"(1) equal to at least 6 percent of the number of federally connected children who were in the average daily membership of the schools of such agency during the base year, or

"(2) at least 750,

whichever is the lesser.

"(d) Notwithstanding the provisions of subsection (c) of this section, whenever and to the extent that, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of the Act, the Secretary may waive or reduce the minimum number requirement or any percentage requirement or requirements in subsection (c).

"(e) In determining under this section the total of the payments which may be made to a local educational agency on the basis of any application, the total number of children counted for purposes of paragraph (1) or (2), as the case may be, of subsection (a) may not exceed—

"(1) the number of children whose membership at the close of the increase period for the application is compared with average daily membership in the base period for purposes of that paragraph, provided that the base year average daily membership does not include any children which formed the basis of payment in the applications approved 30 or more years ago, minus

"(2) the number of such children whose membership at the close of the increase period was compared with membership in the base year for purposes of such paragraph under the last previous application, provided the application was funded within the last 4 years, if any, of the agency on the basis of which any payments have been or may be made to that agency.".

(d) SECTION 6.—Section 6 of such Act (20 U.S.C. 636) is amended by adding at the end the following new subsection:

"(d) If the application has not been funded within the 3-year period, the local educational agency must recertify their need to have the application remain active.".

SEC. 332. REPEAL OF PUBLIC LAW 874.

The Act of September 30, 1950 (Public Law 874, 81st Congress; 20 U.S.C. 236 et seq.) is hereby repealed.

PART D—AMENDMENTS TO ADULT EDUCATION ACT

SEC. 335. AMENDMENTS TO ADULT EDUCATION ACT.

(a) Section 342(c)(11) of the Adult Education Act is amended by inserting "Even Start," after "1963,".

(b) Section 384(n) is amended by striking "and 1995" and inserting "1995, and 1996".

PART E—AMENDMENTS TO EDUCATION COUNCIL ACT OF 1991

SEC. 341. FINDINGS.

Section 201 of the Education Council Act of 1991 (hereafter in this Act referred to as the "Act") is amended—

(1) by amending paragraph (2) to read as follows:

"(2) the writing problem has been magnified by the rapidly changing student populations in the Nation's schools and the growing number of students who are at risk because of limited-English proficiency;";

(2) in paragraph (6)—

(A) by inserting "writing and reading are both fundamental to learning, yet writing has been historically neglected in the schools and colleges, and" before "most"; and

(B) by striking the comma before "have";

(3) by amending paragraph (10) to read as follows:

"(10) the National Writing Project has become a model for programs to improve teaching in such other fields as mathematics, science, history, literature, performing arts, and foreign languages;";

(4) by amending paragraph (15) to read as follows:

"(15) each year over 100,000 teachers voluntarily seek training in National Writing Project intensive summer institutes and workshops and school-year in-service programs through one of the 154 regional sites located in 45 States, the Commonwealth of Puerto Rico, and in 4 sites that serve United States teachers teaching in United States dependent and independent schools;";

(5) by striking paragraph (17);

(6) by redesignating paragraph (18) as paragraph (17);

(7) in paragraph (17) (as redesignated in paragraph (6)), by striking the period at the end thereof and inserting a semicolon; and

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

"(18) independent evaluation studies have found the National Writing Project to be highly cost effective compared to other professional development programs for teachers; and

"(19) during 1991, the first year of Federal support for the National Writing Project, the National Writing Project matched the $1,951,975 in Federal support with $9,485,504 in matching funds from State, local, and other sources.".

SEC. 342. NATIONAL WRITING PROJECT.

Section 202 of the Act is amended—

(1) in subsection (d)—

(A) in paragraph (3)—

(i) by striking the subparagraph designation "(A)"; and

(ii) by striking subparagraph (B); and

(B) by striking paragraph (4);

(2) in subsection (e)—

(A) in the matter preceding subparagraph (A) of paragraph (1), by striking "to enable" and inserting "to pay the Federal share of the cost of enabling"; and

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

"(4) FEDERAL SHARE.—For the purpose of this subsection the term 'Federal share' means, with respect to the costs of activities assisted under this subsection, 50 percent of such costs to the elementary or secondary school teacher.";

(3) by amending subsection (g) to read as follows:

"(g) EVALUATION.—

"(1) IN GENERAL.—The Secretary shall conduct an independent evaluation of the teacher training programs assisted under this section. Such evaluation shall specify the amount of funds expended by the National Writing Project and each contractor receiving assistance under this section. The results of such evaluation shall be made available to the appropriate committees of the Congress.

"(2) FUNDING LIMITATION.—The Secretary shall reserve not more than $150,000 from the total amount appropriated pursuant to the authority of subsection (i) for fiscal year 1994 and the 4 succeeding fiscal years to conduct the evaluation described in paragraph (1).";

(4) by amending subsection (h) to read as follows:

"(h) RESEARCH AND DEVELOPMENT ACTIVITIES.—

"(1) GRANTS AUTHORIZED.—From amounts appropriated pursuant to the authority of subsection (i)(2), the National Writing Project shall make grants to individuals and institutions of higher education that either have participated in a National Writing Project institute or are institutions designated as National Writing Project sites, to enable such individuals and institutions to conduct research activities involving the teaching of writing.

"(2) APPLICATION REVIEW.—The National Writing Project shall establish and operate a National Review Board that shall consist of—

"(A) leaders in the field of research in writing; and

"(B) such other individuals as the National Writing Project deems necessary.

"(3) DUTIES.—The National Review Board shall—

"(A) review all applications for assistance under this subsection; and

"(B) recommended applications for assistance under this subsection for funding by the National Writing Project.

"(4) JUNIOR RESEARCHER PRIORITY AND FUNDING RULE.—(A) In awarding grants pursuant to paragraph (1), the National Writing Project shall give priority to awarding such grants to junior researchers.

"(B) The National Writing Project shall award not less than 25 percent of the funds received pursuant to subsection (i)(2) to junior researchers.

"(5) AVAILABILITY OF FINDINGS.—The National Writing Project shall make available to the Secretary and to the network of National Writing Project sites the findings of the research conducted pursuant to the authority of paragraph (1)."; and

(5) in subsection (i)—

(A) in paragraph (1)—

(i) by striking "1991" and inserting "1994"; and

(ii) by striking "fiscal years 1992 and 1993" and inserting "each of the 4 succeeding fiscal years"; and

(B) by amending paragraph (2) to read as follows:

"(2) RESEARCH AND DEVELOPMENT.—In each fiscal year in which the amount appropriated pursuant to the authority of paragraph (1) equals or exceeds $10,000,000, there are authorized to be appropriated $500,000 to carry out the provisions of subsection (h).".

TITLE IV—NATIONAL EDUCATION STATISTICS

SEC. 401. SHORT TITLE.

This title may be cited as the "National Education Statistics Act of 1994".

SEC. 402. FINDINGS; PURPOSE; DEFINITIONS.

(a) FINDINGS.—The Congress finds that—

(1) a Department of Education was established in 1867 "for the purpose of collecting such statistics and facts as shall show the condition and progress of education in the several States and territories, and of diffusing such information respecting the organization and management of schools and school systems and methods of teaching as shall aid the people of the United States in the establishment and maintenance of efficient school systems, and otherwise promote the cause of education throughout the country";

(2) today, while the role of the current Department of Education is much broader, the National Center for Education Statistics within the Department's Office of Educational Research and Improvement continues to perform those crucial original purposes; and

(3) looking to the 21st century, the National Center for Education Statistics must be able to design and undertake, effectively and efficiently, statistical activities that will aid in reform of the Nation's educational systems.

(b) PURPOSE.—It is the purpose of this title to ensure the continuation of an effective mechanism for collecting and reporting statistics and information showing the condition and progress of education in the United States and other nations in order to promote and accelerate the improvement of American education.

(c) DEFINITIONS.—For the purpose of this title, the term—

(1) "Assistant Secretary" means the Assistant Secretary for Educational Research and Improvement, provided for under section 202(b)(1)(E) of the Department of Education Organization Act;

(2) "Department" means the Department of Education;

(3) "institution of higher education" has the same meaning given such term in section 1201 of the Higher Education Act of 1965;

(4) "local educational agency" has the same meaning given such term in section 9101(13) of the Elementary and Secondary Education Act of 1965;

(5) "Secretary" means the Secretary of Education;

(6) "State educational agency" has the same meaning given such term in section 9101(20) of the Elementary and Secondary Education Act of 1965; and

(7) "United States" and "State" mean—

(A) other than for the purpose of section 411, each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico; and

(B) for the purpose of section 411, mean the same as in subparagraph (A) and include Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau (until the effective date of the Compact of Free Association with the Government of Palau).

SEC. 403. NATIONAL CENTER FOR EDUCATION STATISTICS.

(a) ESTABLISHMENT.—There is established, within the Office of Educational Research and Improvement established under section 209 of the Department of Education Organization Act, a National Center for Education Statistics (the "Center").

(b) COMMISSIONER AND ASSOCIATE COMMISSIONERS.—(1) The Center shall be headed by a Commissioner of Education Statistics (the "Commissioner") who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall—

(A) have substantial knowledge of programs encompassed by the Center;

(B) be paid in accordance with section 5315 of title 5, United States Code; and

(C) serve for a term of 4 years, with the terms to expire every fourth June 21, beginning in 1995.

(2) The Commissioner may appoint such Associate Commissioners as the Commissioner determines are necessary and appropriate.

SEC. 404. DUTIES OF THE CENTER.

(a) DUTIES.—The duties of the Center are to collect, analyze, and disseminate statistics and other information related to education in the United States and in other nations, including—

(1) collecting, acquiring, compiling (where appropriate, on a State by State basis), and disseminating full and complete statistics on the condition and progress of education, at the preschool, elementary, secondary, and postsecondary levels in the United States, including data on—

(A) State and local school reform activities;

(B) student achievement and other educational outcomes at all levels of education;

(C) out of school youth and adults;

(D) teachers, administrators, counselors, and other educational personnel at all levels of education;

(E) the learning and teaching environment;

(F) financing and management of education; and

(G) the socioeconomic status of children;

(2) conducting and publishing reports and analyses of the meaning and significance of such statistics;

(3) conducting longitudinal studies, as well as regular and special surveys and data collections, necessary to report on the condition and progress of education;

(4) collecting, analyzing, cross-tabulating, and reporting, to the extent feasible, so as to provide information by gender, race, socioeconomic status, limited-English proficiency, and other population characteristics when such disaggregated information would facilitate educational and policy decisionmaking;

(5) assisting public and private educational agencies, organizations, and institutions in improving and automating statistical and data collection activities; and

(6) acquiring and disseminating data on educational activities and student achievement in the United States compared with foreign nations.

(b) TRAINING PROGRAM.—The Commissioner may establish a program to train employees of public and private educational agencies, organizations, and institutions in the use of the Center's standard statistical procedures and concepts and may establish a fellows program to appoint such employees as temporary fellows at the Center in order to assist the Center in carrying out its duties.

SEC. 405. PERFORMANCE OF DUTIES.

(a) IN GENERAL.—In carrying out the duties under this title, the Commissioner may enter into grants, contracts, and cooperative agreements.

(b) GATHERING INFORMATION.—(1) The Commissioner may use the statistical method known as sampling to carry out the purpose of this title.

(2) The Commissioner may, as the Commissioner considers appropriate, use information collected—

(A) from States, local educational agencies, public and private schools, preschools, institutions of higher education, libraries, administrators, teachers, students, the general public, and such other individuals, organizations, agencies, and institutions as the Commissioner may consider appropriate; and

(B) by other offices within the Department and by other Federal departments, agencies, and instrumentalities.

(3) The Commissioner may—

(A) enter into interagency agreements for the collection of statistics;

(B) arrange with an agency, organization, or institution for the collection of statistics; and

(C) assign employees of the Center to any such agency, organization, or institution to assist in such collection.

(4) In order to maximize the effectiveness of Federal efforts to serve the educational needs of children and youth, the Commissioner shall—

(A) provide technical assistance to Department offices that gather data for statistical purposes; and

(B) coordinate closely with other Department offices in the collection of data.

SEC. 406. REPORTS.

(a) REPORT ON THE CONDITION AND PROGRESS OF EDUCATION.—The Commissioner shall, no later than June 1 of each year, submit to the President and the Congress a statistical report regarding the condition and progress of education in the United States.

(b) STATISTICAL REPORTS.—The Commissioner shall issue regular statistical reports to the President and Congress on such education topics as the Commissioner determines to be appropriate.

(c) SPECIAL REPORTS.—The Commissioner may, whenever the Commissioner considers it appropriate, issue special reports on particular education topics.

SEC. 407. ADVISORY COUNCIL ON EDUCATION STATISTICS.

(a) ESTABLISHMENT.—There is established, within the Center, the Advisory Council on Education Statistics (referred to in this title as the "Council").

(b) MEMBERSHIP.—(1) The Council shall be composed of—

(A) 18 voting members who are users of education data and who are appointed by the Secretary on the basis of their experience and eminence within the field, of whom at least—

(i) 3 shall be practicing educators at the preschool, elementary, or secondary level;

(ii) 3 shall be education policymakers;

(iii) 3 shall be professional statisticians;

(iv) 3 shall be education researchers; and

(v) 3 shall be experts in educational measurement;

(B) 3 individuals representing the general public, appointed by the Secretary;

(C) the Director of the Census and the Commissioner of Labor Statistics, as voting, ex officio members; and

(D) the Assistant Secretary and the Commissioner, as nonvoting, ex officio members.

(2) The Commissioner shall appoint the presiding officer of the Council from among the voting members.

(3) Members of the Council appointed under paragraph (1)(A) shall be appointed for 3-year terms except that, in the case of initial appointments, the Secretary shall make appointments for shorter terms to the extent necessary to avoid the expiration of the terms of more than 6 members in the same calendar year.

(4)(A) The Council shall meet in public session at the call of the presiding officer, except that it shall meet—

(i) at least 2 times during each calendar year; and

(ii) in addition, whenever 10 voting members request in writing that the presiding officer call a meeting.

(B) 11 voting members of the Council shall constitute a quorum.

(5) The Council shall—

(A) review general policies for the operation of the Center and shall advise the Commissioner on standards to ensure that statistics and other information disseminated by the Center are of high quality and are not subject to partisan political influence;

(B) advise the Commissioner on matters related to the National Assessment of Education Progress, including—

(i) the development of student performance goals;

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(ii) assessment design and development;
(iii) analysis, reporting, and dissemination of data;
(iv) interstate, regional, and national comparisons of data; and
(v) recommendations for the improvement of such Assessment.
(6) The Council shall appoint a staff to enable the Council to carry out its duties.

SEC. 408. CONFIDENTIALITY.

(a) GENERAL.—(1)(A) The Center shall develop and enforce standards designed to protect the confidentiality of persons in the collection, reporting, and publication of data under this section.
(B) This section shall not be construed to protect the confidentiality of information about institutions, organizations, and agencies that receive grants from, or have contracts or cooperative agreements with, the Federal Government.
(2) No person may—
(A) use any individually identifiable information furnished under this title for any purpose other than a statistical purpose;
(B) make any publication whereby the data furnished by any particular person under this title can be identified; or
(C) permit anyone other than the individuals authorized by the Commissioner to examine the individual reports.
(b) ADMINISTRATION.—(1)(A) No department, bureau, agency, officer, or employee of the Government, except the Commissioner in carrying out the purposes of this title, shall require, for any reason, copies of reports that have been filed under this title with the Center or retained by any individual respondent.
(B) Copies of such reports that have been so filed or retained with the Center or any of its employees, contractors, or agents shall be immune from legal process, and shall not, without the consent of the individual concerned, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.
(C) This paragraph shall apply only to individually identifiable information (as defined in paragraph (5)(A)).
(2) Whoever, being or having been an employee or staff member of the Department, having taken or subscribed the oath of office, or having sworn to observe the limitations imposed by subsection (a)(2), knowingly publishes or communicates any individually identifiable information (as defined in paragraph (5)(A)), the disclosure of which is prohibited by subsection (a)(2), and that comes into such individual's possession by reason of employment (or otherwise providing services) under this title, shall be found guilty of a class E felony and imprisoned for not more than 5 years, or fined as specified in 18 U.S.C. 3571, or both.
(3) The Commissioner may utilize temporary staff, including employees of Federal, State, or local agencies or instrumentalities including local educational agencies, and employees of private organizations to assist the Center in performing its responsibilities, but only if such temporary staff are sworn to observe the limitations imposed by this section.
(4) No collection of information or data acquisition activity undertaken by the Center shall be subject to any review, coordination, or approval procedure except as required by the Director of the Office of Management and Budget under the rules and regulations established pursuant to chapter 35 of title 44, United States Code, except such collection of information or data acquisition activity may be subject to review or coordination if the Commissioner determines that such review or coordination would be beneficial.
(5) For the purposes of this section—
(A) the term "individually identifiable information" means any record, response form, completed survey, or aggregation thereof from which information about individuals may be revealed; and
(B) the term "report" means a response provided by or about an individual to an inquiry from the Center and does not include a statistical aggregation from which individually identifiable information cannot be revealed.
(6) This paragraph shall not apply to—
(A) the survey required by section 1303(c) of the Higher Education Amendments of 1986; or
(B) to any longitudinal study concerning access, choice, persistence progress, or attainment in postsecondary education.
(7) Any person who uses any data provided by the Center, in conjunction with any other information or technique, to identify any individual student, teacher, administrator, or other individual and who knowingly discloses, publishes, or uses for a purpose other than a statistical purpose, or who otherwise violates subsection (a)(2)(A) or (B), shall be found guilty of a class E felony and imprisoned for not more than 5 years, or fined as specified in section 3571 of title 18 of the United States Code, or both.
(8) Nothing in this section shall restrict the right of the Secretary, the Comptroller General of the United States, the Director of the Congressional Budget Office, and the Librarian of Congress to gain access to any reports or other records, including information identifying individuals, in the Center's possession, except that the same restrictions on disclosure that apply to the Center under subsection (b)(1) and (7) shall apply.

SEC. 409. DISSEMINATION.

(a) GENERAL REQUESTS.—(1) The Center may furnish transcripts or copies of tables and other statistical records and make special statistical compilations and surveys for State and local officials, public and private organizations, and individuals.
(2) The Center shall provide State and local educational agencies opportunities to suggest the development of particular compilations of statistics, surveys, and analyses that would assist such educational agencies.
(b) CONGRESSIONAL REQUESTS.—The Center shall furnish such special statistical compilations and surveys as the Congress may request.
(c) JOINT STATISTICAL PROJECTS.—The Secretary may engage in joint statistical projects related to the purposes of this Act or other statistical purposes authorized by law with nonprofit organizations or agencies, and the cost of such projects shall be shared equitably as determined by the Secretary.
(d) FEES.—(1) Statistical compilations and surveys under this section, other than those carried out pursuant to subsections (b) and (c), may be made subject to the payment of the actual or estimated cost of such work.
(2) All funds received in payment for work or services described in this paragraph shall be deposited in a separate account that may be used to pay directly the costs of such work or services, to repay appropriations that initially bore all or part of such costs, or to refund excess sums when necessary.
(e) ACCESS.—(1) The Center shall cooperate with other Federal agencies having a need for educational data in providing access to educational data received by the Center.
(2) The Center shall, in accordance with such terms and conditions as the Secretary may prescribe, provide all interested parties, including public and private agencies and individuals, direct access to data collected by the Center for the purposes of research and acquiring statistical information.

SEC. 410. COOPERATIVE EDUCATION STATISTICS SYSTEMS.

The Commissioner shall establish 1 or more national cooperative education statistics systems for the purpose of producing and maintaining, with the cooperation of the States, comparable and uniform information and data on elementary and secondary education, postsecondary education, and libraries that are useful for policymaking at the Federal, State, and local levels. In carrying out this section, the Commissioner may provide technical assistance and make grants and enter into contracts and cooperative agreements.

SEC. 411. NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS.

(a) ESTABLISHMENT.—The Commissioner shall, with the advice of the Council established by section 407, carry out, through grants, contracts, or cooperative agreements with 1 or more qualified organizations, or consortia thereof, a National Assessment of Educational Progress (the "National Assessment").
(b) PURPOSE; CONTENTS.—(1) The purpose of the National Assessment is to provide a fair and accurate presentation of educational achievement in reading, writing, and other subjects that are included in National Education Goal Three.
(2) The Commissioner, in carrying out the National Assessment, shall use sampling techniques that produce data that are representative on a national and regional basis and on a State basis pursuant to paragraph (3). In addition, the Commissioner shall—
(A) collect and report data on a periodic basis, but at least once every 2 years, on students at ages 9, 13, and 17 and in grades 4, 8, and 12 in public and private schools;
(B) report achievement data on a basis that ensures valid and reliable trend reporting;
(C) include information on special groups; and
(D) ensure that achievement data are made available on a timely basis following official reporting, in a manner that facilitates further analysis.
(3)(A)(i) The Commissioner, in carrying out the National Assessment, may conduct State assessments of student achievement in grades 4, 8, and 12.
(ii) Each such State assessment, in each subject area and at each grade level shall be conducted on a trial basis.
(B)(i) States wishing to participate in State assessments shall enter into an agreement with the Secretary pursuant to subsection (d)(2).
(ii) Such agreement shall contain information sufficient to give States full information about the process for consensus decisionmaking on objectives to be tested, and of the standards for sampling, test administration, test security, data collection, validation, and reporting.
(C) A participating State shall review and give permission for the release of results from any test of its students administered as a part of a State assessment prior to the release of such data. Refusal by a State to release its data shall not restrict the release of data from other States that have approved the release of such data.
(4) In carrying out the National Assessment, the Commissioner shall not collect any data that are not directly related to the appraisal of educational performance, achievement, and traditional demographic reporting variables, or to the fair and accurate presentation of such information.
(5) In carrying out the National Assessment, the Commissioner may provide technical assistance to States, localities, and other parties.
(c) ACCESS.—(1) Except as provided in paragraph (2), the public shall have access to all data, questions, and test instruments of the National Assessment.
(2)(A) The Commissioner shall ensure that all personally identifiable information about students, their educational performance, and their families, and that information with respect to

individual schools, remains confidential, in accordance with section 552a of title 5, United States Code.

(B) Notwithstanding any other provision of law, the Commissioner may decline to make available to the public for a period, not to exceed 10 years after initial use, cognitive questions that the Commissioner intends to reuse in the future.

(C)(i) The Commissioner may, upon the request of a State educational agency or a local educational agency, in a limited number of cases and on a trial basis, make National Assessment test instruments available for assessing aggregate student achievement at the local educational agency level.

(ii)(I) Participation by a local educational agency shall be voluntary.

(II) A State requesting the participation of a local educational agency must accompany this request with a statement of full written concurrence by such agency and that such agency is requesting to participate in the local assessment.

(iii) Before receiving such instruments, an agency shall provide the Commissioner with assurances that confidentiality and security requirements and testing protocols, prescribed by the Commissioner, will be complied with in the use of such instruments.

(d) PARTICIPATION.—(1) Participation in the national and regional assessments by State and local educational agencies shall be voluntary.

(2) Participation in assessments made on a State basis shall be voluntary. The Commissioner shall enter into an agreement with any State that desires to carry out an assessment for the State under this subsection. Each such agreement shall contain provisions designed to ensure that the State will—

(A) participate in the assessment; and

(B) pay from non-Federal sources the non-Federal share of participation.

(3)(A) For each fiscal year, the non-Federal share for the purpose of paragraph (2)(B) shall be—

(i) the cost of conducting the assessment at the school level for all public schools in the State sample, including the analysis and reporting of the data;

(ii) the cost of coordination within the State; and

(iii) other reasonable costs specified by the Secretary in the agreement described in paragraph (2).

(B) The non-Federal share of payments under this paragraph may be in cash or in kind, fairly valued.

(C) The agreement described in paragraph (2) shall describe the manner in which, the costs of administering the assessment to private nonprofit schools included in the State sample may be met.

(4) The implementation of subparagraph (C) of paragraph (2) of subsection (d) shall involve no cost to the Federal Government.

(e) STUDENT PERFORMANCE GOALS.—(1) The Commissioner shall establish appropriate student performance goals for each age and grade in each subject area to be tested under the National Assessment.

(2) The Commissioner, with the advice of the Council, shall establish rigorous standards for the evaluation of such goals.

(3) Such goals shall be—

(A) devised through a national consensus approach, providing for active participation of teachers, curriculum specialists, local school administrators, parents, and concerned members of the general public;

(B) used on a trial basis until the Commissioner determines, through an evaluation under subsection (f), that such goals meet the standards under paragraph (2) and are reasonable, valid, and informative to the public; and

(C) updated as appropriate.

(f) REVIEW OF NATIONAL AND STATE ASSESSMENTS.—(1) The Commissioner shall provide for continuing reviews by the National Academy of Education or the National Academy of Sciences of the National Assessment, State assessments, local educational agency assessments, and student performance goals. Such reviews shall address whether each trial state assessment is properly administered, produces high quality data that is valid and reliable, produces data on student achievement that is not otherwise available to the State exclusive of data comparing participating States to each other and the Nation, and is a cost-effective method of producing the data. The Commissioner shall also carry out evaluation studies by the Center and solicitation of public comment on the conduct and usefulness of the National Assessment. The Commissioner shall report to the Congress, the President, and the Nation on the findings and recommendations of such reviews.

(2) The Commissioner shall consider the findings and recommendations in designing the competition to select the organization, or organizations, through which the Office carries out the National Assessment.

(g) COVERAGE AGREEMENTS.—(1) The Secretary and the Secretary of Defense may enter into an agreement, including such terms as are mutually satisfactory, to include in the National Assessment the defense dependents education system established under the Defense Dependents' Education Act of 1978.

(2) The Secretary and the Secretary of the Interior may enter into an agreement, including such terms as are mutually satisfactory, to include in the National Assessment schools for Indian children operated or supported by the Bureau of Indian Affairs.

SEC. 412. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this title, $103,200,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

TITLE V—MISCELLANEOUS

SEC. 501. STUDY OF FEDERAL EFFORTS TO ASSIST IN SCHOOL REFORM.

(a)(1) In addition to the national assessment conducted pursuant to title I of the Elementary and Secondary Education Act as amended by this Act, the Secretary of Education shall conduct a comprehensive study of how the Federal Government has assisted the States to reform their educational systems through the various education laws enacted during the 103d Congress.

(2) Such study shall encompass the changes made in Federal programs pursuant to this Act as well as in any other law enacted during this Congress amending a Federal program assisting pre-elementary, elementary, or secondary education. In addition, such study shall encompass new initiatives enacted into law, such as the Goals 2000: Educate America Act, and the School-to-Work Opportunities Act.

(b)(1) This study shall include a comprehensive review of these laws and programs to determine their overall effect on—

(A) the readiness of children for schooling,

(B) the improvement in educational attainment of students in elementary and secondary education, and

(C) the improvement in skills needed by students to obtain employment upon completion of high school or further education.

(2) This study shall also include a comprehensive review of these programs to determine their overall effect—

(A) on school reform efforts undertaken by States,

(B) on efforts by States to adopt educational standards to improve schooling for all children, to align their curricula, teacher training, and assessments to such standards, and to bring flexibility to the rules governing how education is to be provided, and

(C) on student populations who have been the traditional beneficiaries of Federal assistance to determine whether their educational attainment has been improved through these changes.

(3) This study shall also evaluate how the National Assessment Governing Board, the Advisory Council on Education Statistics, the National Education Goals Panel, the National Education Statistics and Improvement Council and any other Board established to analyze, address, or approve standards and assessments coordinates, interacts, and/or duplicates efforts to assist the States to reform their educational systems.

(4) This study shall also include a review of these laws and programs in such detail as the Secretary deems appropriate and may involve cooperation with other Federal departments and agencies in order to incorporate their evaluations and recommendations.

(c)(1) The Secretary shall appoint an independent panel to review the plan for this study, to advise on its progress, and to comment, if it so wishes, on the final report.

(2) The Secretary shall submit this report by January 1, 1998, to the Committee on Education and Labor of the United States House of Representatives and to the Committee on Labor and Human Resources.

SEC. 502. BUDGET COMPLIANCE.

Any authority to make payments pursuant to the amendments made by this Act shall be effective only to the extent provided in appropriation Acts.

AMENDMENT OFFERED BY MR. DURBIN

Mr. DURBIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DURBIN:

—Page 439, strike lines 1 through 17 and insert the following:

"(1) The term 'drug and violence prevention' means—

"(A) with respect to drugs, prevention, early intervention, rehabilitation referral, or education related to the illegal use of alcohol, the use of tobacco and the use of controlled, illegal, additive, or harmful substances, including inhalants and anabolic steroids; and

"(B) with respect to violence, the promotion of school safety, such that students and school personnel are free from violent and disruptive acts, including sexual harassment on school premises, going to and from school, and at school-sponsored activities, through the creation and maintenance of a school environment that is free from weapons and fosters individual responsibility and respect for the rights of others.

Page 762, after line 8, insert the following:

"SEC. 9506. NONSMOKING POLICY.

"(a) GENERAL RULE.—Each person who receives Federal funds under this Act and provides services to elementary and secondary school students pursuant to this Act shall, in providing such services, establish and make a good-faith effort to enforce a nonsmoking policy that, except as provided in subsection (b)—

"(1) prohibits smoking in each indoor portion of a facility used in connection with the provision of such services; and

"(2) where appropriate, requires that signs be posted to communicate the nonsmoking policy.

"(b) PERMISSIBLE FEATURES.—(1) The nonsmoking policy described in subsection (a)

may permit smoking in specially designated areas of a facility if—

"(A) services are not normally provided directly to children in the designated areas; and

"(B) the designated areas are ventilated separately from areas of the facility in which such services are normally provided directly to children to ensure that air from the designated areas is directly exhausted to the outside and does not recirculate or drift to other areas within the facility.

"(2) Nothing in this subsection shall be construed to require the establishment of a designated smoking area.

"(c) CIVIL PENALTY.—

"(1) Any person subject to the requirements of this section who fails to comply with such requirements shall be liable to the United States for a civil penalty in an amount not to exceed $1,000 for each violation, but in no case shall the amount be in excess of the amount of the Federal funds received by the person for the provision of elementary and secondary educational services for the fiscal year in which the violation occurred. Each day a violation continues shall constitute a separate violation.

"(2) A civil penalty for a violation of this section shall be assessed by the Secretary to the person by an order made on the record after opportunity for a hearing in accordance with section 554 of title 5, United States Code. Before issuing the order, the Secretary shall—

(A) give written notice to the person to be assessed a civil penalty under the order of the proposal to issue the order; and

"(B) provide the person an opportunity to request, not later than 15 days after the date of receipt of the notice, a hearing on the order.

"(3) In determining the amount of a civil penalty under this subsection, the Secretary shall take into account the nature, circumstances, extent, and gravity of the violation, the ability of the violator to pay, any prior history of the same kind of violation, the degree of culpability of the violator, a demonstration by the violator of willingness to comply with the requirements of this section, and such other matters as justice may require.

"(4) The Secretary may compromise, modify, or remit, with or without conditions, any civil penalty that may be imposed under this subsection. The amount of the penalty as finally determined or agreed upon in compromise may be deducted from any sums that the United States owes to the person against whom the penalty is assessed.

"(5) A person who has requested a hearing concerning the assessment of a penalty pursuant to paragraph (2) and is aggrieved by an order assessing a civil penalty may file a petition for judicial review of the order with the United States Court of Appeals for the District of Columbia Circuit or for any other circuit in which the person resides or transacts business. The petition may only be filed during the 30-day period beginning on the date of issuance of the order making the assessment.

"(6) If a person fails to pay an assessment of a civil penalty—

"(A) after the order making the assessment has become a final order and without filing a petition for judicial review in accordance with paragraph (5); or

"(B) after a court has entered a final judgment in favor of the Secretary, the Attorney General shall recover the amount assessed (plus interest at currently prevailing rates from the last day of the 30-day period referred to in paragraph (5) or the date of the final judgment, as the case may be) in an action brought in an appropriate district court of the United States. In the action, the validity, amount, and appropriateness of the penalty shall not be subject to review.

"(d) EFFECTIVE DATE.—

"(1) IN GENERAL.—This section shall take effect on the date which is 180 days after the date of enactment of the Improving America's Schools Act of 1994, except as provided in paragraph (2).

"(2) COLLECTIVE BARGAINING AGREEMENTS.—

"(A) In the case of a person described in subsection (a) who employs individuals who are members of a labor organization and provide elementary or secondary educational services pursuant to a collective bargaining agreement that—

"(i) took effect before the date of enactment of the Improving America's Schools Act of 1994, and

"(ii) includes provisions relating to smoking privileges that are in violation of this section;

this section shall take effect on the date that is 180 days after the date of enactment of the Improving America's Schools Act of 1994 or the date specified in subparagraph (B), whichever is later.

"(B) The date specified in this subparagraph is the earlier of—

"(i) the first expiration date (after the date of enactment of the Improving America's Schools Act of 1994) of the collective bargaining agreement containing the provisions relating to smoking privileges, or

"(ii) the date that is 1 year after the date of enactment of the Improving America's Schools Act of 1994.

"(e) PREEMPTION.—Nothing in this section shall preempt or otherwise affect any provision of law of a State or political subdivision of a State that is as restrictive or more restrictive than a provision of this section.

Mr. DURBIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. DURBIN. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, we have read the gentleman's amendment, and we accept his amendment.

Mr. KILDEE. Mr. Chairman, will the gentleman yield?

Mr. DURBIN. I yield to the gentleman from Michigan.

Mr. KILDEE. Mr. Chairman, I accept the amendment.

Mr. DURBIN. Mr. Chairman, let me say very briefly, I want to thank the gentleman from Pennsylvania and the gentleman from Michigan for accepting this amendment.

This amendment establishes smoke-free schools across America. It is consistent but slightly different than the Goals 2000 legislation.

Mr. Chairman, scientific evidence is mounting that secondhand smoke breathed by nonsmokers is a dangerous and toxic environmental pollutant. According to the American Medical Association, environmental tobacco smoke is the third leading cause of early death in the United States.

Children suffer the most from the effects of secondhand smoke. The Environmental Protection Agency [EPA] estimates that, each year, smoke from tobacco causes 150,000 to 300,000 cases of bronchitis and pneumonia in children under 18 months of age. More than a million children suffer from asthma attacks triggered by cigarettes.

We must protect our children from the harmful effects of secondhand smoke by supporting the Durbin amendment. This legislation would restrict smoking in public schools across the country, except in separately ventilated areas. In my own district, Montgomery County, MD, the schools are already smoke free. I believe that children in all programs receiving ESEA funds should receive the same protection as the students in Montgomery County, MD, enjoy.

There is a long list of actions that already have been taken to protect children and adults from the ill effects of environmental tobacco smoke:

McDonald's made the front page of major newspapers recently by banning smoking in their company-owned restaurants.

Pentagon officials have announced that smoking will not be permitted in the military workplace. This action affects more than 2½ million uniformed and civilian personnel all over the world.

Many Federal agencies have banned smoking in their buildings, including Health and Human Services, the Environmental Protection Agency, and the Office of Personnel Management.

The State of Maryland wants to ban smoking in the workplaces throughout the State.

If Federal agencies, businesses, and local and State governments are taking steps to protect Americans from the harmful effects of secondhand smoke, how can we in Congress do less?

I urge my colleagues to support a very sensible approach to protecting our children from secondhand smoke as proposed in the amendment by Mr. DURBIN. "The Durbin amendment requires recipients of Federal funds for elementary and secondary educational services to establish and make a good-faith effort to enforce a nonsmoking policy that prohibits smoking in each indoor portion of a facility used in connection with the provision of educational services." However, smoking is permitted in designated areas that meet two criteria. These areas must be separately ventilated, and they must be areas where services are not normally provided directly to children.

Local educational agencies that fail to abide by this amendment would be subject to civil penalties. No Federal funds would be taken away from those agencies and ESEA services to children would not be affected. The amendment also addresses concerns that unions may have, especially if they have collective bargaining contracts that include smoking privileges. Unions would have 1 year to negotiate contract revisions to comply with the law.

Mr. Chairman, secondhand smoke kills 3,000 people each year from lung cancer. Thousands of children develop respiratory diseases from secondhand smoke, which triggers

asthma attacks in as many as a million children. The least that we, in Congress, can do is to provide our youth with an unpolluted, smokefree environment in school. I urge my colleagues to vote in favor of the Durbin amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DURBIN].

The amendment was agreed to.

□ 1800

AMENDMENT OFFERED BY MR. MILLER OF FLORIDA

Mr. MILLER of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Florida: Beginning on page 768, strike line 22 and all that follows through line 7 on page 776 (and redesignate the subsequent parts accordingly).

The CHAIRMAN. Pursuant to the order of the Committee of the Whole of earlier today, debate on this amendment and all amendments thereto will be limited to 30 minutes. The gentleman from Florida [Mr. MILLER] will be recognized for 15 minutes, and a Member opposed will be recognized for 15 minutes.

The Chair recognizes the gentleman from Florida [Mr. MILLER].

Mr. MILLER of Florida. Mr. Chairman, my amendment would eliminate $200 million in new spending from H.R. 6, intended to provide funding for low-interest direct loans for the construction of school facilities. This funding was not requested by President Clinton in his 1995 budget. It is a new, unwanted program put into H.R. 6 by the committee at the last minute, without even being considered by the Subcommittee on Elementary and Secondary Education.

This $200 million program is another provision buried in H.R. 6 that represents unnecessary and wasteful spending that will not contribute to better education.

This Congress loves to create new programs, but leave questions of financing for later. It is particularly hard to argue against spending new money on education without looking like a bad guy. We can all agree that real solutions to many of the problems facing this country are dependent on improving our country's education system.

I question our rationale, however, for dumping more and more Federal money on the problem as a real solution. I think it may be more of a political cop-out. The problem is not that the Federal Government spends too little but that we spend with too little thought. As a nation, we are already spending more on the education of our children than our competitors.

My amendment would delete a new program that would allow local educating agencies to receive loans from the Federal Government at an interest rate that is 1.25 percentage points lower than what the Federal Treasury borrows at. Sounds great. Or does it?

One possible result of these federally subsidized loans would be to discourage the normal process of raising money for planned construction at the local level. Instead, some local school officials may decide to come to Washington to lobby the powers that be in Congress. That, in and of itself, would create a misallocation of scarce school dollars.

And what will they find when they get here? Too few dollars to fund any number of potentially important school construction projects. Look at the funding for this program: $200 million in budget authority in fiscal year 1995, to be divided between over 15,000 school districts.

It is not even clear that these federally subsidized loans would provide a greater benefit to local schools. Currently, most local school districts finance new school construction through tax-exempt municipal bonds. According to the Congressional Research Service, local school districts "are likely to find that this subsidized taxable borrowing is not efficient." Even at 1.25 percentage points below Treasury bonds, municipal bonds may still offer a lower rate. And, then, the idea of 50-year loans is absurd. I have never heard of a 50-year loan.

Plain and simply that is irresponsible spending.

And, of course, every Federal dollar comes with strings attached, and congressional meddling into local school decisions. One example: New requirements, similar to Davis-Bacon mandates on Federal construction projects, that will set a prevailing wage on school building plans financed with this new Federal loan program. The end result would be higher labor costs that would increase the costs of the project dramatically.

Mr. Chairman, a significant majority of this Congress recently voted in favor of the balanced budget amendment to the Constitution; unfortunately, not the two-thirds required for final passage. We may remain unwilling to admit it, but the fact remains: the Federal Government cannot even come close to meeting its current spending obligations. As important as education is, we cannot keep borrowing and going into debt. With major health care and crime legislation before us this year, we must set priorities.

We love to talk about deficit reduction, but here is where the tough choices are actually made. If you are serious about balancing the budget—and if you voted for the balanced budget amendment, as I did—you will vote to trim this new program from H.R. 6.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. Does the gentleman from Michigan [Mr. KILDEE] rise in opposition to the amendment?

Mr. KILDEE. Yes, Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Michigan [Mr. KILDEE] is recognized for 15 minutes.

Mr. KILDEE. I yield such time as he may consume to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, I hope that the Members would reject this amendment. This is an attempt to try to deal with a situation that occurs throughout our Nation, and that is that many, many of our schools are in very inadequate condition, for safety and health reasons, to educate our children. They are also among some of the poorest districts which are not able to put together the financing to take care of either the major renovation of those schools and/or the rebuilding of those schools. This would allow those school districts that cannot float bonds to acquire money for the purposes of renovation. We can no longer continue to accept in this country that poor children must go to poor schools. We have to change that learning environment. This $200 million would allow us to potentially leverage about $1 billion in school construction funds. This is very similar to a program that we now have in the Higher Education Act to provide for programs in higher education facilities.

Mr. Chairman, I would hope we would reject this amendment. This is a well-thought-out amendment. It means a great deal to poorer school districts throughout the entire country. I would hope that we would accept this and understand that this has a great potential to help many of our poorer school districts to put in new facilities that are necessary for the modernization of schools and to meet the demands of new technology.

Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. GOODLING].

Mr. GOODLING. Mr. Chairman, I rise in support of the amendment. The gentleman from Pennsylvania is correct, there has been very little emphasis on this amendment, very little study, no hearings, and I have to say that contrary to what we just heard, it really does not give all poor school districts in the country an equal opportunity.

As it is written, Mr. Chairman, the amendment would only allow Federal loans to school districts which receive concentration grants. Let me tell the Members, in my district I have a very, very poor school district, but because of the county situation, which we are correcting down the line, they do not receive concentration grants.

There are also many rural school districts that are quite poor that cannot receive concentration grants. Therefore, they do not qualify for this program.

Of course, Mr. Chairman, as mentioned by the gentleman from Florida

[Mr. MILLER], school districts have 50 years to repay. If they do anything about infrastructure, they are going to discover that their loans and the costs of the loans are far greater than this, so we would be treating education differently than anything else. I think the gentleman from Florida [Mr. MILLER] has a good amendment, and I support that amendment.

Mr. KILDEE. Mr. Chairman, I yield 3 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, all of us have come to the point where we would rather take turns coming to the floor here and objecting to earmarking facilities in appropriation bills. We have become adamant, many of us in this House, that earmarking is the wrong way to provide needed facilities. I am calling it earmarking. America calls it pork.

We could spend hours, if we had more than just a few minutes, reading to each other our own words about earmarking and pork. This bill, Mr. Chairman, has in it for the first time an established way for the Congress to simply authorize renovation and construction of new facilities, and do it in a way that we do not earmark them, that we no longer will do that.

We cannot have it both ways. We cannot be against pork and then be against a process which the gentleman from California has put in this bill, and the gentleman from Florida would take out, a process which just establishes an institutional way to get on with the business of upgrading existing education facilities and building new ones.

If we want to continue to force Members to come to the floor and earmark projects, which is the wrong way to do it, then vote yes on the gentleman's amendment. If Members would rather take the pork out of it and have a legitimate authorization process go forward, that avoids the politics of getting enough votes to get one's own pork for their own district, then vote no on the gentleman's amendment and keep the language in the bill the way it is.

Finally, let me say this. There is an enormous national need for renovation of existing school facilities and for new school facilities. The condition of America's educational facilities in city after city after city in this country is a national disgrace.

□ 1810

Some facilities do not even have adequate lavatories. Many facilities have no science laboratories. The roofs are caving in. I was in a school the other day in a city in Montana that could have been a school that went through the earthquake in Los Angeles.

But should I come to the floor of the House and insist that I earmark, and as some would say pork money for a facility? No, let us take PAT WILLIAMS and the others out of it. Let us not have us earmarking and porking. Let us simply have a legitimate process of authorization which we now have in the bill.

I urge my colleagues to reject the gentleman's amendment by voting no.

Mr. MILLER of Florida. Mr. Chairman, I want to say I am not opposing the way money is allocated. I am opposed to the entire program. It is a totally new program of $200 million of funding. We have already taken a bill and a program that was $900 million when President Clinton introduced it which is now $2 billion higher, and now we have to start cutting our spending. I am not opposed to building schools. It is being done very effectively at the local level.

Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. BOEHNER].

Mr. BOEHNER. Mr. Chairman, I thank my colleague for yielding the time and I rise in support of this amendment.

The Federal Government in Washington, DC, is now going to accept the responsibility to build schools in America. The gentleman from Florida [Mr. MILLER] and I have been offering a series of amendments throughout this bill because we believe a number of programs were added in committee that were not requested by the President, that were not wanted by the Department of Education, but were wanted by Members of Congress. And this is another example of another program added to this bill that dilutes the focus of what we are trying to do by helping disadvantaged students around this country.

We would all like to have all of the money possible to do all of the great things that we want to do. But we do not have unlimited resources. We have scarce resources. As a result, I think we have a responsibility to focus our help where it is most needed.

Every district in America has schools that are falling apart. I would be the first one to admit that. The gentleman from Colorado made a great plea about a school in Montana, and I would suggest under the language of this amendment that there is not one school district in Montana that would ever qualify under the amendment that we have before us.

But let us get back to the focus of this. The Federal Government has no responsibility to build schools in America. That responsibility belongs to States and local communities and it ought to stay there.

Second, I would point out, 50 years, we are going to allow school districts 50 years which they get to pay back. In 50 years the buildings will not be there, which prompts the question: Is this a loan program, or let us be honest and call it what it is, a grant program, because the districts that would qualify under this amendment are districts that cannot afford the buildings, frankly. Let us be honest. They are never going to be able to afford to pay them back.

The last point I would make is a provision in this amendment that would require the construction of these schools to be done under Davis-Bacon. For all of us in this Chamber, we understand that Davis-Bacon laws are going to add 15 percent to 20 percent to the cost of construction. We are going to further burden local districts by requiring them to build these buildings under the Davis-Bacon Act, and it is totally unnecessary.

So with all due respect to the authors of the amendment, I believe that the gentleman from Florida has a very good amendment. We ought to strike this language and save this $200 million authorization, and keep that focus back in on title I and chapter 2 where we would like to have it.

Mr. KILDEE. Mr. Chairman, before yielding to the gentleman from Texas, I would like to say that in my capacity as chairman of this subcommittee, I have visited schools throughout this country and I have seen school buildings in which a Federal judge would not let us house prisoners. As a matter of fact, in my home county where I was born and raised, Genesee County, Michigan, the Federal judge ordered the closing of the county jail, and that county jail was in much better condition than some schools I have seen in this country.

Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. GENE GREEN].

Mr. GENE GREEN of Texas. Mr. Chairman, I rise in opposition to the Miller amendment to H.R. 6. The chairman of the subcommittee pointed out that but for the problems with getting amendments up here on the floor on the crime bill, we are willing to spend billions of dollars to build prisons and help States build prisons. I think it is time we started spending some of that money to build schools, because we know that we cannot build our way out of the crisis, and maybe if we build a few more schools we will not have to build prisons next year.

But this amendment would eliminate title XI in the bill which provides direct loans for the rehabilitation and the building of facilities. Some of the Nation's schools are in a complete state of disrepair, and this program will set us in the right direction in addressing the incredible needs for better school facilities. If we listen to the opposition, they are going to tell us we should not be doing this, they would not want us to provide funding at all, and even this small amount, $200 million all over the country, will not help everyone. But it will get leverage.

Research indicates that the total dollar amount needed to address school fa-

cilities is $13 billion nationwide. This modest amount of $200 million in direct loans to school districts for constructing these new facilities will address some of that shortcoming with what both the local schools and school districts and the States are doing.

In Texas we have been involved in a school finance controversy for over 20 years, and it is interesting to note that part of the current school court order for our schools includes a requirement that school facilities be addressed. School facilities are a vital part of the component, as much a part as the school books and as much a part as the teachers, and to say we should not help with facilities in the Federal Government is like putting our heads in the sand.

I urge my colleagues to vote against the Miller Florida amendment and give our schools some assistance to provide our Nation's school children the education they deserve. This will not solve all of the facility problems, but it will be leverage, and it will help.

Again, I urge a "no" vote.

Mr. KILDEE. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. ANDREWS].

Mr. ANDREWS of New Jersey. Mr. Chairman, I thank the gentleman from Michigan for yielding me the time. I rise to oppose the amendment of the gentleman from Florida.

The gentleman from Florida has made an eloquent and convincing case that we should not create a $200 million a year Federal school construction program. He has made a convincing case as to why the Federal Government should no meddle in the affairs of school construction. He has made a convincing case about not spending money we do not have. He has argued, with all due respect, against a bill that is not here.

Let me describe what this bill does as opposed to the arguments made against it by our friend from Florida. It is true that under the rather bizarre bookkeeping rules that we have in the Federal Government that this has a $200 million a year price tag attached to it. It is also true that if this program operates under any normal economic assumptions, it will run in the black.

Here is how it works: if a school district borrows $10 million directly from the Federal Government to build a school, it will pay an interest rate under this bill of 1.25 percent below the Federal Government's 30-year rate to borrow money. Today that means that that school district would borrow money at approximately 5 percent.

The Federal Government would acquire that $10 million, either by raising it the way we do, or by borrowing it, and today the Federal Government borrows money at an average of 4.87 percent.

So here is the way it works: The Federal taxpayers would incur a debt service obligation of about $487,000 this year to produce the $10 million school loan. The school that borrows the money would pay us back $500,000.

Now in Washington arithmetic, that says we are in the red. In the real world arithmetic, that says we wind up as Federal taxpayers $13,000 in the black each year. If this were a $200 million a year grant program, I would join the gentleman from Florida in supporting his amendment. It is not. This is a program that will leverage up this year $1 billion of new school construction on a cash flow basis to the taxpayers that returns in the black.

I also thought, with all due respect to my friends, that Republicans support programs that pay for themselves and do not put the country in the red. If that is the case, this passes the litmus test of a Republican program, and my friends should oppose the Miller amendment and leave the bill the way that it is.

Mr. MILLER of Florida. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Texas [Mr. ARMEY], the chairman of the Republican Conference.

Mr. ARMEY. Mr. Chairman, I thank the gentleman for yielding me the time. I rise in support of the Miller amendment.

□ 1820

Ladies and gentlemen, we build schools so we can teach children. Let me suggest to you what will be the lessons the schoolchildren of America will draw from this bill.

If this provision remains in the bill, they will be told by their Government that irrespective of the concept of dual federalism which they are taught in their civics classes, the Federal Government should be so involved in local education issues that despite the 200 or so billion dollars this Government is in debt each year, we ought to create a $200 million program wherein we will make loans from the Federal Government to the local school district to construct schools, and we will lend that money to the local school district for 1.25 percent less than what we borrow the money for. This is hardly a lesson in prudent finance to teach our young people.

And we will need the $200 million to cover what, the interest subsidy and defaults, so we are writing here a provision into the bill that assumes that the local school districts will default on even a subsidized loan paid at rates more favorable than the lender-borrower.

Furthermore, we are going to teach our youngsters that in consideration for their well-being, we are going to force all of these States and all of these school districts within these States that avail themselves of this largesse, that they must disregard their own State's laws and construct the schools in a more costly fashion that complies with Davis-Bacon.

If our schoolchildren are dumb enough to buy that, ladies and gentlemen, they will never graduate.

Mr. KILDEE. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. ANDREWS].

Mr. ANDREWS of New Jersey. Mr. Chairman, I thank the gentleman for yielding me this time.

Let me just make this point: The $200 million figure that my friend, the gentleman from Texas, made reference to is not tied to loan defaults. The loan default rate for public school districts across this country is almost always, almost always less than 3 percent of money borrowed. That is simply not the reason for the $200 million, just a rather strange and arcane budget system that the gentleman helped to write.

Mr. KILDEE. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Florida [Mr. MILLER] to strike title XI, School Facilities Improvement.

I would like to say at the outset that I find it somewhat incredulous that we are hearing some ranting and raving from the other side of the aisle about Federal encroachment into education when we have had amendment after amendment coming from the other side of the aisle mandating that the Federal Government get involved in curricula and other things and not allow the local level, local school districts, people back home to shape their own destiny. I do not think the argument cuts one way and not another way.

Title XI authorizes low-interest Federal direct loan programs modeled after the existing higher education, college housing, and academic facilities loan program, and the program, as was mentioned, would be directed to poorer school districts for school construction, reconstruction, and renovation projects.

This low-interest loan program will use limited Federal resources to leverage a maximum amount of aid to local schools. Preliminary estimates from the Congressional Budget Office indicate that the program's $200 million authorization will make about $1 billion in loan principal available to borrowers. According to recent studies, one in every four public school buildings in the United States is in inadequate condition. In fact, over 75 percent of our Nation's urban school buildings are over 25 years old and 33 percent of the buildings are over 50 years old.

The total cost of making needed replacements and renovations is estimated to exceed $100 billion. Financing such repairs is primarily the responsibility of States and local districts,

but limited Federal aid is vital to support local projects in those areas where the costs of such activities would otherwise be prohibitive.

Let me say it has been my pleasure working with my colleagues, the gentleman from California [Mr. MILLER] and the gentleman from New Jersey [Mr. ANDREWS], on this innovative and important proposal. I thank them for their leadership in this area.

If we expect our children to meet the national goals set forth in the Educate America Act, we must provide them at the very minimum a safe and comfortable environment conducive to learning.

I urge my colleagues to oppose the Miller amendment.

Mr. KILDEE. Mr. Chairman, I yield back the balance of my time.

Mr. MILLER of Florida. Mr. Chairman, I yield 1 minute to my colleague, the gentleman from Michigan [Mr. HOEKSTRA], a freshman member of the Committee on Education and Labor.

Mr. HOEKSTRA. Mr. Chairman, I rise in support today of the Miller amendment.

I think it is important for our colleagues to recognize where and how this money makes its way to Washington and then back to the local school districts.

First, if we ever get to a point where we have a balanced budget, the dollars are going to be coming from constituents from local school districts. They have a habit of coming to Washington where we will establish a new bureaucracy to administer the loan funds, so the dollars coming from local school districts, we will eat up a portion of those costs in administrative costs. School districts will then have to apply to get this money back to their districts, and once they receive the money, they will be burdened with new Federal mandates in terms of how they will construct or how they may use these dollars for a construction project.

Once again, we will burden them with things like Davis-Bacon regulations, so that not going out and getting competitive bids, they will be mandated to provide the prevailing wages within that district regardless of whether they have received competitive bids. So rather than going out and helping the neediest school districts, what we will be doing is sending money back to them and tying up and spending this billion dollars in ways that are not most cost-effective to the individual school districts.

Let us leave the money back in the local districts.

Mr. MILLER of Florida. Mr. Chairman, I yield 1 minute to the gentleman from Wyoming [Mr. THOMAS].

Mr. THOMAS of Wyoming. Mr. Chairman, I am not a member of the committee, and I have to tell you that I have listened to this debate now endlessly, and I am amazed at what is going on here.

I guess you have to kind of rethink this thing. I am a little surprised that we think all the knowledge on education resides here. I am a little surprised to think that all the resources in education reside here.

It seems to me this is one of the things in this country that has been strong because it has been locally controlled and local responsibility.

And we move increasingly to take a bankrupt Federal Government and want to provide funding for that kind of thing. It is surprising to me that we was to go deeper with the Federal Government, intruding themselves into local government that has worked well for that very reason.

Mr. MILLER of Florida. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, as a fiscal conservative, my problem is this is a new program, $200 million of new spending that we do not have.

Where is the $200 million going to come from? We have a freeze on spending. We have pay-go type rules. We are going to have to take them from somewhere else.

Are we going to take them from title I, from the Eisenhower program, from chapter 2? We do not have the money to create a totally new loan program.

A lot of States are not going to be able to take advantage of this. In Florida, in my district, we do not have prevailing-wage laws, and all of a sudden we are going to enforce prevailing-wage laws in Florida. There is no school district in Florida that would even want this.

The interest rate is 1¼ percent of the taxable interest rate, 1¼ percent below. School districts borrow it at a tax-exempt rate. Even the A–1 rating, the Congressional Research Service says, is lower than that 1¼ below the taxable rate. This does not make any sense.

It costs us $200 million a year. Let us focus our money on chapter 2, title I, on the Eisenhower program, and put the money where it is best needed.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. MILLER].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MILLER of Florida. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 181, noes 235, not voting 22, as follows:

[Roll No. 93]

AYES—181

Allard	Glickman	Myers
Andrews (TX)	Goodlatte	Nussle
Archer	Goodling	Orton
Armey	Goss	Oxley
Bachus (AL)	Grams	Packard
Baker (CA)	Greenwood	Paxon
Baker (LA)	Gunderson	Penny
Ballenger	Hall (TX)	Peterson (FL)
Barca	Hamilton	Peterson (MN)
Bartlett	Hancock	Petri
Barton	Hansen	Pombo
Bateman	Hastert	Porter
Bentley	Hefley	Portman
Bereuter	Herger	Poshard
Bilirakis	Hobson	Pryce (OH)
Bliley	Hoekstra	Quillen
Boehner	Hoke	Ramstad
Bonilla	Holden	Ravenel
Bunning	Houghton	Regula
Burton	Hunter	Ridge
Buyer	Hutchinson	Roberts
Callahan	Hutto	Rohrabacher
Calvert	Hyde	Roth
Camp	Inglis	Roukema
Canady	Inhofe	Rowland
Castle	Istook	Royce
Chapman	Johnson (CT)	Sangmeister
Clinger	Johnson, Sam	Saxton
Coble	Kanjorski	Schaefer
Collins (GA)	Kasich	Schiff
Combest	Kim	Sensenbrenner
Condit	King	Shaw
Cooper	Kingston	Shays
Costello	Klink	Shuster
Cox	Klug	Skeen
Crane	Knollenberg	Skelton
Crapo	Kolbe	Smith (MI)
Cunningham	Kyl	Smith (NJ)
Darden	LaFalce	Smith (OR)
DeLay	Laughlin	Snowe
Dickey	Levy	Solomon
Doolittle	Lewis (CA)	Spence
Dornan	Lightfoot	Stearns
Dreier	Linder	Stenholm
Duncan	Livingston	Stump
Dunn	Machtley	Sundquist
Ehlers	Manzullo	Talent
Emerson	Margolies-Mezvinsky	Taylor (MS)
Everett	McCollum	Taylor (NC)
Ewing	McCrery	Thomas (WY)
Fawell	McDade	Thurman
Fields (TX)	McInnis	Upton
Fish	McKeon	Valentine
Fowler	Meyers	Vucanovich
Franks (NJ)	Mica	Walker
Gekas	Michel	Wolf
Geren	Miller (FL)	Young (AK)
Gibbons	Minge	Young (FL)
Gilchrest	Moorhead	Zeliff
Gillmor	Morella	Zimmer
Gingrich		

NOES—235

Abercrombie	Carr	English
Ackerman	Clay	Eshoo
Andrews (ME)	Clayton	Evans
Andrews (NJ)	Clement	Faleomavaega (AS)
Bacchus (FL)	Clyburn	Farr
Baesler	Coleman	Fazio
Barcia	Collins (IL)	Fields (LA)
Barlow	Collins (MI)	Filner
Barrett (WI)	Conyers	Fingerhut
Becerra	Coppersmith	Flake
Beilenson	Coyne	Foglietta
Berman	Cramer	Ford (MI)
Bevill	Danner	Frank (MA)
Bilbray	de la Garza	Franks (CT)
Bishop	de Lugo (VI)	Frost
Blackwell	Deal	Furse
Blute	DeFazio	Gejdenson
Boehlert	DeLauro	Gephardt
Bonior	Dellums	Gilman
Borski	Deutsch	Gonzalez
Boucher	Diaz-Balart	Gordon
Brewster	Dicks	Green
Brooks	Dingell	Gutierrez
Browder	Dixon	Hall (OH)
Brown (FL)	Dooley	Hamburg
Brown (OH)	Durbin	Harman
Bryant	Edwards (CA)	Hastings
Byrne	Edwards (TX)	Hayes
Cantwell	Engel	

Hefner	McNulty	Schenk
Hilliard	Meehan	Schroeder
Hinchey	Meek	Schumer
Hoagland	Menendez	Scott
Hochbrueckner	Mfume	Serrano
Horn	Miller (CA)	Sharp
Hoyer	Mineta	Shepherd
Huffington	Mink	Sisisky
Hughes	Moakley	Skaggs
Inslee	Molinari	Slattery
Jacobs	Mollohan	Slaughter
Jefferson	Montgomery	Smith (IA)
Johnson (GA)	Moran	Spratt
Johnson (SD)	Murphy	Stark
Johnson, E. B.	Nadler	Stokes
Johnston	Neal (MA)	Strickland
Kaptur	Neal (NC)	Studds
Kennedy	Norton (DC)	Stupak
Kennelly	Oberstar	Swett
Kildee	Olver	Synar
Kleczka	Ortiz	Tanner
Klein	Owens	Tauzin
Kopetski	Pallone	Tejeda
Kreidler	Parker	Thomas (CA)
Lambert	Pastor	Thompson
Lancaster	Payne (NJ)	Thornton
Lantos	Payne (VA)	Torkildsen
LaRocco	Pelosi	Torres
Lazio	Pickett	Towns
Leach	Pomeroy	Traficant
Levin	Price (NC)	Tucker
Lewis (GA)	Quinn	Underwood (GU)
Lipinski	Rahall	Unsoeld
Lloyd	Rangel	Velazquez
Long	Reed	Vento
Lowey	Reynolds	Visclosky
Maloney	Richardson	Volkmer
Mann	Roemer	Walsh
Manton	Rogers	Washington
Markey	Romero-Barcelo	Waters
Martinez	(PR)	Watt
Matsui	Ros-Lehtinen	Waxman
Mazzoli	Rose	Whitten
McCandless	Rostenkowski	Williams
McCloskey	Roybal-Allard	Wilson
McCurdy	Rush	Wise
McDermott	Sabo	Woolsey
McHale	Sanders	Wyden
McHugh	Sarpalius	Wynn
McKinney	Sawyer	Yates

NOT VOTING—22

Applegate	Grandy	Santorum
Barrett (NE)	Lehman	Smith (TX)
Brown (CA)	Lewis (FL)	Swift
Cardin	McMillan	Torricelli
Derrick	Murtha	Weldon
Ford (TN)	Natcher	Wheat
Gallegly	Obey	
Gallo	Pickle	

□ 1850

Messrs. WALSH, DIXON, PARKER, and NEAL of Massachusetts, and Ms. LAMBERT changed their vote from "aye" to "no."

Messrs. HOLDEN, SKELTON, ISTOOK, and EWING changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. BARRETT of Nebraska. Mr. Chairman, I was unavoidably detained and missed rollcall vote number 93. Had I been present, I would have voted "yes" on the amendment offered by the gentleman from Florida [Mr. MILLER].

Mr. KILDEE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. HUGHES] having assumed the chair, Mr. PRICE of North Carolina, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6) to extend for 6 years the authorizations of appropriations for the programs under the Elementary and Secondary Education Act of 1965, and for certain other purposes, had come to no resolution thereon.

PROVIDING FOR AN ADJOURNMENT OF THE TWO HOUSES

Mr. GEPHARDT. Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 232) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 232

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on the legislative day of Thursday, March 24, 1994, it stand adjourned until noon on Tuesday, April 12, 1994, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns at the close of business on Friday, March 25, 1994, Saturday, March 26, 1994, Monday, March 28, 1994, Tuesday, March 29, 1994, Wednesday, March 30, 1994, or Thursday, March 31, 1994, pursuant to a motion made by the Majority Leader or his designee, in accordance with this resolution, it stand recessed or adjourned until noon on Monday, April 11, 1994, or at such time on that day as may be specified by the Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

Sec. 2. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING THE SPEAKER AND THE MINORITY LEADER TO ACCEPT RESIGNATIONS AND MAKE APPOINTMENTS NOTWITHSTANDING ADJOURNMENT

Mr. GEPHARDT. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House until Tuesday, April 12, 1994, the Speaker and the minority leader be authorized to accept resignations and to make appointments authorized by law or by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, APRIL 13, 1994

Mr. GEPHARDT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday, April 13, 1994.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

TEMPORARY EXTENSION OF CERTAIN PROVISIONS OF THE MARINE MAMMAL PROTECTION ACT

Mr. STUDDS. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries be discharged from further consideration of the bill (H.R. 4122) to temporarily extend certain provisions of the Marine Mammal Protection Act, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

Mr. YOUNG of Alaska. Mr. Speaker, reserving the right to object, and I shall not object, I do so to give the gentleman from Massachusetts, Mr. STUDDS, a chance to explain the bill.

I yield to the gentleman from Massachusetts.

Mr. STUDDS. Mr. Speaker, I frankly wish that we did not have to bring this bill before the Members today.

For the past five years, the fishermen of this country have been operating under an exemption of the "taking" provisions of the Marine Mammal Protection Act [MMPA]. That exemption expires on April 1. Two nights ago, the House passed a reauthorization bill which would have established a new management program to preserve the fishermen's right to fish and saved marine mammals. The staff of both bodies then worked around the clock to reach a compromise that both House and Senate could support. Last night, the House passed what we thought was an agreed-to text.

Unfortunately, events in the other body over the last 24 hours have changed the situation, and we will not be able to come to agreement before the April 1 deadline. This bill would extend the exemption period for another 30 days, during which time we will continue to work with our colleagues to pass legislation that is fair to everyone, and—most importantly—meets the goal of this landmark law: to protect marine mammals for future generations.

Mr. YOUNG of Alaska. Mr. Speaker, the current exemption in the Marine Mammal Protection Act which allows American fishermen to operate expires on April 1, 1994. This committee has worked since last year to put together an acceptable bill that could be passed in the House and Senate. In fact, we passed a House bill on Monday, and what we believed to be a compromise text agreed to by the other body on Tuesday. We are now receiving from the other body a new version which is unacceptable to the Members of the

House. Therefore, in order to keep American fishermen operating and allow us to work out these new problems with the other body, we are passing a 1-month extension of the fishery provisions in the Marine Mammal Protection Act.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the bill, as follows:

H.R. 4122

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 114(a)(1) of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1383a(a)(1)), is amended by striking "April 1, 1994," and inserting in lieu thereof "May 1, 1994,".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

IMPROVING AMERICA'S SCHOOLS ACT OF 1994

The SPEAKER pro tempore. Pursuant to House Resolution 366 and rule XXIII, the Chairman declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 6.

□ 1855

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6) to extend for 6 years the authorizations of appropriations for the programs under the Elementary and Secondary Education Act of 1965, and for certain other purposes, with Mr. PRICE of North Carolina in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, the amendment offered by the gentleman from Florida [Mr. MILLER] had been disposed of and title IX through the remainder of the bill was open for amendment at any point.

Are there further amendments to the bill?

Mr. STEARNS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I wish to engage in a colloquy with the gentleman from New York [Mr. OWENS].

The amendment I originally planned on introducing today was designed to address a problem brought to my attention by one of the school boards in my district.

Under the Individuals With Disabilities Education Act, the IDEA, students in our public schools with disabilities are provided special administrative protections against suspensions or expulsion. As I understand it, this is to prevent any school from using disciplinary actions as a way to avoid its constitutional responsibility to educate these students. Is that correct?

Mr. OWENS. Mr. Chairman, if the gentleman will yield, on this subject; yes, the gentleman is correct.

Mr. STEARNS. Mr. Chairman, reclaiming my time, the purpose of my amendment was to clarify in the law that these special administrative protections would not affect cases in which deadly weapons were involved or cases of serious assault.

In the last several days, it has come to my attention that there is a note to the regulations of the IDEA addressing this matter, but this does not appear to be well-known to our local school districts who have been following the so-called 10-day guideline for suspensions from the Hoenig decision.

Thus, I believe that placing this exception in law would free our schools to take necessary actions to protect all students and teachers against violent behavior.

I have been asked by Subcommittee Chairman OWENS, however, if I would be willing to pull this amendment so that the issue can be fully reviewed during reauthorization of the IDEA. I would certainly be willing to do so, and I yield to Mr. OWENS.

Mr. OWENS. Mr. Chairman, the Subcommittee on Select Education and Civil Rights is now considering the reauthorization of IDEA, and we are already having hearings. A hearing will be scheduled to allow Members to testify. There are a number of Members who have requested to testify before the committee, and we will have a full hearing just for Members. The gentleman from Florida will be invited to testify. We will certainly consider this matter during the consideration of this bill.

Mr. STEARNS. Mr. Chairman, I would just like to comment that the overwhelming majority of children with disabilities are serious, devoted learners whose efforts deserve our support and admiration.

However, I believe the scope of the special administrative protections was never intended to protect that very small number of students whose behavior endangers their fellow students, especially those with disabilities, and teachers.

I hope this matter can be addressed during the IDEA reauthorization, and thank Mr. OWENS for his cooperation.

The CHAIRMAN. Are there further amendments to the bill?

AMENDMENT OFFERED BY MR. GUNDERSON

Mr. GUNDERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GUNDERSON: Page 826, after line 18, add a new section:

SEC. 254. DISCLOSURE REQUIREMENTS.

Each educational organization, prior to accepting funds for the cost of a minor's participation in an educational program operated by such organization, shall disclose the following information in written form to the minor or the minor's parent:

(1) METHOD OF SOLICITATION AND SELECTION.—The method of solicitation and selection of participants in the educational program, including—

(A) the origin of any mailing list used for such solicitation and selection;

(B) any recruitment through teacher or school personnel, including any enticements offered to such teacher or personnel for the recommendation of a minor for participation in the educational program;

(C) any open enrollment activity, including the method of outreach; and

(D) any cooperation with, or sponsorship by, a membership organization, including a description of the cooperation or sponsorship and the name of each such organization.

(2) COST AND FEES.—Information regarding the cost of the educational program and information regarding the distribution of any enrollment fee, including—

(A) the amount paid for, and the percentage of the total educational program cost of, each feature of the educational program, including—

(i) food;

(ii) lodging;

(iii) transportation;

(iv) program staffing;

(v) textbooks, syllabi, or other scholastic educational program materials;

(vi) speaker fees; and

(vii) administrative expenses, including expenses related to—

(I) the preparation of non-scholastic educational program materials;

(II) the provision of financial assistance;

(III) mailing list rental or other recruitment activity; and

(IV) administrative salaries and consulting fees;

(B) the identity of the organization or business providing each of the features described in clauses (i) through (vii) of subparagraph (A); and

(C) the nature of any relationship of any board member, officer, or employee of the educational organization to any organization or business described in subparagraph (B), including the salary or other compensation paid by such organization or business to such Board member, officer, or employee.

(3) NONDISCRIMINATORY ENROLLMENT AND SERVICE POLICY.—

(a) IN GENERAL.—Each educational organization shall include a verifiable statement on all enrollment or recruitment material that the educational organization does not—

(1) fail or refuse to hire, or discharge, any individual, or otherwise discriminate against any individual with respect to compensation, terms, conditions, or privileges of employment, or

(2) exclude any student from participation in an educational program, discriminate against any student in providing the benefits associated with such program (including any scholarship or financial assistance, and use of any facility), or subject the student to discrimination under such program, on the basis of race, disability, or residence in a low-income area.

(b) CONSTRUCTION.—Nothing in this section shall be construed to entitle a student to—

(1) participation in an educational program or any benefit associated with such program; or

(2) a waiver of any fee charged for such participation or benefit.

(4) ENFORCEMENT.—

(a) IN GENERAL.—The Secretary of Education shall monitor compliance with the provisions of this section.

(b) CIVIL PENALTY.—If an educational organization knowingly violates any provision of this Act, the Secretary of Education, after notice and opportunity for hearing, may impose on such organization a civil fine of not more than $1,000 for each such violation.

(1) participation in an educational program or any benefit associated with such program; or

(2) a waiver of any fee charged for such participation or benefit.

Mr. GUNDERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

□ 1900

Mr. GUNDERSON. Mr. Chairman, this is an amendment which requires disclosure by programs that bring students to Washington to study the Congress regarding disclosure of such issues and solicitation and selection methods and program costs.

AMENDMENT OFFERED BY MR. STARK TO THE AMENDMENT OFFERED BY MR. GUNDERSON

Mr. STARK. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. STARK to the amendment offered by Mr. GUNDERSON: At the end of the amendment made to page 826, after line 18, add the following:

"(5)(A) Educational organization, as defined by this section, means an organization or group which—

"(i) provides special honors programs, seminars, citizenship experiences, Government study programs, educational vacations, student exchange programs, or other educational experiences or honors generally directed toward minors or high school students and charges a tuition or enrollment fee;

"(ii) offers its program away from a student's regular place of school attendance, includes not less than 1 supervised night away from home, and is intended to enhance a student's regular course of study; and

"(iii) advertises and recruits students through commercial media, direct mailings, school recruitment programs, or school administrators or teachers.

"(B) The definition in subparagraph (A) shall not include—

"(i) a local educational agency, State educational agency, a State department of education, or an elementary or secondary school as defined by this Act;

"(ii) an institution of higher education as defined by the Higher Education Act of 1965; or

"(iii) a local organization sponsored by an elementary or secondary school, a recreational or entertainment organization, a local sports activity group, or a social club.

Mr. STARK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. STARK. Mr. Chairman, I am proud to have worked with the gentleman from Wisconsin [Mr. GUNDERSON] on this amendment. It is virtually identical to my bill H.R. 3109 which has the support of 22 cosponsors—including 7 Republicans and 6 Education and Labor Committee members.

Ranking Member GOODLING is a cosponsor and the legislation was introduced in the other body by Senators METZENBAUM and DOLE.

As the gentleman from Wisconsin has already pointed out, the amendment requires more disclosure by programs like the Washington groups that bring students out to study Congress. There have been well-documented marketing and recruiting abuses by some of these programs which need correction.

Informed parents can best decide the worth of these programs. But to do this they need to know how the $700–$800 per week cost is being spent and how their children were selected. That's the information this bill requires the programs to disclose.

I am aware that the Department of Education has questions about the scope of this amendment. With the agreement of Mr. GUNDERSON and the committee, I am offering a perfecting amendment that should answer these concerns. It specifically exempts local groups, school programs, and university programs.

Mr. Chairman, given the strong bipartisan support for this legislation, I hope my colleagues will support the Gunderson amendment as modified by my amendment.

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. STARK. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. Mr. Chairman, the gentleman's amendment is a good amendment.

The fact is, Mr. Chairman, the bill is originally a bill authored by the gentleman from California [Mr. STARK]. I was, I think, the lead Republican cosponsor, because I was on the Committee on Education and Labor.

I have offered his bill as an amendment. He has now corrected it by an amendment. We are one big happy family, and we accept his amendment.

Mr. KILDEE. Mr. Chairman, will the gentleman yield?

Mr. STARK. I yield to the gentleman from Michigan.

Mr. KILDEE. Mr. Chairman, I support the amendment and the amendment to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. STARK] to the amendment offered by the gentleman from Wisconsin [Mr. GUNDERSON].

The amendment to the amendment was agreed to.

Mr. ROEMER. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Does the gentleman wish to address the Gunderson amendment, as amended?

Mr. ROEMER. Yes, Mr. Chairman.

The CHAIRMAN. The gentleman from Indiana [Mr. ROEMER] is recognized for 5 minutes.

Mr. ROEMER. Mr. Chairman, I want to come to a better understanding of exactly the implications of this amendment. It is my understanding that the gentleman's amendment requires educational organizations to disclose certain information to students' parents prior to receiving payment for any Washington-based programs. Is it correct that while the gentleman's amendment requires these organizations to provide information to parents about food, lodging and transportation, these education organizations would not have to provide parents with the specific names of companies with which it contracts? For example, the Close Up Foundation would not have to provide the parents of the 24,000 students who participate in its programs each year with a list of the approximately 120 food vendors, 10 bus companies and 25 hotels it utilizes in any given year.

In the same vein, is it also correct that it is sufficient for an education organization to report the program expenditures in the aggregate, even when the organization itself provides the service? For example, the Close Up Foundation provides its own program staffing. Under the gentleman's amendment, is it correct that this organization would not be required to list the names and salaries of the approximately 150 employees involved in this activity.

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. ROEMER. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. Mr. Chairman, that is correct. What we want to do is make sure that groups which use outside management companies make it clear how those outside management companies spend funds paid to them.

For those organizations which rely on outside management, such as the Congressional Youth Leadership Council, we expect the education organization's disclosure of each category to include all spending, either by the organization or by the management company, on that organization's activities.

Organizations such as the Close Up Foundation, which do not contract with a single management company, could meet the disclosure requirements by providing two parents the aggregate costs of all vendors for each category.

Mr. ROEMER. Mr. Chairman, I appreciate the gentleman's cooperation on this matter and would like to ask my colleague from Wisconsin one additional question.

There are organizations, such as Close Up, which do not direct mail marketing to students and parents,

but, instead rely on teachers to work with students who are interested in participating in the program.

These teachers serve as program liaisons to parents.

Could Close Up fulfill its disclosure requirements by including the appropriate information in the packet of information it sends to teachers, who in turn must send the materials to parents?

Mr. GUNDERSON. Mr. Chairman, if the gentleman will continue to yield, as long as Close Up ensures that teachers give the disclosure information to parents while the application is being completed, then the organization has complied with the amendment.

Mr. ROEMER. Mr. Chairman, I thank my distinguished colleague for his clarification of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. GUNDERSON], as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. BOEHNER

Mr. BOEHNER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOEHNER: Beginning on page 776, strike line 8 and all that follows through line 19 on page 798 (and redesignate the subsequent parts accordingly).

The CHAIRMAN. Does the gentleman from Michigan [Mr. KILDEE] wish to be recognized in opposition to the amendment?

Mr. KILDEE. Mr. Chairman, yes, I would like to be recognized in opposition to the amendment.

The CHAIRMAN. The Chair announces then that pursuant to our earlier agreement, the time, 30 minutes, will be allocated to this amendment with the time equally divided between the gentleman from Ohio [Mr. BOEHNER] and the gentleman from Michigan [Mr. KILDEE].

The Chair recognizes the gentleman from Ohio [Mr. BOEHNER].

Mr. BOEHNER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today to offer an amendment to strike the urban and rural education programs—new programs which were not requested by the Clinton administration. I do so not because I am against improving education in the cities and rural communities of this Nation. In fact, I have a very rural district. No, I am offering this amendment because I cannot see why we need a separate program for rural education and another for urban, when we have before us billions of dollars' worth of programs aimed at improving education throughout the Nation, including in the cities and small towns.

As I have said in the statements for my previous amendments, the best thing we can do for our schools is keep this bill streamlined and focused. I have asked this question before, in order to try to fund the $300 million authorized for these two programs. Are we willing to take money from title I, and chapter 2, and other programs? Because that is exactly what we will be forced to do. I don't understand why we want to keep adding program after program to this bill. Why can't we give local communities and States the flexibility to use the money under this bill to suit their particular needs and priorities? Why do we insist on defining their priorities for them?

I also want to look at the purposes of these programs. First of all, both programs will provide demonstration grants. In looking at other programs, not necessarily just in education, I find that demonstration projects tend to demonstrate nothing more than the ability of the same grantees to receive the same grant year after year.

Second, the programs establish two new commissions. I submit that the last thing this country needs is yet another commission inspired by the Federal Government. I find it also interesting that we are going to fund these commissions and their bureaucrats at the expense of getting more money to the students.

Finally, the objectives of these grants are nothing new. They are the same objectives we expect of every school and which other programs throughout the ESEA attempt to address. In other words, these two programs aim to do nothing new, nothing specific. They are attempts to target more Federal education dollars to the cities and rural areas. This is why we must look at these two programs within the context of the entire ESEA. When we do, I can't see the justification for funding them separately at the expense of the larger ESEA programs.

Congress can help urban and rural schools. In fact, the ESEA is geared toward improving education throughout the Nation, especially in troubled areas. Since the urban and rural schools appear to be the ones most in need, I would think that the ESEA as a whole would help these schools. If we look at title I, chapter 2, the fund for the improvement of education, drug-free schools, Eisenhower professional development, and most of the other programs, I believe urban and rural schools will be helped, without the existence of these two programs.

This is why I urge the adoption of this amendment.

□ 1910

Mr. Chairman, I yield back the balance of my time.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. I thank the gentleman for yielding me the time.

The language of the gentleman from the other side would strike language I put in this bill, which is an effort to help inner city schools and rural schools. Let me talk to the rural schools' need here.

Sixty percent of the school districts in this country are rural. Let me tell the Members a few facts about those rural areas and those rural schools. They enroll a disproportionately larger share of our country's poor and at-risk youth than do any other schools.

Approximately one out of four of America's rural children live below the level of poverty. Rural preschoolers have less access to early childhood education than do any other children across this country.

There is an enormous need, so my language, in which I was joined by a number of my colleagues who also want to speak this evening, offers small incentives and initiatives to help those schools: in-service training for rural school teachers; long-distance learning; computer technology development; innovative pilot projects, school consortia activities, where a number of schools can come together in activities.

It also establishes a National Commission on Rural Education to conduct a study on the condition of rural education in America, and come back to this Congress and make recommendations regarding how we might further help the children that go to rural schools.

The issue here, Mr. Chairman, is not a new program. The issue here is the teachers, the parents, and the schools and the students from rural areas need just a little Federal attention. We are trying to provide that with this very modest language, which the gentleman would delete.

I urge my colleagues to vote no.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, I rise is strong opposition to the Boehner amendment. This amendment is all advised and ill conceived. It would eliminate the entire Rural, and Urban, Education title in this bill. I cannot impress upon the membership of this body how important this title is to rural and urban areas, of this country.

I was an original cosponsor of Mr. William's bill, upon which this program was based. I was very pleased to see it incorporated into H.R. 6.

The facts about rural America overwhelmingly support the need for this assistance: academic performance of rural students is lower than average, poverty among rural school age students is increasing, schools continue to operate in decrepit facilities, there is no capital with which to make improvements, and additional money is needed to address these needs.

Rural schools have the same, if not greater, needs than their suburban counterparts. High costs are coupled

with an inability to leverage revenue to fund needed programs. Add to that geographic isolation and teacher recruitment obstacles, and rural students are most certainly at a disadvantage. In nearly every meeting on education I have with constituents, without fail I hear about the need for technology assistance for out schools if we are to keep them competitive. They need access to innovative education and they need access to financial assistance if our students are to be able to excel.

The grants included in the bill represent a collaborative, concerted assistance program for rural educators. The bill would provide grants that would encourage innovative school reform programs, use of telecommunications technology for learning, and in-service training, and teacher recruitment initiative with colleges and universities.

This assistance is desperately needed and I urge my colleagues to vote "No" on the Boehner amendment.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. MILLER].

Mr. MILLER of Florida. Mr. Chairman, I have been proud to have a chance to work with the gentleman from Ohio [Mr. BOEHNER] on a series of amendments to try to cut spending and add fiscal sanity to this bill.

This bill started off as $10.5 billion when the President introduced it. We have added almost $2 billion more of spending to the program. We just keep adding new program after new program. This is a $250 million program, actually two programs. I do not know what we need two more programs for. We are already giving money under chapter 1 to rural and urban schools. This is not requested by the President; it was not included in his budget.

Last week we spent 2 days debating the Balanced Budget Amendment. Now what are we doing? We are just adding more spending, adding more spending. We have to get some sense in our budget.

Mr. Chairman, I support the amendment of the gentleman from Ohio [Mr. BOEHNER] to try to get the budget in balance.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. PAYNE].

Mr. PAYNE of New Jersey. Mr. Chairman, I thank the gentleman for yielding me the time.

I think we ought to put sense in our programs, also. We are talking about a $22.5 billion crime bill to build new jails, to build new prisons. Why waste $22.5 billion on the back end when we could invest in our young people in our rural and urban centers on the front end? To me that makes no sense, to concentrate on spending money on bricks and mortar, where it costs more to imprison a person than it costs to go to Yale or Harvard.

The urban amendment recognizes that central city schools, along with rural schools, will face the greatest challenge in the American educational system in attempting to meet the national goals of the year 2000.

The ability of the Nation's major school systems will be greatly challenged by the new competitiveness in the world. We talk about the NAFTA, we talk about the GATT, the Uruguay rounds. Unless we have all of our young people in this country competitive, then we will not be the No. 1 country that we have been throughout our history.

Mr. Chairman, I urge the passage of this amendment to give urban schoolchildren an opportunity.

Some of the statistics are terrible: shortages of teachers in urban school systems are two and a half times greater than that in other school systems. Urban schools enroll approximately one-third of the Nation's poor, 40 percent of the Nation's African-American children, and 30 percent of the Nation's Latino children.

Urban preschoolers have one-half the access to early childhood development programs as do other children. Seventy-five percent of urban school buildings are over 25 years old. Thirty-three percent of such buildings are over 50 years old. These buildings are often in serious disrepair and create poor and unhealthy working and learning conditions.

We have the high amount of lead in our school systems and in our areas that work against the youngsters' learning ability, so I urge sanity here. Put common sense where it ought to be. Mr. Chairman, I urge the defeat of this amendment.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentlewoman from Indiana [Ms. LONG].

Ms. LONG. Mr. Chairman, I rise in opposition to the Boehner amendment. Mr. Chairman, I rise to speak about this amendment from two perspectives. The first is as a Democrat that represents a fairly conservative district. I am a member of the Conservative Democratic Forum and the Mainstream Forum. I vote for balanced budget amendments.

I consider myself a fiscal conservative. I say to the gentleman from Ohio—the author of the amendment—I understand your desire to get a handle on the budget deficit.

But, I think this particular amendment is misdirected. Education is one area that deserves more money—not less.

I also speak about the amendment as the Chair of the Congressional Rural Caucus. The Boehner amendment would eliminate much needed assistance for rural schools.

Approximately 60 percent of our country's public school districts are located in our Nation's smaller cities and towns. Rural schools face unique challenges to providing adequate educational services including poverty, geographic isolation, and teacher recruitment.

In fact, the GAO [General Accounting Office] recently reported that the rural school-age poverty rate rose to 20.4 percent in 1990, well above the 1990 urban rate of 16 percent.

Smalltown schools also face logistical difficulties due to geographic isolation. More often than not, these schools cannot offer the variety and depth of courses commonly available in other areas, or target programs to specific groups. Furthermore, rural schools have difficulty recruiting and retaining qualified teachers.

Fortunately, these problems are not insurmountable; the difficulties smalltown and rural schools face can be remedied through additional attention and funding. The funding that the Boehner amendment seeks to strike would assist rural school districts in undertaking genuine school reform, preparing more rural graduates for higher education and vocational training, and training and recruiting teachers.

It would also enable school districts to use the most advanced telecommunications technologies for learning. This program is an essential step in addressing the education needs of smalltown America. I commend Mr. WILLIAMS and the Education and Labor Committee for the work on these important provisions, and strongly urge my colleagues to oppose the Boehner amendment.

Mr. CLAY. Mr. Chairman, I rise to oppose the gentleman's amendment to strike the urban and rural education assistance provisions from H.R. 6.

The urban and rural education assistance provisions should remain in this legislation because they help rural and urban schools undertake school improvement initiatives.

Children should have an equal opportunity in terms of the achievement of the national goals as set forth in the Goals 2000 legislation which passed this body yesterday, as well as in H.R. 6.

The urban and rural provisions as included in H.R. 6 will assist both urban and rural public schools in meeting the national education goals as well as improve the educational and social well being of urban and rural public school children.

The provisions include demonstration grants to a number of central city school districts to demonstrate creative and replicable approaches for improving the performance of students in urban school districts. There is also a rural component.

The provisions in H.R. 6 also encourage community, parental, and business collaboration in the improvement of urban schools. The ability of the Nation's major urban areas to deliver high quality education has a direct effect on the economic development of the Nation's inner cities.

The urban initiative recognizes that central city schools along with rural schools will face

the greatest challenges in American education in attempting to meet the national education goals by the year 2000.

The success of urban schools in boosting the achievement of its minority youth will determine the ability of the Nation to close the gap between the "haves and the have nots" in society.

Urban schools have higher drop out rates, more problems with health care, and less parental participation than other kinds of school systems.

Shortages of teachers in urban school systems are 2.5 times greater than shortages in other kinds of school systems.

Seventy-five percent of urban school buildings are over 25 years old, 33 percent of such buildings are over 50 years old, and these buildings are often in serious disrepair and create poor and unhealthy working and learning conditions. It is difficult for children to perform at their maximum learning potential under these conditions. The provisions in H.R. 6 are greatly needed to help the children who encounter these conditions every day achieve the standards as set forth in this legislation.

I ask my colleagues to oppose this amendment offered by the gentleman from Ohio [Mr. BOEHNER].

Mr. ENGEL. Mr. Chairman, I rise in opposition to Representative Boehner's amendment to strike title XII from H.R. 6.

Title XII, which authorizes Urban and Rural Education Demonstration Grants, is designed to help our Nation's rural and urban schools in undertaking school improvement initiatives. Part B, specifically, recognizes that central city schools, along with rural schools, will face the greatest challenges in American education in attempting to meet the national education goals by the year 2000.

Clearly, the quality of public education in the Nation's major urban areas has a direct effect on the economic development of our innercities. Urban schools currently enroll a disproportionately large share of the Nation's poor, and 40 percent of the Nation's African-American children and 30 percent of the Nation's Hispanic youth. The success of urban schools in boosting the achievement of its minority youth will determine the ability of the Nation to close the gap between the haves and havenots in our society.

In addition, shortages of teachers in urban school systems are 2.5 times greater than shortages in other kinds of school systems. And of all urban school buildings, 75 percent are over 25 years old, and 33 percent are over 50 years old. The school buildings are often in such disrepair that learning and working conditions are demoralizing and unsafe. Certainly, State and Federal funding of urban schools have not accurately met the growing needs of such schools. Federal funding that is well targeted, flexible, and accountable will significantly contribute to the overall improvement of our Nation's innercity schools.

I believe title XII of H.R. 6 is an honest and comprehensive attempt to meet these unique needs. Urban Education Demonstration Grants will help to increase the academic achievement and readiness of urban schoolchildren, improve graduation rates, and prepare urban school graduates to enter higher education, pursue careers, and exercise their responsibilities as citizens.

I urge my colleagues to oppose the Boehner amendment. If our innercity children are to succeed, they must be given the tools to do so. This long-term investment will pay tenfold in future social and economic savings.

Ms. LAMBERT. Mr. Chairman, I rise today in opposition to Representative BOEHNER'S amendment to eliminate the Urban and Rural Education Demonstration Grants programs from H.R. 6.

As a product of the public school system in the Arkansas Delta, I recognize the importance of strengthening rural education. The major problems we face at home—rural health care, job creation, and crime prevention—all rely on education for effective solutions.

I sympathize with Representative BOEHNER'S desire to cut wasteful programs from the budget, but assistance to rural schools is certainly not wasteful spending. From 1979 to 1986, the U.S. poverty rate for children under the age of 18 increased twice as fast in rural areas as in the rest of the Nation. Because research has identified socioeconomic status as the most powerful predictor of student performance, and because a disproportionate level of the Nation's poor live in rural America, these statistics should be of particular interest to us as legislators.

This provision of H.R. 6 would give rural schools the resources and incentives necessary to initiate innovative new programs such as distance learning technologies for improving rural education.

This program is an essential step in addressing the education needs of rural America. I thank Representative WILLIAMS and the Education and Labor Committee for the hard work on these very important provisions and urge my colleagues to oppose the Boehner amendment.

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Mr. KILDEE. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. BOEHNER].

The amendment was rejected.

AMENDMENT OFFERED BY MR. MILLER OF FLORIDA

Mr. MILLER of Florida. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. MILLER of Florida: Beginning on page 870, strike line 1 and all that follows through line 20 on page 875 (and redesignate the subsequent parts accordingly).

The CHAIRMAN. Is the gentleman from Michigan [Mr. KILDEE] opposed to the amendment?

Mr. KILDEE. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. Pursuant to the unanimous consent agreement previously entered into, 30 minutes will be allowed on this amendment, equally divided between the gentleman from Florida [Mr. MILLER], and the gentleman from Michigan [Mr. KILDEE].

The Chair recognizes the gentleman from Florida [Mr. MILLER].

Mr. MILLER of Florida. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is the last opportunity that Mr. BOEHNER and I will have to enhance the effectiveness of this education bill by eliminating unwanted and unneeded programs. The National Writing Project was added to H.R. 6 during the committee markup contrary to the President's proposal and against the recommendations of Vice President GORE's National Performance Review. This program has a noble goal, but we don't need a separate program. Remember when Clinton and Secretary Riley submitted their proposal for funding elementary and secondary education, they requested $10.5 billion, and the committee increased that level to $12.4 billion. This program represents one of the many unneeded and unwanted programs.

Mr. Chairman, the National Performance Review recommended the elimination of any program that has achieved its purpose, or could be supported with non-Federal resources.

Therefore, the Clinton administration placed the National Writing Project on this year's budget hit list.

In this year's budget, the President said,

No funds are requested because the administration has proposed that the program not be reauthorized. Furthermore, funds available to State and local educating agencies under the Eisenhower Professional Development Program could also be used for this purpose.

This project, therefore, reflects duplicative spending. As the President enumerated, the Eisenhower Professional Development Program authorizes $800 million for teacher training. So, why does the Federal Government have to create a new program telling school districts exactly how to spend money to improve writing. I agree with the President; the Eisenhower Professional Development Program creates an appropriate venue for the National Writing Project. Title II, additionally, provides block grants to reform and improve schools.

For these reasons, the National Writing Project is excessive and, unnecessarily, focuses on a specific constituency. It is too narrow for the spirit of this bill. Our intent in H.R. 6 was to create more flexibility for local educating agencies. Let's eliminate this program and allow the Eisenhower Professional Development Program and title II to achieve this purpose where local and private funds fall short.

We must get our house in order. I encourage my colleagues to eliminate this excessive spending program. Support the President and the Vice President and vote in favor of my amendment.

Mr. KILDEE. Mr. Chairman, I yield such time as he may briefly consume to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, I would say that I hope all Mem-

bers of the House will reject this amendment. The language in the legislation is identical to legislation that I have introduced along with Senator COCHRAN of Mississippi which has over 130 cosponsors. It has bipartisan support. This is a program that has been fantastically successful in teaching teachers how to teach writing so that young people can learn how to write and how to provide for critical assessment.

This program has received national honors from private businesses, from foundations, from the nonprofit sector of our economy. This program garners far more in private money than we will provide under this legislation. But that is exactly the point. By providing a small amount of seed money to keep the program going, we will be able to garner all kinds of additional private, nonprofit support for this program. And that is what we want to do. That is what we call the private-public partnership, and in this case the multiplier of teaching these teachers the skills to teach our young children how to write.

How many of my colleagues have had the experience of having a résumé in their office and talking to young people, and what is it we want to know? "Can you write? Give me a writing sample." Unfortunately, all too many American students and graduates fall short on that.

In California we have just gone through our new assessments on education, the new high standards assessments program. We found out that those school districts and programs where we have used the national writing projects, students are scoring better than in those school districts where they did not have the advantage of those programs. This is a program of merit. It is a program of great vision, and we ought to continue it. And it does in fact allow us to leverage Federal dollars into private participation.

Senator COCHRAN of Mississippi has supported this and garnered support in the Senate for it, and I believe we will be successful. And I hope that Members will reject this amendment that is very penny-wise but again very pound-foolish in terms of the number of students that we have a chance to impact to improve the writing and critical thinking skills of those students.

Mr. BOEHNER. Mr. Chairman, will the gentleman yield briefly?

Mr. MILLER of California. I yield to the gentleman from Ohio.

Mr. BOEHNER. Mr. Chairman, if the program was as great as the gentleman has indicated and has the support, why would the Clinton budget say, "The project has a narrow focus and has received Federal funds for many years. It has been amply demonstrated as a strategy for improving the teaching of writing and should be supported with State and local funds."

Mr. MILLER of California. It is as great as I said, I would say to the gentleman. And the Clinton administration would say that because they are misguided.

Mr. BOEHNER. I thank the gentleman.

Mr. WELDON. Mr. Chairman, I rise in strong support of the National Writing Project and in opposition to this amendment.

I am committed to reduce federal spending. For instance, in 1993 the Citizens Against Government Waste gave me the "Taxpayer Hero Award" with a rating of 85 percent, the highest rating given to any Congressman from Pennsylvania, and the Watchdog of the Treasury presented me the "Golden Bulldog Award" for the seventh straight year.

In our efforts to curb the deficit we must evaluate each program for its effectiveness. Although I understand the efforts of my colleagues to streamline federally supported elementary and secondary programs, the National Writing Project is one program that gives us the most bang for the buck. Federal funds are a small, but important part of the funding for this invaluable program. In my area, federal funds allow teachers and students from poor school districts to participate in this program who otherwise would be left out. Students participate in a summer program that enhances their knowledge and skills while being kept off the streets and out of trouble.

Teachers throughout my district have participated in this program. Implementing what they learned into the classroom has had a tremendous impact. This impact is not just upon english class, but social studies, and even mathematics. Mathematics teachers have described to me how using National Writing Project tools in the classroom have helped students understand mathematic concepts. For instance, explaining a mathematics formula in writing can bring about a firmer understanding of that formula in a student's mind.

School boards recognize the importance of this program. For instance, upon learning of the dramatic impact this program was having in a number of their classrooms, the Rose-Tree Media School District doubled the number of stipends they provide teachers to participate in this program.

Most importantly, children recognize the importance of this program. Let me quote some students in Mrs. Rauch's class at Springton Lake Middle School. Michelle Conquest says, "Six months ago I could not write a simile. Now I receive many compliments for my writing." Eve Bateman says, "I've learned to express myself, use figurative language, and write better endings. I would like to learn more about quotation usage, how to pick a title that fits the story, and make my stories longer without them going on, and on, and on." And Jacob Rossiter says, "When I grow up I want to be a famous writer and dedicate it to the best 6th grade writing workshop teacher, Mrs. Rauch. Ever since I've been in her class I've started to enjoy writing."

These children are motivated to improve their writing. Their teachers and the National Writing Project deserve credit for this enthusiasm. The National Writing Project is an excellent small investment from which children and our country reap enormous benefits. I ask my colleagues to continue such projects across the country by voting "no" on the Miller amendment.

Mr. MILLER of Florida. Mr. Chairman, I yield back the balance of my time.

Mr, KILDEE. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. MILLER].

The amendment was rejected.

Mr. GOODLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to enter into a colloquy with the gentleman from Michigan and the chairman of the Subcommittee on Elementary, Secondary and Vocational Education, Mr. KILDEE, for purposes of clarification.

I would like to clarify that a State could utilize the waiver provisions under Part D of Title IX for purposes of obtaining waivers of requirements under Subpart 2 of Part D of Title I—Improved Education for Disadvantaged Children.

It has come to my attention that there are States which have a system for the incarceration of delinquent youth which would not make the operation of the local program authorized under this subpart feasible. In such instances, I believe States should be able to apply for and receive a waiver. It has never been my intention to change the way States and localities deal with the incarceration of delinquent children and youth. Rather, I meant to improve the quality and kinds of services provided to delinquent youth in order to enhance the prospects of their return to and successful completion of school.

Mr. KILDEE. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Michigan.

Mr. KILDEE. Mr. Chairman, the answer is yes, the gentleman is correct. The State could utilize the waiver provisions under our language.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. MICHEL

Mr. MICHEL. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. MICHEL:

—Strike all after the enacting clause and insert the following:

TITLE I—AMENDMENTS TO THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

SEC. 101. AMENDMENTS TO THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.

The Elementary and Secondary Education Act of 1965 is amended to read as follows:

"SECTION 1. SHORT TITLE.

"This Act may be cited as the "Elementary and Secondary Education Act of 1965".

"TITLE I—HELPING CHILDREN IN NEED MEET HIGH STANDARDS

"SEC. 1001. DECLARATION OF POLICY AND STATEMENT OF PURPOSE.

"(a) STATEMENT OF POLICY.—The Congress declares it to be the policy of the United

States that a high-quality education for all citizens and a fair and equal opportunity to obtain that education—

"(1) are a societal good necessary for creating a vibrant future for our complex and diverse democracy and for meeting the challenge of an internationally competitive economy;

"(2) are a private good because individual opportunity is greatly enhanced by one's being well educated;

"(3) are a moral imperative in our society; simple justice demands that the opportunity to acquire skills and knowledge deemed necessary for basic citizenship and economic opportunity be equally available to all; and

"(4) improve the life of every citizen, because the quality of our individual lives ultimately depends on the quality of the lives of others.

"(b) RECOGNITION OF NEED.—The Congress recognizes that—

"(1) although the achievement gap between disadvantaged children and other children has been reduced by half over the past two decades, a sizeable gap remains, and many segments of our society lack the opportunity to become well educated;

"(2) the most urgent need for educational improvement is in schools with high concentrations of children from low-income families. Achieving the National Education Goals will not be possible without substantial improvement in these schools;

"(3) educational needs are particularly great for low-achieving children in our highest-poverty schools, children with limited English proficiency, children with disabilities, children of migrant workers, Indian children, children who are neglected or delinquent, and young children and their parents who are in need of family-literacy services; and

"(4) while title I and other programs funded under this Act have contributed to narrowing the achievement gap between children in high-poverty and low-poverty schools, they need to become even more effective in improving high-poverty schools in order to help enable all children to achieve high standards.

"(c) WHAT HAS BEEN LEARNED.—To enable schools to provide all children a high-quality education, this title builds upon what has been learned:

"(1) All children can master challenging content and complex problem-solving skills; research clearly shows that children, including low-achieving children, can succeed when expectations are high and they are given the opportunity to learn challenging material.

"(2) Piecemeal reform, particularly when not tied to an overall vision of teaching to, and helping all children reach, high standards, does not work.

"(3) Use of low-level tests that are not aligned with schools' curricula fails to provide adequate information about what children know and can do and encourages curricula and instruction that focus on low-level skills measured by those tests.

"(4) Resources are less effective when they serve children through such practices as pull-out programs, instead of ensuring that children have full access to effective regular school programs and receive supplemental help through extended-time activities.

"(5) The disproven theory that children must first learn basic skills before engaging in more complex tasks continues to dominate strategies for classroom instruction, resulting in emphasis on repetitive drill and practice at the expense of content-rich instruction, accelerated curricula, and effective teaching to high standards.

"(6) Intensive and sustained professional development for teachers and other school staff—focused on teaching and learning and on helping children attain high standards—is too often not provided.

"(7) Insufficient attention and resources are directed toward the effective use of technology in schools and the role it can play in professional development and improved teaching and learning.

"(8) All parents can contribute to their children's success by helping at home and becoming partners with teachers so that children can achieve high standards.

"(9) Decentralized decisionmaking is a key ingredient of systemic reform. Schools need the resources, flexibility, and responsibility to design and implement effective strategies for bringing their children to high levels of performance and should accept responsibility to do so.

"(10) Opportunities for students to achieve to high standards can be enhanced through a variety of approaches such as public school choice and charter schools.

"(11) Attention to academics alone cannot ensure that all children will reach high standards. The health and other needs of children that affect learning are frequently unmet, particularly in high-poverty schools, thereby necessitating coordination of services to better meet children's needs.

"(d) STATEMENT OF PURPOSE.—The purpose of this title is to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the rigorous State content standards and to meet the challenging State performance standards developed for all children under the Goals 2000: Educate America Act or, in their absence, under this title. This purpose shall be accomplished by—

"(1) ensuring high standards for all children and aligning the efforts of States, local educational agencies, and schools to help children served under this title to reach them;

"(2) providing children an enriched and accelerated educational program through schoolwide programs or through additional services that increase the amount and quality of instructional time so that children served under this title receive at least all the classroom instruction that other children receive;

"(3) promoting schoolwide reform and ensuring access of children—from the earliest grades—to effective instructional strategies and challenging academic content that includes intensive complex thinking and problem-solving experiences;

"(4) significantly upgrading the quality of curricula and instruction by providing staff in participating schools with substantial opportunities for intensive and sustained professional development;

"(5) coordinating services under all parts of this title with each other, with other educational services, and, to the extent feasible, with health and social service programs funded from other sources;

"(6) affording parents meaningful opportunities to participate in the education of their children at home and at school;

"(7) distributing resources, in amounts sufficient to make a difference, to areas where needs are greatest;

"(8) improving accountability, as well as teaching and learning, by using State assessment systems designed to measure how well children are achieving high State standards of performance expected of all children; and

"(9) providing greater decisionmaking authority and flexibility to schools in exchange for greater responsibility for student performance.

"SEC. 1002. AUTHORIZATION OF APPROPRIATIONS.

"Appropriations are authorized for the following programs and activities under this title:

"(1) LOCAL EDUCATIONAL AGENCY GRANTS.—For the purpose of carrying out part A of this title, other than section 1118(e), there are authorized to be appropriated $7,000,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996 through 1999.

"(2) EVEN START.—For the purpose of carrying out part B of this title, there are authorized to be appropriated $118,000,000 in fiscal year 1995, and such sums as may be necessary for each of the fiscal years 1996 through 1999.

"(3) EDUCATION OF MIGRATORY CHILDREN.—For the purpose of carrying out part C of this title, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(4) EDUCATION FOR NEGLECTED OR DELINQUENT YOUTH.—For the purpose of carrying out part D of this title, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(5) CAPITAL EXPENSES.—For the purpose of carrying out section 1118(e) of this title, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(6) SCHOOL IMPROVEMENT.—For the purpose of carrying out the activities authorized in sections 1119(b)(1), (b)(2), and (e) of this title, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(7) FEDERAL ACTIVITIES.—(A) For the purpose of carrying out section 1501 of this title, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(B) For the purpose of carrying out section 1502 of this title, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"PART A—MAKING HIGH-POVERTY SCHOOLS WORK

"Subpart 1—Basic Program Requirements

"SEC. 1111. STATE PLANS.

"(a) PLANS REQUIRED.—(1) Any State desiring to receive a grant under this part shall submit to the Secretary a plan, developed in consultation with local educational agencies, teachers, administrators, and parents, that—

"(A)(i) is integrated with the State's plan, either approved or being developed, under title III of the Goals 2000: Educate America Act, and satisfies the requirements of this section that are not already addressed by that State plan; and

"(ii) is integrated with other State plans, if any, under the School-to-Work Opportunities Act of 1993 and the Carl D. Perkins Vocational and Applied Technology Education Act, to the extent that these plans have not already been incorporated in the State's plan under title III of the Goals 2000: Educate America Act; or

"(B) if the State does not have an approved plan under title III of the Goals 2000: Educate America Act and is not developing such a plan—

"(i) is integrated with other State plans under this Act and other plans, including those under the School-to-Work Opportuni-

ties Act of 1993 and the Carl D. Perkins Vocational and Applied Technology Education Act, where such plans exist; and

"(ii) satisfies the requirements of this section.

"(2) The plan may be submitted as part of a consolidated application under section 9302.

"(3) A State may satisfy all or part of the requirements of this section by referencing applicable sections of its approved State plan under title III of the Goals 2000: Educate America Act.

"(b) STANDARDS AND ASSESSMENT PROVISIONS.—(1)(A) Each State plan shall demonstrate that the State has developed or adopted high-quality standards for children served under this title that will be used by the State, its local educational agencies, and its schools to carry out this Act and that these standards be as challenging and of the same high-quality as they are for all children. These standards shall include—

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

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

"(II) contain coherent and rigorous content; and

"(III) emphasize the teaching of advanced skills;

"(ii) challenging performance standards that—

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

"(II) describe two levels of high performance, 'proficient' and 'advanced', that determine how well children served under this title are mastering the material in the content standards; and

"(III) include a third benchmark below proficient, if necessary, to provide complete information about the progress of the lower-performing children toward achieving the high 'proficient' and 'advanced' performance standards.

"(B) For those core academic subjects in which a State has not adopted challenging content and performance standards, the State plan shall include a schedule for their development that includes the completion of standards in mathematics and reading/language arts by the end of the interim period as described in paragraph (7).

"(2)(A) Each State plan shall demonstrate, based on assessments described under paragraph (3), what constitutes adequate yearly progress of—

"(i) any school served under this part toward enabling children to meet the State's 'proficient' and 'advanced' performance standards; and

"(ii) any local educational agency that received funds under this part toward enabling children in schools receiving assistance under this part to meet the State's 'proficient' and 'advanced' performance standards.

"(B) Adequate yearly progress shall be defined in a manner—

"(i) that is consistent with criteria of general applicability established by the Secretary and results in continuous and substantial yearly improvement for economically disadvantaged, limited-English proficient, and all students under this title in each school and local educational agency toward the goal of all children under this title meeting the State's challenging 'advanced' performance standards; and

"(ii) links progress primarily to performance on the assessments carried out under this section while permitting progress to be established in part through the use of other outcome-based measures such as reductions in drop-out rates.

"(3) Each State plan shall demonstrate that the State has developed or adopted a set of high-quality, yearly student assessments that will be used as the primary means of determining the yearly performance of each local educational agency and school receiving assistance under this part in enabling children served under this title to meet the State's performance standards and that these assessments be challenging and of the same high-quality as they are for all children. These assessments shall—

"(A) be aligned with the State's challenging content and performance standards and provide coherent information about student attainment of such standards;

"(B) be used for purposes for which they are valid and reliable, and be consistent with relevant nationally recognized professional and technical standards of assessments;

"(C) measure the proficiency of students in the core academic subjects in which a State has adopted challenging content and performance standards and be administered at some time during—

"(i) grades 3 through 5;

"(ii) grades 6 through 9;

"(iii) grades 10 through 12.

"(D) be comprised of multiple, up-to-date measures of student performance;

"(E)(i) include limited-English proficient students who shall be assessed, to the extent practicable in the language and form most likely to yield accurate and reliable information on what these students know and can do, to determine their mastery of skills in subjects other than English;

"(ii) include students who have been resident in a local educational agency for a full academic year but have not attended a single school for a full year, provided that the performance of students who have attended more than one school in the local educational agency in any academic year shall be used only in determining the progress of the local educational agency; and

"(iii) include students with disabilities who shall be assessed, to the extent practicable, in a manner and form most likely to yield accurate and reliable information on what these students know and can do, including assessment accommodations and modifications necessary to make such determinations, provided that those students who are determined, through valid evaluation conducted by qualified personnel, to be so severely cognitively impaired as to permanently lack the capacity to make any educational progress, with the provision of special education and related services, in meeting the State content and performance standards may be exempted from the assessment process;

"(F) provide individual student scores; and

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

"(4) If a State has developed or adopted challenging content and performance standards and an aligned set of assessments for all students such as those developed under title III of the Goals 2000: Educate America Act, or another process, the State shall use such standards and assessments, modified, if necessary, to conform with the requirements of paragraphs (1)(A)(ii), (2), and (3).

"(5) If, after 2 years, a State does not have challenging content and performance standards that meet the requirements of paragraph (1) or after 3 years, a State does not have assessments that meet the requirements of paragraph (3), a State shall adopt a set of standards and aligned assessments such as the standards and assessments contained in other State plans that the Secretary has approved.

"(6)(A) If a State does not have assessments that meet the requirements of paragraph (3), the State may propose to use an interim set of yearly statewide assessments that will assess the performance of complex skills and challenging subject matter.

"(B) For any year during which a State is using an interim assessment system, the State shall devise a means for identifying schools and local educational agencies in need of improvement under section 1119.

"(c) OTHER PROVISIONS TO SUPPORT TEACHING AND LEARNING.—Each State plan shall also describe—

"(1)(A) the means by which the State educational agency will work with other agencies, including educational service agencies or other local consortia, and institutions to provide technical assistance to local educational agencies and schools to carry out the State educational agency's responsibilities under this part; and

"(B)(i) where educational service agencies exist, the State educational agency shall consider providing professional development and technical assistance through such agencies; and

"(ii) where educational service agencies do not exist, the State educational agency shall consider providing professional development and technical assistance through other cooperative agreements such as a consortium of local educational agencies;

"(2) the measure of poverty that local educational agencies shall use which shall include such measures as the number of children age 5 to 7 in poverty counted in the most recent census data approved by the Secretary, the number of children eligible to receive free and reduced price lunches under the National School Lunch Act, the number of children in families receiving assistance under Aid to Families With Dependent Children or the number of children eligible to receive medical assistance under the Medicaid program; or a composite of such indicators;

"(3) how the State educational agency will notify local educational agencies of the authority to operate schoolwide programs, and fulfill its local educational agency and school improvement responsibilities under section 1119, including the corrective actions it will take under section 1119(d)(6);

"(4) how the State educational agency will encourage the use of funds from other Federal, State, and local sources for schoolwide reform in schoolwide programs under section 1114;

"(5) how the State educational agency will assess the needs of local educational agencies serving rural areas, and the plans the State educational agency has to meet those needs; and

"(6) how the State educational agency will encourage the establishment and operation of cooperative education, mentoring, and apprenticeship programs, involving business and industry.

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

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

"(2) shall, following an initial peer review, approve a State plan the Secretary determines meets the requirements of subsections (b) and (c);

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

(B) shall not decline to approve a State's plan before offering the State an opportunity to revise its plan or application, provide technical assistance in order to assist the State to meet the requirements under subsections (b) and (c) and a hearing; and

(C) may withhold funds until determining that the plan meets the requirements of this section.

"(e) DURATION OF THE PLAN.—(1) Each State plan shall—

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

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

"(2) If the State makes significant changes in its plan, such as the adoption of new content and performance standards, new assessments, or a new definition of adequate progress, the State shall submit this information to the Secretary for approval.

"(f) Nothing in this title shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school's specific instructional content or pupil performance standards and assessments, curriculum, or program of instruction as a condition of eligibility to receive funds under this title.

"(g) If aggregate State expenditure by the State educational agency for operation of elementary and secondary education programs is less than the State educational agency's aggregate Federal allocation for State operation of all Federal elementary and secondary education programs, then the State plan for title I must include assurances and specific provisions for State expenditures for operation of elementary and secondary education programs to equal or exceed the level of Federal expenditures for such operation by fiscal year 1999.

"SEC. 1112. LOCAL EDUCATIONAL AGENCY PLANS.

"(a) PLANS REQUIRED.—(1) A local educational agency may receive a subgrant under this part for any fiscal year only if it has on file with the State educational agency a plan, approved by the State educational agency, that—

"(A)(i) is integrated with the local educational agency's plan, either approved or being developed, under title III of the Goals 2000: Educate America Act, and satisfies the requirements of this section that are not already addressed by that State plan; and

"(ii) is integrated with local plans, if any, under the School-to-Work Opportunities Act of 1993 and the Carl D. Perkins Vocational and Applied Technology Education Act, to the extent that such plans have not already been incorporated into the local educational agency's plan under title III of the Goals 2000: Educate America Act; or

"(B) if the local educational agency does not have an approved plan under title III of the Goals 2000: Educate America Act and is not developing such a plan—

"(i) is integrated with other local plans under this Act and other plans, including those under the School-to-Work Opportunities Act of 1993 and the Carl D. Perkins Vocational and Applied Technology Education Act, where such plans exist; and

"(ii) satisfies the requirements of this section.

"(2) The plan may be submitted as part of a consolidated application under section 9302.

"(3) A local educational agency may satisfy all or part of the requirements of this section by referencing applicable sections of its approved plan under title III of the Goals 2000: Educate America Act.

"(b) STANDARDS AND ASSESSMENT PROVISIONS.—Each local educational agency plan shall include—

"(1) a description of its challenging content and performance standards, if any, in the core subjects, in addition to the content and performance standards adopted by the State under section 1111, that the local educational agency expects children served under this title to meet;

"(2) a description, based on the assessments described under paragraph (3), of what constitutes adequate yearly progress if a local educational agency elects to establish such measures that are more stringent than the measures described in the State plan under section 1111; and

"(3) a description of additional high-quality student assessments, if any, other than the assessments described in the State plan under section 1111, that the local educational agency and schools served under this part will use to—

"(A) determine the success of children served under this title in meeting the State's performance standards; and

"(B) determine what revisions are needed to projects under this part so that such children will meet the State's performance standards.

"(c) OTHER PROVISIONS TO SUPPORT TEACHING AND LEARNING.—(1) To ensure high-quality instruction to enable participating children to meet the State's challenging performance standards expected of all students, each local educational agency plan shall describe a coherent strategy for intensive and sustained professional development for teachers, administrators, and other staff, including staff of such agency.

"(2) Each local educational agency plan shall describe how the local educational agency will—

"(A) notify schools of the authority to operate schoolwide programs;

"(B) work in consultation with schools as the schools develop their plans pursuant to section 1115 or 1117 and assist schools as they implement such plans so that each school can make adequate yearly progress toward meeting the State's standards; and

"(C) fulfill its school improvement responsibilities under section 1119, including the corrective actions it will take under section 1119(c)(4).

"(3) To address the comprehensive needs of children served under this title, each local educational agency plan shall describe how the local educational agency will—

"(A) coordinate and integrate services provided under this part with other educational services at the local educational agency or individual school level, including—

"(i) Even Start, Head Start, and other preschool programs, including plans for the transition of participants in such programs to local elementary school programs, vocational education programs, and school-to-work transition programs; and

"(ii) services for children with limited English proficiency or with disabilities, migratory children served under part C of this title or who were formerly eligible for services under part C in the 2-year period preceding the date of the enactment of this title, delinquent youth and youth at risk of dropping out served under part D of this title, homeless children, and immigrant children in order to increase program effectiveness, eliminate duplication, and reduce fragmentation of the children's instructional program;

"(B) coordinate and collaborate with other agencies providing services to children, youth, and families, including health and social services.

"(4) The local educational agency plan also shall include a description of—

"(A) the poverty criteria that will be used to select school attendance areas under section 1113;

"(B) the multiple criteria that will be used by targeted assistance schools under section 1115 to identify children eligible for services under this part;

"(C) the nature of the programs to be conducted by its schools under sections 1114 and 1115 and services outside such schools for children in local institutions for neglected or delinquent children and eligible homeless children, in accordance in section 1115(b)(2)(D);

"(D) how the local educational agency will ensure that migratory children and formerly migratory children who are eligible to receive services under this part are selected to receive such services on the same basis as other children who are selected to receive services under this part;

"(E) how a school that plans to serve preschool children through the Head Start or Even Start programs will use its funds to expand such programs to serve preschool children from its attendance area that otherwise would not have been served or increase the level of service to children presently being served; and

"(F) how the local educational agency will provide services to eligible children attending private elementary and secondary schools in accordance with section 1120, and how timely and meaningful consultation with private school officials regarding such services will occur.

"(d) PLAN DEVELOPMENT AND DURATION.—Each local educational agency plan shall—

"(1) be developed in consultation with teachers, including vocational teachers, where appropriate, and parents of children in schools served under this part; and

"(2)(A) remain in effect for the duration of the local educational agency's participation under this part; and

"(B) periodically be reviewed and revised, as necessary, to reflect changes in the local educational agency's strategies and programs.

"(e) STATE APPROVAL.—The State educational agency shall approve a local educational agency's plan only if the State educational agency determines that the plan will enable schools served under this part to substantially help children served under this title to meet the State's challenging performance standards expected of all children.

"(f) PROGRAM RESPONSIBILITY.—The local educational agency plan shall reflect the shared responsibility of schools, teachers, and the local educational agency in making decisions required under sections 1114 and 1115.

"SEC. 1113. ELIGIBLE SCHOOL ATTENDANCE AREAS.

"(a) IN GENERAL.—(1)(A)(i) A local educational agency shall use funds received under this part only in school attendance areas with high concentrations of children from low-income families, hereafter in this section referred to as 'eligible school attendance areas'.

"(ii) For the purposes of this part—

"(I) 'school attendance area' means, in relation to a particular school, the geographical area in which the children who are normally served by such school reside; and

"(II) 'eligible school attendance area' means a school attendance area in which the percentage of children from low-income families is at least as high as the percentage of children from low-income families in the local educational agency as a whole.

"(B) If funds allocated in accordance with subsection (c) are insufficient to serve all eligible school attendance areas, a local educational agency shall—

"(i) annually rank, without regard to grade spans, its eligible school attendance areas in which the concentration of children from low-income families exceeds 75 percent from highest to lowest according to the percentage of children from low-income families; and

"(ii) serve such eligible school attendance areas in rank order.

"(C) If funds remain after serving all eligible school attendance areas under subparagraph (B), a local educational agency shall—

"(i) annually rank its remaining eligible school attendance areas from highest to lowest either by grade span or for the entire local educational agency according to the percentage of children from low-income families; and

"(ii) serve such eligible school attendance areas in rank order either within each grade-span grouping or within the local educational agency as a whole.

"(2) The local educational agency shall use as the measure of poverty, the number of children ages 5–17 in poverty counted in the most recent census data approved by the Secretary, the number of children eligible for free and reduced priced lunches under the National School Lunch Act, the number of children in families receiving assistance under Aid to Families with Dependent Children or the number of children eligible to receive medical assistance under the Medicaid program, or a composite of such indicators, with respect to all school attendance areas in the local educational agency—

"(A) to identify eligible school attendance areas;

"(B) to determine the ranking of each area; and

"(C) to determine allocations under subsection (c).

"(3) This subsection shall not apply to a local educational agency with a total enrollment of less than 1,000 children.

"(b) LOCAL EDUCATIONAL AGENCY DISCRETION.—Notwithstanding subsection (a)(1), a local educational agency may—

"(1) designate as eligible any school attendance area or school in which at least 50 percent of the children are from low-income families;

"(2) use funds received under this part in a school that is not in an eligible school attendance area, if the percentage of children from low-income families enrolled in the school is equal to or greater than the percentage of such children in a participating school attendance area of such agency; and

"(3)(A) elect not to serve an eligible school attendance area or eligible school that has a higher percentage of children from low-income families if—

"(i) the school meets the comparability requirements of section 1120(c);

"(ii) the school is receiving supplemental funds from other State or local sources that are spent according to the requirements of section 1114 or 1115; and

"(iii) the funds expended from such other sources equal or exceed the amount that would be provided under this part.

"(B) Notwithstanding subparagraph (A), the number of children attending private elementary and secondary schools who are to receive services, and the assistance they are to receive under this part, shall be determined without regard to whether the public school attendance area in which such children reside is passed over under this paragraph.

"(c) ALLOCATIONS.—(1) A local educational agency shall allocate funds received under this part to eligible school attendance areas or eligible schools, identified under subsection (a) or (b), in rank order, on the basis of the total number of children from low-income families in each area or school.

"(2)(A) Except as provided in subparagraph (B), the per-pupil amount of funds allocated to each school attendance area or school under paragraph (1) shall be not less than 80 percent of the per-pupil amount of funds the local educational agency received for such year under sections 1124, 1124A, and 1125.

"(B) A local educational agency may reduce the amount of funds allocated under subparagraph (A) for a school attendance area or school by the amount of any supplemental State and local funds expended in such school attendance area or school for programs that meet the requirements of section 1114 or 1115.

"(3) A local educational agency shall reserve such funds as are necessary under this part to provide services comparable to the services provided to children in schools funded under this part to serve—

"(A) homeless children in accordance with section 1115(b)(2)(D); and

"(B) children in local institutions for delinquent children.

"SEC. 1114. SCHOOLWIDE PROGRAMS.

"(a) USE OF FUNDS FOR SCHOOLWIDE PROGRAMS.—(1) A local educational agency may use funds under this part, in combination with other Federal, State, and local funds, to upgrade the entire educational program in an eligible school if, for the initial year of the schoolwide program, the school meets the following criteria:

"(A) For school year 1995–96—

"(i) the school serves an eligible school attendance area in which at least 65 percent of the children are from low-income families; or

"(ii) at least 65 percent of the children enrolled in the school are from such families.

"(B) For school year 1996–97 and thereafter, the percentage requirement in subparagraphs (A) (i) and (ii) shall be 50 percent.

"(2)(A) No schoolwide program school shall be required to identify particular children as eligible to participate or to provide supplemental services to them.

"(B) A schoolwide program school shall use such funds only to supplement the amount of funds that would, in the absence of funds under this part, be made available from non-Federal sources for the school, including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency.

"(3) A school may use funds received under any noncompetitive, formula-grant program administered by the Secretary, except such a program under the Individuals With Disabilities Education Act, and any discretionary program contained on a list (updated as necessary) issued by the Secretary to support a schoolwide program, notwithstanding any provision of the statute or regulations governing any such program.

"(b) COMPONENTS OF A SCHOOLWIDE PROGRAM.—(1) A schoolwide program shall include the following components:

"(A) A comprehensive needs assessment of the entire school that is based on information on the performance of children in relation to the State's standards.

"(B) Schoolwide reform strategies that—

"(i) provide opportunities for all children to meet the State's 'proficient' and 'advanced' performance standards expected of all children;

"(ii) are based on research on effective means of improving the achievement of children;

"(iii) use effective instructional strategies that increase the amount and quality of learning time and help provide an enriched and accelerated curriculum rather than remedial drill and practice;

"(iv) address the needs of all children in the school, but particularly the needs of low-achieving children, children with limited English proficiency, children from migratory families, and children who are members of the target population of any program that is included in the schoolwide program, and how the school will determine if those needs have been met; and

"(v) are consistent with, and are designed to implement, the State and local reform plans, if any, approved under title III of the Goals 2000: Educate America Act.

"(C) Instruction by highly qualified professional staff.

"(D) Intensive and sustained professional development for teachers, principals, and other staff to enable all children in the school to meet the State's performance standards.

"(E) Parental involvement in accordance with section 1117.

"(F) Additionally, in schools serving children beyond grade six, in coordination with funds available from other programs and, as appropriate, drawing on private and public organizations—

"(i) counseling and mentoring services;

"(ii) college and career awareness and preparation, such as college and career guidance, enhancement of employability skills, and job placement services; and

"(iii) services to prepare students for the transition from school to work.

"(2)(A) Any eligible school that desires to operate a schoolwide program shall first develop, in consultation with the local educational agency, a comprehensive plan for reforming the total instructional program in the school that—

"(i) incorporates the components described in paragraph (1);

"(ii) describes how the school will use resources under this part and from other sources to implement those components;

"(iii) includes a list of State and local educational agency programs and other Federal programs under paragraph (a)(3) that will be included in the schoolwide program; and

"(iv) describes how the school will provide individual student assessment results, including an interpretation of those results, to the parents of any child who participates in the assessment required by section 1111(b)(3).

"(B) Plans developed before a State has adopted standards and a set of assessments that meet the criteria in section 1111(b) (1) and (3) shall be based on an analysis of available data on the achievement of students in the school and a review of the school's instructional practices in the context of available research on effective instructional and school improvement practices.

"(C) The comprehensive plan shall be—

"(i) developed over a one-year period, unless—

"(I) the local educational agency, based on the recommendation of the school support team under subsection (c), determines that less time is needed to develop and implement the schoolwide program; or

"(II) the school is operating a schoolwide program at the time this section takes effect, in which case it may continue to operate that program, but shall develop a new plan during the first year to reflect the provisions of this section;

"(ii) developed with the involvement of the community to be served and those individuals who will carry it out, including teachers, principals, other staff, parents, and, if the plan relates to a secondary school, students from the school;

"(iii) reviewed and revised, as necessary, by the school; and

"(iv) available to the local educational agency, parents, and the public. The information contained therein shall be translated, to the extent feasible, into any language that a significant percentage of the parents of participating children in the school speak as their primary language.

"(c) SCHOOL SUPPORT TEAMS.—(1) Each State educational agency shall establish a system of school support teams to provide information and assistance to each schoolwide program to ensure that schoolwide programs provide the opportunity for all children to meet the State's challenging performance standards.

"(2) Each such team shall be composed of persons, including teachers, knowledgeable about research and practice on teaching and learning, particularly about strategies for improving the educational opportunities for low-achieving children.

"(3) A school support team shall work with each school as it develops its schoolwide program plan, review the merits of each plan, and make recommendations to the school and the local educational agency.

"(4) During the operation of the schoolwide program, a school support team shall—

"(A) periodically review the progress of the school in enabling children in the school to meet the State's performance standards;

"(B) identify problems in the design and operation of the instructional program; and

"(C) make suggestions for improvement to the school and the local educational agency.

"(5) Funds available for State administration and for local educational agencies under this part may be used to pay the costs of the school support teams.

"SEC. 1115. TARGETED ASSISTANCE SCHOOLS.

"(a) IN GENERAL.—In all schools selected to participate under section 1113 that are ineligible for a schoolwide program, or that choose not to operate a schoolwide program, a local educational agency may use funds received under this part only for programs that provide services to eligible children identified as having the greatest need for special assistance.

"(b) ELIGIBLE CHILDREN—(1)(A) The eligible population for services under this part is—

"(i) children up to age 21 who are entitled to a free public education through grade 12; and

"(ii) children who are not yet at a grade level where the local educational agency provides a free public education, yet are of an age at which they can benefit from an organized instructional program provided in a school or other educational setting.

"(B) From the population described in subparagraph (A), eligible children are children identified by the school as failing, or most at risk of failing, to meet the State's challenging performance standards on the basis of multiple, educationally related, objective criteria established by the local educational agency and supplemented by the school, except that children from preschool through grade two shall be selected solely on the basis of such criteria as teacher judgment, interviews with parents, and developmentally appropriate measures.

"(2)(A)(i) Children receiving services to overcome a disability or limited English proficiency are eligible for services under this part on the same basis as other children selected to receive services under this part.

"(ii) Funds received under this part may not be used to provide services that are otherwise required by law to be made available to such children.

"(B) A child who, at any time in the previous two years, participated in a Head Start, Even Start, or State-run preschool program shall be automatically eligible for services under this part;

"(C)(i) A child who, at any time in the previous two years received services under the program for delinquent youth and youth at risk of dropping out under part D of this title (or its predecessor authority) may be eligible for services under this part.

"(ii) Any child in a local institution for neglected or delinquent children or attending a community day program for such children is eligible for services under this part.

"(D) A local educational agency shall use funds received under this part to serve eligible homeless children who attend a school in the local educational agency that receives funds under this title. To the extent feasible, a local educational agency shall use funds received under this part to serve eligible homeless children who attend schools in noneligible attendance areas, including providing educationally related support services to children in shelters, where appropriate.

"(c) COMPONENTS OF A TARGETED ASSISTANCE SCHOOL PROGRAM.—(1) To assist targeted assistance schools and local educational agencies to meet their responsibility to provide all students with the opportunity to meet the State's challenging performance standards, each targeted assistance program under this section shall—

"(A) use its resources under this part to help participating children meet the challenging performance standards expected for all children;

"(B) be based on research on effective means for improving achievement of children;

"(C) use effective instructional strategies that—

"(i) give primary consideration to providing extended learning time such as an extended school year and before- and after-school programs and opportunities;

"(ii) involve an accelerated, high-quality curriculum, including applied learning, rather than remedial drill and practice; and

"(iii) minimize removing children from the regular classroom for instruction provided under this part;

"(D) be coordinated with and support the regular program in providing an enriched and accelerated curriculum for eligible children;

"(E) provide instruction by highly qualified professional staff;

"(F) provide opportunities for intensive and sustained professional development with resources under this part and from other sources for administrators and for teachers and other school staff who work with participating children in programs under this section or in the regular education program;

"(G) provide strategies to increase parental involvement, including family literary services;

"(H) provide plans for assisting preschool children in the transition from early childhood programs, such as Head Start, Even Start, or a State-run preschool program, to local elementary school programs; and

"(I) include, additionally, in schools serving children beyond grade six, in coordination with funds available from other programs and, as appropriate, drawing on private and public organizations—

"(i) counseling and mentoring;

"(ii) college and career awareness and preparation, such as college and career guidance, comprehensive career development, enhancement of employability skills, personal finance education, and job placement services; and

"(iii) services to prepare students for the transition from school to work, including the formation of partnerships between elementary, middle, and secondary schools and local businesses.

"(2)(A) Each school conducting a program under this section shall develop, in consultation with the local educational agency, a plan to assist participating children to meet the State's 'proficient' and 'advanced' performance standards that describes—

"(i) the selection of children to participate in accordance with subsection (b);

"(ii) the program to be conducted that incorporates the components described in paragraph (1) and how the resources provided under this part will be coordinated with other resources to enable the children served to meet the State's standards;

"(iii) how the school will review, on an ongoing basis, the progress of participating children and revise the program, if necessary, to provide additional assistance to enable such children to meet the State's challenging performance standards such as an extended school year and before- and after-school programs and opportunities, training for teachers regarding how to identify students that require additional assistance, and training for teachers regarding how to implement performance standards in the classroom; and

"(iv) if the school is eligible to operate a schoolwide program under section 1114, why it chose not to do so.

"(B) Plans developed before a State has adopted standards and a set of assessments that meet the criteria of section 1111(b) (1) and (3) shall be based on an analysis of available data on the achievement of participating children and a review of the school's instructional practices in the context of available research on effective instructional practices.

"(C) Each plan shall be—

"(i) developed with the involvement of the community to be served and the individuals who will carry it out, including teachers, administrators, other staff, parents, representatives from business and industry, and, if the plan relates to a secondary school, students from the school;

"(ii) approved by the local educational agency and made available to parents and the information contained therein translated, to the extent feasible, into any language that a significant percentage of the parents of participating children in the school speak as their primary language; and

"(iii) reviewed and revised, as necessary, by the school.

"(d) ASSIGNMENT OF PERSONNEL.—To promote the integration of staff paid with funds under this part and children served under

this part into the regular school program and overall school planning and improvement efforts, public school personnel who are paid with funds received under this part may—

"(1) assume limited duties that are assigned to similar personnel who are not so paid, including duties beyond classroom instruction or that do not benefit participating children so long as the amount of time spent on such duties is the same proportion of total work time as prevails with respect to similar personnel at the same school;

"(2) participate in general professional development and school planning activities; and

"(3) collaboratively teach with regular classroom teachers, so long as their efforts directly benefit participating children.

"SEC. 1116. PUBLIC SCHOOL CHOICE.

"(a) CHOICE PROGRAMS.—A local educational agency may use funds under this part, in combination with other Federal, State, local, and private funds to develop and implement choice programs, for children eligible for assistance under this title, which permit parents to select the public school that their children will attend.

"(b) CHOICE PLAN.—A local educational agency that chooses to implement a school choice plan shall first develop a comprehensive plan that includes assurances that—

"(1) all eligible students across grade levels shall have equal access to the program;

"(2) the program shall not include schools which follow a racially discriminatory policy;

"(3) describe how the school will use resources under this part and from other sources to implement such components;

"(4) describe how the school will provide individual student assessment results, including an interpretation of those results, to the parents of a child who participates in the assessment required by section 1111(b)(3);

"(5) the plan will be developed with the involvement of the community to be served and individuals who will carry it out, including teachers, principals, other staff, parents, and, if the plan relates to a secondary school, students from the school;

"(6) the plan will be made available to parents and the public; and

"(7) the program shall not include schools not receiving funds under this title.".

"SEC. 1117. PARENTAL INVOLVEMENT.

"(a) LOCAL EDUCATIONAL AGENCY POLICY.—(1) Each local educational agency that receives funds under this part shall develop jointly with, and make available to, parents of participating children a written parent involvement policy that is incorporated into the local educational agency's plan developed under section 1112, establishes the expectations for parent involvement, and describes how the local educational agency will—

"(A) involve parents in the development of the plan described under section 1112, and the process of school review and improvement described under section 1119;

"(B) provide the coordination, technical assistance, and other support necessary to assist participating schools in planning and implementing effective parent involvement;

"(C) build the schools' and parents' capacity for strong parent involvement as described in subsection (e);

"(D) coordinate and integrate parental involvement strategies with other programs, including Head Start, Even Start, and State-run preschool programs; and

"(E) ensure that participating schools review their parent involvement activities on an ongoing basis and use the findings of the reviews in designing strategies for school improvement.

"(2) If the local educational agency has a district-level parental involvement policy that applies to all parents, it may amend that policy, if necessary, to meet the requirements of this subsection.

"(b) SCHOOL PARENTAL INVOLVEMENT PLAN.—(1) Each school served under this part shall jointly develop with, and make available to, parents of participating children a written parent involvement plan that shall be incorporated into the school plan developed under section 1114 or 1115 and shall describe the means for carrying out the requirements of subsections (c) through (f).

"(2) If the school has a parental involvement policy that applies to all parents, it may amend that policy, if necessary, to meet the requirements of this subsection.

"(c) POLICY INVOLVEMENT.—Each school served under this part shall—

"(1) convene an annual meeting, at a convenient time, to which all parents of participating children shall be invited and encouraged to attend, to inform parents of their school's participation under this part and to explain this part, its requirements, and their right to be involved;

"(2) involve parents, in an organized, ongoing, and timely way, in the planning, review, and improvement of programs under this part, including the development of the school plan under section 1114 or 1115. If a school has in place a process for involving parents in the planning and design of its programs, the school may use that process, provided that it includes an adequate representation of parents of participating children; and

"(3) provide parents of participating children—

"(A) timely information about programs under this part;

"(B) school performance profiles required under section 1119(a)(2);

"(C) opportunities for regular meetings to formulate suggestions, if such parents so desire; and

"(D) timely responses to their recommendations.

"(d) SHARED RESPONSIBILITIES FOR HIGH STUDENT PERFORMANCE.—As a component of the school-level parental involvement plan developed under subsection (b), each school served under this part shall jointly develop with parents for all children a school-parent compact that outlines how parents, the entire school staff, and students will share the responsibility for improved student achievement and the means by which the school and parents will build and develop a partnership to help children achieve the State's high standards. Such compact shall—

"(1) describe the school's responsibility to provide high-quality curriculum and instruction in a supportive and effective learning environment that enable the children to meet the State's challenging performance standards, and the ways in which each parent will be responsible for supporting his or her children's learning, including monitoring attendance, homework completion, television watching, and positive use of extracurricular time; and

"(2) address the importance of communication between teachers and parents on an ongoing basis through at least—

"(A) parent-teacher conferences in elementary schools, at least annually, during which the compact shall be discussed as it relates to the individual child's achievement;

"(B) frequent reports to parents on their children's progress; and

"(C) reasonable access to staff and observation of classroom activities.

"(e) BUILDING CAPACITY FOR INVOLVEMENT.—To ensure effective involvement of parents and to support a partnership among the school, parents, and the community to improve student achievement, each school and local educational agency shall—

"(1) provide assistance to participating parents in such areas as understanding the National Education Goals, the State's content and performance standards, State and local assessments, the requirements of this part, and how to monitor their children's progress and work with educators to improve the performance of their children;

"(2) provide materials and training, including necessary literacy training that is not otherwise available from other sources to help parents work with their children to improve their children's achievement;

"(3) educate teachers, principals and other staff in the value and utility of contributions of parents, and in how to reach out to, communicate with, and work with parents as equal partners, implement and coordinate parent programs, and build ties between home and school; and

"(4) develop appropriate roles for community-based organizations and businesses in parent involvement activities, including providing information about opportunities for them to work with parents and schools.

"(f) ACCESSIBILITY.—In carrying out the parental involvement requirements of this part, local educational agencies and schools shall, to the extent practicable, provide full opportunities for participation to parents with limited English proficiency or with disabilities, including providing information in a language and form they understand.

"SEC. 1118. PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS.

(a) GENERAL REQUIREMENT.—(1) To the extent consistent with the number of eligible children identified according to section 1115(b) in a local educational agency who are enrolled in private elementary and secondary schools, a local educational agency shall, after timely and meaningful consultation with appropriate private school officials, provide such children, on an equitable basis, special educational services or other benefits under this part.

"(2) The educational services or other benefits, including materials and equipment, must be secular, neutral, and nonideological.

"(3) Educational services and other benefits for such private school children shall be equitable in comparison to services and other benefits for public school children participating under this part.

"(4) Expenditures for educational services and other benefits to eligible private school children shall be equal to the proportion of funds allocated to participating school attendance areas based on the number of children from low-income families who attend private schools.

"(5) The local educational agency may provide such services directly or through contracts with public and private agencies, organizations, and institutions.

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

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

"(B) what services will be offered;

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

"(D) how the services will be assessed.

"(2) Consultation shall occur before the local educational agency makes any decision that affects the opportunities of eligible private school children to participate in programs under this part.

"(3) Consultation shall include a discussion of the full range of service delivery mechanisms a local educational agency could use to provide equitable services to eligible private school children including, but not limited to, instruction provided at public school sites, at neutral sites, and in mobile vans, computer-assisted instruction, extended-day services, home tutoring, and instruction provided with take-home computers.

"(c) PUBLIC CONTROL OF FUNDS.—(1) The control of funds provided under this part, and title to materials, equipment, and property purchased with those funds, shall be in a public agency, and a public agency shall administer such funds and property.

"(2)(A) The provision of services under this section shall be provided—

"(i) by employees of a public agency; or

"(ii) through contract by such public agency with an individual, association, agency, or organization.

"(B) In the provision of such services, such employee, person, association, agency, or organization shall be independent of such private school and of any religious organization, and such employment or contract shall be under the control and supervision of such public agency.

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

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

"(2) arrange for the provision of services to such children through arrangements that shall be subject to the requirements of this section and sections 9505 and 9506 of this Act.

"(e) CAPITAL EXPENSES.—(1)(A) From the amount appropriated for this subsection under section 1002(e) for any fiscal year, each State is eligible to receive an amount that bears the same ratio to the amount so appropriated as the number of private school children who received services under this part in the State in the most recent year for which data satisfactory to the Secretary are available bears to the number of such children in all States in that same year.

"(B) The Secretary shall reallocate any amounts allocated under subparagraph (A) that are not used by a State for the purpose of this subsection to other States on the basis of their respective needs, as determined by the Secretary.

"(2)(A) A local educational agency may apply to the State educational agency for payments for capital expenses consistent with this subsection.

"(B) State educational agencies shall distribute such funds to local educational agencies based on the degree of need set forth in their respective applications.

"(3) Any funds appropriated to carry out this subsection shall be used only for capital expenses incurred to provide equitable services for private school children under this section.

"(4) For the purpose of this subsection, the term 'capital expenses' is limited to—

"(A) expenditures for noninstructional goods and services, such as the purchase, lease, or renovation of real and personal property, including, but not limited to, mobile educational units and leasing of neutral sites or spaces;

"(B) insurance and maintenance costs;

"(C) transportation; and

"(D) other comparable goods and services.

"SEC. 1119. ASSESSMENT AND SCHOOL AND DISTRICT IMPROVEMENT.

"(a) LOCAL REVIEW.—Each local educational agency receiving funds under this part shall—

"(1) use the State assessments described in the State plan and any additional measures described in the local educational agency's plan to review annually the progress of each school served under this part to determine whether the school is meeting, or making adequate progress as defined in section 1111(b)(2)(A)(i) toward enabling its students to meet, the State's performance standards;

"(2) publicize and disseminate to teachers, parents, students, and the community the results of the annual review under paragraph (1) of all schools served under this part in individual school performance profiles that include disaggregated results as required by section 1111(b)(3)(G); and

"(3) provide the results of the local annual review to schools so that they can continually refine the program of instruction to help all children in those schools meet the State's high performance standards.

"(b) DISTINGUISHED SCHOOLS.—(1) Each State shall designate as a Distinguished School—

"(A) any school served under this part that, for three consecutive years, has exceeded the State's definition of adequate progress as defined in section 1111(b)(2)(A)(i); and

"(B) any school in which virtually all students have met the State's 'advanced' performance standards.

"(2)(A) A State shall use funds available under section 1002(f) to recognize Distinguished Schools, including making monetary awards.

"(B) Funds awarded to a Distinguished School may be used by the school to further its educational program under this part, provide additional incentives for continued success, and reward individuals or groups in the school for past performance.

"(3) A local educational agency may also recognize the success of a Distinguished School by providing additional institutional and individual rewards, such as greater decisionmaking authority at the school building level, increased access to resources or supplemental services such as summer programs that may be used to sustain or increase success, additional professional development opportunities, opportunities to participate in special projects, and individual financial bonuses.

"(4) Schools designated as Distinguished Schools under paragraph (1) may serve as models and provide additional assistance to other schools served under this part that are not making adequate progress.

"(c) SCHOOL IMPROVEMENT.—(1) A local educational agency shall identify for school improvement any school served under this part that—

"(A) has been in program improvement under section 1020 of chapter 1 of title I of the Elementary and Secondary Education Act of 1965, as in effect before the effective date of the Improving America's Schools Act of 1993, for at least two consecutive school years prior to that date;

"(B) has not made adequate progress as defined in the State's plan under section 1111(b)(2)(A)(i) for two consecutive school years and if it does not have virtually all students meeting the State's 'advanced' performance standards; or

"(C) has failed to meet the criteria established by the State through its interim procedure under section 1111(b)(5)(C) for two consecutive years.

"(2)(A) Each school identified under paragraph (1) shall—

"(i) in consultation with parents, the local educational agency, and, for schoolwide programs, the school support team, revise its school plan under section 1114 or 1115 in ways that have the greatest likelihood of improving the performance of participating children in meeting the State's performance standards; and

"(ii) submit the revised plan to the local educational agency for approval.

"(B) During the first year immediately following identification under paragraph (1), the school shall implement its revised plan.

"(3) For each school identified under paragraph (1), the local educational agency shall provide technical assistance as the school develops and implements its revised plan.

"(4)(A) The local educational agency may take corrective action at any time against a school that has been identified under paragraph (1), but, during the third year following identification under paragraph (1), shall take such action against any school that still fails to make adequate progress.

"(B) Corrective actions are those listed in the local educational agency plan adopted in compliance with State law, which may include, but are not limited to, decreasing decisionmaking authority at the school level; making alternative governance arrangements such as the creation of a charter school; reconstituting the school staff; withholding funds; and authorizing students to transfer, including paying transportation costs, to other schools in the local educational agency.

"(C)(i) At any time after a school has been identified under paragraph (1), the local education agency may authorize students eligible for assistance under this title to transfer to another public school receiving funds under this title.

"(ii) During the third and subsequent years following the identification of a school under paragraph (1), the local education agency shall authorize students eligible for assistance under this title to transfer to another public school receiving funds under this title.

"(iii) Funds allocated for a student under this title shall follow such student when transferring to another school.

"(5) The State educational agency shall—

"(A) make assistance from Distinguished Educators under subsection (e) available to the schools farthest from meeting the State's standards, if requested by the school or local educational agency; and

"(B) if it determines that a local educational agency failed to carry out its responsibility under paragraphs (3) and (4), take such corrective actions that it deems appropriate.

"(6) Schools that for at least two of the three years following identification under paragraph (1) make adequate progress toward meeting the State's 'proficient' and 'advanced' performance standards no longer need to be identified for school improvement.

"(d) STATE REVIEW AND LOCAL EDUCATIONAL AGENCY IMPROVEMENT.—(1) A State educational agency shall—

"(A) annually review the progress of each local educational agency receiving funds

under this part to determine whether it is making adequate progress as defined in section 1111(b)(2)(A)(ii) toward meeting the State's performance standards; and

"(B) publicize and disseminate to teachers, parents, students, and the community the results of the State review, including disaggregated results, as required by section 1111(b)(3)(F).

"(2) In the case of a local educational agency that for three consecutive years has exceeded the State's definition of adequate progress as defined in section 1111(b)(2)(A)(ii), the State may make institutional and individual rewards of the kinds described for individual schools in subsection (b)(3).

"(3) A State educational agency shall identify for improvement any local educational agency that—

"(A) for two consecutive years, is not making adequate progress as defined in section 1111(b)(2)(A)(ii) toward meeting the State's performance standards; or

"(B) has failed to meet the criteria established by the State through its interim procedure under section 1111(b)(5)(C) for two consecutive years.

"(4) Each local educational agency identified under paragraph (3) shall, in consultation with schools, parents, and educational experts, revise its district-level plan under section 1112 in ways that have the greatest likelihood of improving the performance of its schools in meeting the State's performance standards.

"(5) For each local educational agency identified under paragraph (3), the State educational agency shall—

"(A) provide technical assistance to better enable the local educational agency to develop and implement its revised plan and work with schools needing improvement; and

"(B) make available to the districts farthest from meeting the State's standards, if requested, assistance from Distinguished Educators under subsection (e).

"(6)(A) The State educational agency may take corrective action at any time against a local educational agency that has been identified under paragraph (3), but, during the fourth year following identification under paragraph (3), shall take such action against any local educational agency that still fails to make adequate progress.

"(B) Corrective actions are those listed in the local educational agency plan adopted in compliance with State law, which may include, but are not limited to, reconstitution of district personnel; appointment by the State educational agency of a receiver or trustee to administer the affairs of the local educational agency in place of the superintendent and school board; removal of particular schools from the jurisdiction of the local educational agency and establishment of alternative arrangements for governing and supervising such schools; the abolition or restructuring of the local educational agency; and the withholding of funds.

"(C)(i) At any time after a local education agency has been identified under paragraph (3), the State may authorize students eligible for assistance under this title to transfer to another public school in another local agency receiving funds under this title.

"(ii) During the fourth and subsequent years following the identification of a local education agency under paragraph (3), the State shall authorize students eligible for assistance under this title to transfer to another public school in another local education agency receiving funds under this title.

"(iii) Funds allocated for a student under this title shall follow such student when transferring to another school.

"(7) Local educational agencies that for at least two of the three years following identification under paragraph (3) make adequate progress toward meeting the State's standards no longer need to be identified for district improvement.

"(e) DISTINGUISHED EDUCATORS.—(1) In order to provide assistance to schools and local educational agencies identified as needing improvement under subsection (c) or (d), each State, using funds available under section 1002(f), shall establish a corps of Distinguished Educators.

"(2) When possible, these Distinguished Educators shall be chosen from schools served under this part that have been especially successful in enabling children to meet or make outstanding progress toward meeting the State's performance standards, such as those schools described in subsection (b).

"(3) Distinguished Educators shall provide, upon request, intensive and sustained assistance to the schools and districts farthest from meeting the State's standards as they revise and implement their plans.

"(4) If the State has devised an alternative approach to providing such intensive and sustained assistance to schools and districts farthest from meeting the State's standards, this approach shall meet the requirements of this subsection subject to the approval of the Secretary as part of the State plan.

"(f) STATE ALLOCATIONS FOR SCHOOL IMPROVEMENT.—From the amount appropriated under section 1002(f) for any fiscal year, each State shall be eligible to receive an amount that bears the same ratio to the amount appropriated as the amount allocated to the State under sections 1123 and 1124 bears to the total amount allocated to all States under those sections, except that each State shall receive at least $180,000, or $30,000 in the case of Guam, American Samoa, the Virgin Islands, the Northern Marianas, and Palau (until the Compact of Free Association goes into effect).

"SEC. 1120. FISCAL REQUIREMENTS.

"(a) MAINTENANCE OF EFFORT.—A local educational agency may receive funds under this part for any fiscal year only if the State educational agency finds that the local educational agency has maintained its fiscal effort in accordance with section 9501 of this Act, including such effort for professional development activities.

"(b) FEDERAL FUNDS TO SUPPLEMENT, NOT SUPPLANT, NON-FEDERAL FUNDS.—(1)(A) Except as provided in subparagraph (B), a State or local educational agency shall use funds received under this part only to supplement the amount of funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.

"(B) For the purpose of complying with subparagraph (A), a State or local educational agency may exclude supplemental State and local funds expended in any eligible school attendance area or school for programs that meet the requirements of section 1114 or 1115.

"(2) No local educational agency shall be required to provide services under this part through a particular instructional method or in a particular instructional setting in order to demonstrate its compliance with paragraph (1).

"(c) COMPARABILITY OF SERVICES.—(1)(A) Except as provided in paragraphs (4) and (5), a local educational agency may receive funds under this part only if State and local funds will be used in schools served under this part to provide services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part.

"(B) If the local educational agency is serving all of its schools under this part, such agency may receive funds under this part only if it will use State and local funds to provide services that, taken as a whole, are substantially comparable in each school.

"(C) A local educational agency may meet the requirements of subparagraphs (A) and (B) on a grade-span by grade-span basis or a school-by-school basis.

"(2)(A) To meet the requirements of paragraph (1), a local educational agency shall demonstrate that—

"(i) expenditures per pupil from State and local funds in each school served under this part are equal to or greater than the average expenditures per pupil in schools not receiving services under this part; or

"(ii) it has adopted a districtwide salary schedule.

"(B) A local educational agency need not include unpredictable changes in student enrollment or personnel assignments that occur after the beginning of a school year in determining comparability of services under this subsection.

"(3) Each local educational agency shall—

"(A) develop procedures for compliance with this subsection; and

"(B) maintain records that are updated biennially documenting its compliance.

"(4) This subsection shall not apply to a local educational agency that does not have more than one building for each grade span.

"(5) For the purpose of determining compliance with paragraph (1), a local educational agency may exclude State and local funds expended for—

"(A) bilingual education for children of limited English proficiency; and

"(B) excess costs of providing services to children with disabilities.

"Subpart 2—Allocations

"SEC. 1122. GRANTS FOR THE OUTLYING AREAS AND THE SECRETARY OF THE INTERIOR.

"(a) RESERVATION OF FUNDS.—From the amount appropriated for payments to States for any fiscal year under section 1002(a), the Secretary shall reserve a total of 1 percent to provide assistance to—

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

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

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

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

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

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

"(2) From the amount allotted for payments to the Secretary of the Interior under subsection (a)(2), the Secretary of the Inte-

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

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

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

"SEC. 1123. ALLOCATIONS TO STATES.

"(a) GENERAL.—For each fiscal year, an amount of the appropriations for this part equal to the appropriation for fiscal year 1994 for part A of chapter 1, title I, Elementary and Secondary Education Act, shall be allocated in accordance with sections 1124 and 1124A. Any additional appropriations for this part for any fiscal year, after application of the preceding sentence, shall be allocated in accordance with section 1125.

"(b) ADJUSTMENTS WHERE NECESSITATED BY APPROPRIATIONS.—

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

"(2) If additional funds become available for making payments under sections 1124, 1124A, and 1125 for such fiscal year, allocations that were reduced under paragraph (1) shall be increased on the same basis as they were reduced.

"(c) HOLD-HARMLESS AMOUNTS.—Notwithstanding subsection (b), the total amount made available to each local educational agency under each of sections 1124 and 1125 for any fiscal year shall be at least 85 percent of the total amount such local educational agency was allocated under such sections (or, for fiscal year 1995, their predecessor authorities) for the preceding fiscal year.

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

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

"(a) AMOUNT OF GRANTS.—

"(1) GRANTS FOR LOCAL EDUCATIONAL AGENCIES AND PUERTO RICO.—

"(A) The grant which a local educational agency in a State is eligible to receive under this subpart for a fiscal year shall (except as provided in section 1126), be determined by multiplying the number of children counted under subsection (c) by 40 percent of the amount determined under the next sentence. The amount determined under this sentence shall be the average per pupil expenditure in the State except that (i) if the average per pupil expenditure in the State is less than 80 percent of the average per pupil expenditure in the United States, such amount shall be 80 percent of the average per pupil expenditure in the United States, or (ii) if the average per pupil expenditure in the State is more than 120 percent of the average per pupil expenditure in the United States, such amount shall be 120 percent of the average per pupil expenditure in the United States. For each local educational agency serving an area with a total population of at least 20,000 persons, the grant under this section shall be the amount determined by the Secretary. For local educational agencies serving areas with total population of fewer than 20,000 persons, the State education agency may either (I) distribute to such local educational agencies grants under this section equal to the amounts determined by the Secretary; or (II) use an alternative method, approved by the Secretary, to distribute the share of the State's total grants under this section that is based on local educational agencies with total populations of fewer than 20,000 persons. Such an alternative method of distributing grants under this section among a State's local educational agencies serving areas with total populations of fewer than 20,000 persons shall be based upon population data that the State education agency determines best reflect the current distribution of children in poor families among the State's local educational agencies serving areas with total populations of fewer than 20,000 persons. If a local educational agency serving an area with total population of less than 20,000 persons is dissatisfied with the determination of its grant by the State education agency, then it may appeal this determination to the Secretary. The Secretary must respond to this appeal within 45 days of receipt. The Secretary shall consult with the Secretary of Commerce regarding whether available data on population for local educational agencies serving areas with total populations of fewer than 20,000 persons are sufficiently reliable to be used to determine final grants to such areas.

"(B) If, and only if, there are portions of any of the States for which the Department of Commerce has not prepared data on the number of children, aged 5–17, from families below the poverty level for local educational agencies, then the Secretary shall use such data compiled for counties in those portions of the States, treating the counties as if they were local educational agencies. In such cases, subject to section 1126, the grant for any local educational agency in such an area of a State shall be determined on the basis of the aggregate amount of such grants for all such agencies in the county or counties in which the school district of the particular agency is located, which aggregate amount shall be equal to the aggregate amount determined under subparagraph (A) for such county or counties, and shall be allocated among those agencies upon such equitable basis as may be determined by the State educational agency in accordance with basic criteria prescribed by the Secretary.

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

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

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

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

"(b) MINIMUM NUMBER OF CHILDREN TO QUALIFY.—A local educational agency shall be eligible for a basic grant for a fiscal year under this subpart only if the number of children counted under subsection (c) in the school district of such local educational agency is at least 10.

"(c) CHILDREN TO BE COUNTED.—

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

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

"(B) the number of children aged 5 to 17, inclusive, in the school district of such agency from families above the poverty level as determined under paragraph (2)(B), and

"(C) the number of children aged 5 to 17, inclusive, in the school district of such agency in institutions for neglected and delinquent children (other than such institutions operated by the United States) or attending community day programs for such children, but not counted pursuant to subpart 3 of part D for the purposes of a grant to a State agency, or being supported in foster homes with public funds.

"(2) DETERMINATION OF NUMBER OF CHILDREN.—

"(A) For the purposes of this section, the Secretary shall determine the number of children aged 5 to 17, inclusive, from families below the poverty level on the basis of the most recent satisfactory data available from the Department of Commerce for local educational agencies (as produced and published under section 181a of title 13, United States Code). If, and only if, there are portions of any of the States for which the Department of Commerce has not prepared data on the number of children, aged 5–17, from families below the poverty level for local educational agencies, then the Secretary shall use such data compiled for counties in those portions of the States, treating the counties as if they were local educational agencies. The District of Columbia and the Commonwealth of Puerto Rico shall be treated as individual local educational agencies. If a local educational agency contains two or more counties in their entirety, then each county will be treated as if it were a separate local educational agency for purposes of calculating grants under this part. The total of grants for such counties shall be allocated to such a local educational agency, which shall distribute to schools in each county within it a share of the local educational agency's total grant that is no less than the county's share of the population counts used to calculate the local educational agency's grant. If the Department of Commerce has updated data on the number of children, aged 5–17, from families below the poverty level for local educational agencies, then the Secretary shall use the updated data. In determining the families which are below the poverty level, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the most recent decennial census, in such form as those criteria have been updated by increases in the Consumer Price Index for all urban consumers, published by the Bureau of Labor Statistics.

"(B) For purposes of this section, the Secretary shall determine the number of children aged 5 to 17, inclusive, from families above the poverty level on the basis of the number of such children from families receiving an annual income, in excess of the current criteria of poverty, from payments under the program of aid to families with dependent children under a State plan approved under title IV of the Social Security Act; and in making such determinations the Secretary shall utilize the criteria of pov-

erty used by the Bureau of the Census in compiling the most recent decennial census for a family of 4 in such form as those criteria have been updated by increases in the Consumer Price Index for all urban consumers, published by the Bureau of Labor Statistics. The Secretary shall determine the number of such children and the number of children of such ages living in institutions for neglected or delinquent children, or being supported in foster homes with public funds, on the basis of the caseload data for the month of October of the preceding fiscal year (using, in the case of children described in the preceding sentence, the criteria of poverty and the form of such criteria required by such sentence which were determined for the calendar year preceding such month of October) or, to the extent that such data are not available to the Secretary before January of the calendar year in which the Secretary's determination is made, then on the basis of the most recent reliable data available to the Secretary at the time of such determination. The Secretary of Health and Human Services shall collect and transmit the information required by this subparagraph to the Secretary not later than January 1 of each year.

"(C) When requested by the Secretary, the Secretary of Commerce shall make a special updated estimate of the number of children of such ages who are from families below the poverty level (as determined under subparagraph (A) of this paragraph) in each school district, and the Secretary is authorized to pay (either in advance or by way of reimbursement) the Secretary of Commerce the cost of making this special estimate. The Secretary of Commerce shall give consideration to any request of the chief executive of a State for the collection of additional census information. For purposes of this section, the Secretary shall consider all children who are in correctional institutions to be living in institutions for delinquent children.

"(d) STATE MINIMUM.—

"(1) The aggregate amount allotted for all local educational agencies within a State may not be less than one-quarter of 1 percent of the total amount available for such fiscal year under this section.

"(2)(A) No State shall, by reason of the application of the provisions of paragraph (1) of this subsection, be allotted more than—

"(i) 150 percent of the amount that the State received in the fiscal year preceding the fiscal year for which the determination is made, or

"(ii) the amount calculated under subparagraph (B), whichever is less.

"(B) For the purpose of subparagraph (A)(ii), the amount for each State equals—

"(i) the number of children in such State counted under subsection (c) in the fiscal year specified in subparagraph (A), multiplied by

"(ii) 150 percent of the national average per pupil payment made with funds available under this section for that year.

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

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

"(1)(A) Except as otherwise provided in this paragraph, each local educational agency, in a State other than Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and Palau, which is eligible for a grant under this part for any fiscal year shall be entitled to an additional grant under this section for that fiscal year if:

"(i) the number of children counted under section 1124(c) of this part in the local educational agency for the preceding fiscal year exceeds 6,500, or

"(ii) the number of children counted under section 1124(c) exceeds 15 percent of the total number of children aged five to seventeen, inclusive, in the local educational agency in that fiscal year.

"(B) Except as provided in subparagraph (C), no State described in subparagraph (A) shall receive less than—

"(i) one-quarter of 1 percent of the sums appropriated under paragraph (6) of this section for such fiscal year; or

"(ii) $250,000, whichever is higher.

"(C) No State shall, by reason of the application of the provisions of subparagraph (B)(i) of this paragraph, be allotted more than—

"(i) 150 percent of the amount that the State received in the fiscal year preceding the fiscal year for which the determination is made, or

"(ii) the amount calculated under subparagraph (D), whichever is less.

"(D) For the purpose of subparagraph (C), the amount for each State equals—

"(i) the number of children in such State counted for purposes of this section in the fiscal year specified in subparagraph (B), multiplied by

"(ii) 150 percent of the national average per pupil payment made with funds available under this section for that year.

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

"(A) the greater of—

"(i) the number of children in excess of 6,500 counted under section 1124(c) for the preceding fiscal year, in a local educational agency which qualifies on the basis of subparagraph (A)(i) of paragraph (1); or

"(ii) the number of children counted under section 1124(c) for the preceding fiscal year in a local educational agency which qualifies on the basis of subparagraph (A)(ii) of paragraph (1); and

"(B) the quotient resulting from the division of the amount determined for those agencies under section 1124(a)(1) for the fiscal year for which the determination is being made divided by the total number of children counted under section 1124(c) for that agency for the preceding fiscal year.

"(3) The amount of the additional grant to which an eligible local educational agency is entitled under this section for any fiscal year shall be an amount which bears the same ratio to the amount reserved under paragraph (6) for that fiscal year as the product determined under paragraph (2) for such local educational agency for that fiscal year bears to the sum of such products for all local educational agencies in the United States for that fiscal year.

"(4) For the purposes of this section, the Secretary shall determine the number of children counted under section 1124(c) for any local educational agency, and the total number of children aged five to seventeen, inclusive, in local educational agencies, on the basis of the most recent satisfactory data available at the time the payment for such local educational agency is determined under section 1124.

"(5)(A) For each local educational agency serving an area with a total population of at least 20,000 persons, the grant under this section shall be the amount determined by the Secretary. For local educational agencies serving areas with total populations of fewer than 20,000 persons, the State education agency may either (i) distribute to such local educational agencies grants under this section equal to the amounts determined by the Secretary; or (ii) use an alternative method, approved by the Secretary, to distribute the share of the State's total grants under this section that is based on local educational agencies with total populations of fewer than 20,000 persons. Such an alternative method of distributing grants under this section among a State's local educational agencies serving areas with total populations of fewer than 20,000 persons shall be based upon population data that the State education agency determines best reflects the current distribution of children in poor families among the State's local educational agencies serving areas with total populations of fewer than 20,000 persons and meeting the eligibility criteria of paragraph (1)(A). If a local educational agency serving an area with total population of less than 20,000 persons is dissatisfied with the determination of its grant by the State education agency, then it may appeal this determination to the Secretary. The Secretary must respond to this appeal within 45 days of receipt. The Secretary shall consult with the Secretary of Commerce regarding whether available data on population for local educational agencies serving areas with total populations of fewer than 20,000 persons are sufficiently reliable to be used to determine final grants to such areas meeting the eligibility criteria of paragraph (1)(A).

"(B) If, and only if, there are portions of any of the States for which the Department of Commerce has not prepared data on the number of children, aged 5–17, from families below the poverty level for local educational agencies, then the Secretary shall use such data compiled for counties in those portions of the States, treating the counties as if they were local educational agencies. In such cases, subject to section 1126, the grant for any local educational agency in such an area of a State shall be determined on the basis of the aggregate amount of such grants for all such agencies in the county or counties in which the school district of the particular agency is located, which aggregate amount shall be equal to the aggregate amount determined under subparagraph (A) for such county or counties, and shall be allocated among those agencies upon such equitable basis as may be determined by the State educational agency in accordance with the basic criteria prescribed by the Secretary.

"(b) RESERVATION OF FUNDS.—Of the total amount of funds available for sections 1124 and 1124A, 10 percent of the amount appropriated for that fiscal year shall be available to carry out this section.

"(c) RATABLE REDUCTION RULE.—If the sums available under subsection (b) for any fiscal year for making payments under this section are not sufficient to pay in full the total amounts which all States are entitled to receive under subsection (a) for such fiscal year, the maximum amounts which all States are entitled to receive under subsection (a) for such fiscal year shall be ratably reduced. In case additional funds become available for making such payments for any fiscal year during which the preceding sentence is applicable, such reduced amounts shall be increased on the same basis as they were reduced.

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

"(a) ELIGIBILITY OF LOCAL EDUCATIONAL AGENCIES.—A local educational agency in a State is eligible to receive a targeted grant under this section for any fiscal year if the number of children in the local educational

agency under subsection 1124(c), before application of the weighting factor, is at least 10.

"(b) GRANTS FOR LOCAL EDUCATIONAL AGENCIES, THE DISTRICT OF COLUMBIA, AND PUERTO RICO.—(1) The amount of the grant that a local educational agency in a State or that the District of Columbia is eligible to receive under this section for any fiscal year shall be the product of—

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

"(B) the amount in the second sentence of subparagraph 1124(a)(1)(A).

"(2) For each fiscal year, the amount of the grant for which the Commonwealth of Puerto Rico is eligible under this section shall be equal to the number of children counted under subsection (c) for Puerto Rico, multiplied by the amount determined in subparagraph 1124(a)(1)(C).

"(c) CHILDREN TO BE COUNTED.—

"(1) CATEGORIES OF CHILDREN.—The number of children to be counted for purposes of this section shall be the number counted in subsection 1124(c) multiplied by the weighting factor for the local educational agency. The weighting factor shall be established on the basis of the percentage that the number of children counted under section 1124(c) represents of the total population aged 5–17 years in the local educational agency or the number of such children. Weighted pupil counts will be calculated based upon both percentage and number and the larger of the two counts will be used in calculating grants for each local educational agency. Weighting factors shall be assigned according to the following scale: if the percentage is greater than 0 but less than 14.265, the weighting factor shall be 1.00 for all children counted in section 1124(c); if the percentage is greater than 14.265 but less than 21.553, the weighting factor shall be 1.00 for a number of children counted in section 1124(c) equal to 14.265 percent of the total school age population and 1.50 for children counted under section 1124(c) in excess of 14.265 percent of the total school age population; if the percentage is greater than 21.553 percent but less than 29.223 percent, then the weighting factor shall be 1.00 for a number of children counted in section 1124(c) equal to 14.265 percent of the total school age population, 1.50 for a number of children counted under section 1124(c) equal to 7.288 percent of the total school age population, and 2.00 for children counted under section 1124(c) in excess of 21.553 percent of the total school age population; if the percentage is greater than 29.223 percent but less than 36.538 percent, then the weighting factor shall be 1.00 for a number of children counted in section 1124(c) equal to 14.265 percent of the total school age population, 1.50 for a number of children counted under section 1124(c) equal to 7.288 percent of the total school age population, 2.00 for a number of children counted under section 1124(c) equal to 7.67 percent of the total school age population, and 2.50 for children counted under section 1124(c) in excess of 29.223 percent of the total school age population; and if the percentage is greater than 36.538, then the weighting factor shall be 1.00 for a number of children counted in section 1124(c) equal to 14.265 percent of the total school age population, 1.50 for a number of children counted under section 1124(c) equal to 7.288 percent of the total school age population, 2.00 for a number of children counted under section 1124(c) equal to 7.67 percent of the total school age population, 2.50 for a number of children counted in section 1124(c) equal to 7.315 percent of the total school age population, and 3.00 for children counted in section 1124(c) in excess of 36.538 percent of the total school age population. Separately, if the number of children counted under section 1124(c) is greater than 0 but less than 575, the weighting factor shall be 1.00 for all children counted in section 1124(c); if the number is greater than 575 but less than 1,870, the weighting factor shall be 1.00 for a number of children counted in section 1124(c) equal to 575, and 1.50 for children counted under section 1124(c) in excess of 575; if the number is greater than 1,870 but less than 6,910, then the weighting factor shall be 1.00 for a number of children counted in section 1124(c) equal to 575, 1.50 for a number of children counted under section 1124(c) equal to 1,295, and 2.00 for children counted under section 1124(c) in excess of 1,870; if the number is greater than 6,910 but less than 42,000 then the weighting factor shall be 1.00 for a number of children counted in section 1124(c) equal to 575, 1.50 for a number of children counted under section 1124(c) equal to 1,295, 2.00 for a number of children counted under section 1124(c) equal to 5,040, and 2.50 for children counted under section 1124(c) in excess of 6,910; and if the number is greater than 42,000, then the weighting factor shall be 1.00 for a number of children counted in section 1124(c) equal to 575, 1.50 for a number of children counted under section 1124(c) equal to 1,295, 2.00 for a number of children counted under section 1124(c) equal to 5,040, 2.50 for a number of children counted in section 1124(c) equal to 35,090 and 3.00 for children counted in section 1124(c) in excess of 42,000. For the Commonwealth of Puerto Rico, the weighting factor shall be no greater than 1.62.

"(d) LOCAL EDUCATIONAL AGENCY ALLOCATIONS.—For each local educational agency serving an area with a total population of at least 20,000 persons, the grant under this section shall be the amount determined by the Secretary. For local educational agencies serving areas with total populations of fewer than 20,000 persons, the State education agency may either (1) distribute to such local educational agencies grants under this section equal to the amounts determined by the Secretary; or (2) use an alternative method, approved by the Secretary, to distribute the share of the State's total grants under this section that is based on local educational agencies with total populations of fewer than 20,000 persons. Such an alternative method of distributing grants under this section among a State's local educational agencies serving areas with total populations of fewer than 20,000 persons shall be based upon population data that the State education agency determines best reflects the current distribution of children in poor families among the State's local educational agencies serving areas with total populations of fewer than 20,000 persons. If a local educational agency serving an area with total populations of less than 20,000 persons is dissatisfied with the determination of its grant by the State education agency, then it may appeal this determination to the Secretary. The Secretary must respond to this appeal within 45 days of receipt. If, and only if, there are portions of any of the States for which the Department of Commerce has not prepared data on the number of children, aged 5–17, from families below the poverty level for local educational agencies, then the Secretary shall use such data compiled for counties in those portions of the States, treating the counties as if they were local educational agencies. The Secretary shall consult with the Secretary of Commerce regarding whether available data on population for local educational agencies serving areas with total populations of fewer than 20,000 persons are sufficiently reliable to be used to determine final grants to such areas.

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

"(1) one quarter of one percent of such amount;

"(2) 150 percent of the national average grant under this section per child described in section 1124(c), without application of a weighting factor, multiplied by the State's total number of children described in section 1124(c), without application of a weighting factor.

"SEC. 1126. SPECIAL ALLOCATION PROCEDURES.

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

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

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

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

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

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

"SEC. 1127. CARRYOVER AND WAIVER.

"(a) LIMITATION ON CARRYOVER.—Notwithstanding section 412 of the General Education Provisions Act or any other provision of law, not more than 15 percent of the funds allocated to a local educational agency for any fiscal year under this subpart (but not including funds received through any reallocation under this subpart) may remain available for obligation by such agency for one additional fiscal year.

"(b) WAIVER.—A State educational agency may, once every three years, waive the percentage limitation in subsection (a) if—

"(1) the agency determines that the request of a local educational agency is reasonable and necessary; or

"(2) supplemental appropriations for this subpart become available.

"(c) EXCLUSION.—The percentage limitation under subsection (a) shall not apply to any local educational agency that receives

less than $50,000 under this subpart for any fiscal year.

"Subpart 3—Presidential Awards Program

"SEC. 1131. PRESIDENTIAL AWARDS PROGRAM.

"(a) DEVELOPMENT.—The Secretary shall, in consultation with the chairpersons and ranking minority members of the Committee on Education and Labor for the House of Representatives and the Committee on Labor and Human Resources of the Senate and educational leaders, develop a Presidential awards program that will recognize and provide a cash award to schools that excel in educating their students to high levels as defined by the National Education Goals and the standards certified by the National Education Standards and Improvement Council established under the Goals 2000: Educate America Act.

"(b) NOMINATIONS.—Schools recognized under this program will be selected by the Secretary from a list of nominees. Each State shall select a nominee to be submitted to the Secretary from among schools designated as distinguished schools under section 1119.

"(c) SELECTION.—The Secretary shall annually convene a panel of experts who will review nominated schools and select those who will receive awards. In addition to Presidential recognition, selected schools will receive a cash award which may be applied without restriction to enhance the educational programs in that schools or to provide cash awards to personnel in the school.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart such sums as may be necessary for each of fiscal years 1995, 1996, 1997, 1998, and 1999.

"PART B—EVEN START FAMILY LITERACY PROGRAMS

"SEC. 1201. STATEMENT OF PURPOSE.

"It is the purpose of this part to help break the cycle of poverty and illiteracy by improving the educational opportunities of the Nation's low-income families by integrating early childhood education, adult literacy or adult basic education, and parenting education into a unified family literacy program, to be referred to as 'Even Start', that is implemented through cooperative projects that build on existing community resources to create a new range of services, that promotes achievement of the National Education Goals, and that assists children and adults from low-income families to achieve challenging State standards.

"SEC. 1202. PROGRAM AUTHORIZED.

"(a) RESERVATION FOR MIGRANT PROGRAMS, OUTLYING AREAS, INDIAN TRIBES, AND OTHER PURPOSES.—(1) In each fiscal year, the Secretary shall reserve not less than 5 percent of the amount appropriated under section 1002(b) of this title for programs, under such terms and conditions as the Secretary shall establish, that are consistent with the purpose of this part, and according to their relative needs, for—

"(A) children of migratory workers;

"(B) the outlying areas;

"(C) Indian tribes and tribal organizations; and

"(2) If the amount of funds made available under subsection (a) exceeds $4,600,000, the Secretary shall make a grant of sufficient size and for a period of sufficient duration to demonstrate the effectiveness of a family literacy program in a prison that houses women and their preschool age children and that has the capability of developing a program of high quality.

"(b) RESERVATION FOR FEDERAL ACTIVITIES.—From amounts appropriated under section 1002(b), the Secretary may reserve not more than three percent of such amounts or the amount reserved for such purposes in the fiscal year 1994, whichever is greater, for purposes of—

"(1) carrying out the evaluation required by section 1209; and

"(2) providing, through grants or contracts, technical assistance, program improvement, and replication activities through eligible organizations.

"(c) STATE ALLOCATION.—(1) After reserving funds under subsections (a) and (b), the Secretary shall allocate the remaining funds appropriated for this part to States, to be used in accordance with section 1203.

"(2) Except as provided in paragraph (3), from the total amount available for allocation to States in any fiscal year, each State shall be eligible to receive a grant under paragraph (1) in an amount that bears the same ratio to such total amount as the amount allocated to such State under section 1122 of this title bears to the total amount allocated under that section to all the States.

"(3) No State shall receive less than $250,000 under paragraph (1) for any fiscal year.

"(d) DEFINITIONS.—For the purpose of this part—

"(1) the term 'eligible entity' means a partnership composed of both—

"(A) a local educational agency; and

"(B) a nonprofit community-based organization, public agency, institution of higher education, or other public or private nonprofit organization of demonstrated quality;

"(2) the terms 'Indian tribe' and 'tribal organization' have the meanings given such terms in section 4 of the Indian Self-Determination and Education Assistance Act;

"(3) the term 'State' includes each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico; and

"(4) the term 'eligible organization' means any public or private nonprofit organization with a record of providing effective services to family literacy providers, such as the National Center for Family Literacy, Parents as Teachers, Inc., and the Home Instruction Program for Preschool Youngsters.

"SEC. 1203. STATE PROGRAMS.

"(a) STATE-LEVEL ACTIVITIES.—Each State that receives a grant under section 1202(c)(1) may use not more than 5 percent for—

"(1) administrative costs; and

"(2) the provision, through one or more subgrants or contracts, of access to technical assistance for program improvement and replication to eligible entities that receive subgrants under subsection (b).

"(b) SUBGRANTS FOR LOCAL PROGRAMS.—(1) Each State shall use the remainder of its grant to make subgrants to eligible entities to carry out Even Start programs.

"(2) No State shall award a subgrant under paragraph (1) for an amount less than $75,000.

"SEC. 1204. USES OF FUNDS.

"(a) IN GENERAL.—In carrying out an Even Start program under this part, a recipient of funds under this part shall use such funds to pay the Federal share of the cost of providing family-centered education programs that involve parents and children, from birth through age 7, in a cooperative effort to help parents become full partners in the education of their children and to assist children in reaching their full potential as learners.

"(b) FEDERAL SHARE LIMITATION.—(1)(A) Except as provided in paragraph (2), the Federal share under this part may not exceed—

"(i) 90 percent of the total cost of the program in the first year that that program receives assistance under this part or its predecessor authority;

"(ii) 80 percent in the second such year;

"(iii) 70 percent in the third such year;

"(iv) 60 percent in the fourth such year; and

"(v) 50 percent in any subsequent such year.

"(B) The remaining cost of a program under this part may be provided in cash or in kind, fairly evaluated, and may be obtained from any source other than funds received under this title.

"(2) The State educational agency may waive, in whole or in part, the cost-sharing requirement of paragraph (1) if an eligible entity—

"(A) demonstrates that it otherwise would not be able to participate in the program under this part; and

"(B) negotiates an agreement with the State educational agency with respect to the amount of the remaining cost to which the waiver would be applicable.

"(3) Federal funds under this part may not be used for the indirect costs of an Even Start program, except that the Secretary may waive this limitation if a recipient of funds reserved under section 1202(a)(3) demonstrates to the Secretary's satisfaction that it otherwise would not be able to participate in the program under this part.

"SEC. 1205 PROGRAM ELEMENTS.

"Each Even Start program assisted under this part shall—

"(1) include the identification and recruitment of families most in need of services provided under this part, as indicated by a low level of income, a low level of adult literacy or English language proficiency of the eligible parent or parents, and other need-related indicators;

"(2) include screening and preparation of parents and children to enable them to participate fully in the activities and services provided under this part, including testing, referral to necessary counselling, other developmental and support services, and related services;

"(3) be designed to accommodate the participants' work schedule and other responsibilities, including the provision of support services, when unavailable from other sources, necessary for participation, such as—

"(A) scheduling and locating of services to allow joint participation by parents and children;

"(B) child care for the period that parents are involved in the program provided under this part; and

"(C) transportation for the purpose of enabling parents and their children to participate in programs authorized by this part;

"(4) include high-quality instructional programs that promote adult literacy, empower parents to support the educational growth of their children, developmentally appropriate early childhood educational services, and preparation of children for success in regular school programs;

"(5) include special training of staff, including child care staff, to develop the skills necessary to work with parents and young children in the full range of instructional services offered through this part;

"(6) provide and monitor integrated instructional services to participating parents and children through home-based programs;

"(7) operate on a year-round basis, including the provision of some program services, either instructional or enrichment, or both, during the summer months;

"(8) be coordinated with—

"(A) programs assisted under other parts of this title and this Act;

"(B) any relevant programs under the Adult Education Act, the Individuals With Disabilities Education Act, and the Job Training Partnership Act; and

"(C) the Head Start program, volunteer literacy programs, and other relevant programs; and

"(9) provide for an independent evaluation of the program.

"SEC. 1206. ELIGIBLE PARTICIPANTS.

"(a) IN GENERAL.—Except as provided in subsection (b), eligible participants in an Even Start program are—

"(1) a parent or parents—

"(A) who are eligible for participation in an adult basic education program under the Adult Education Act; or

"(B) who are within the State's compulsory school attendance age range, so long as a local educational agency provides (or ensures the availability of) the basic education component required under this part; and

"(2) the child or children, from birth through age seven, of any parent described in paragraph (1).

"(b) ELIGIBILITY FOR CERTAIN OTHER PARTICIPANTS.—(1) Family members other than those described in subsection (a) may participate in program activities and services, when deemed by the program to serve the purpose of this part.

"(2) Any family participating in a program under this part that becomes ineligible for such participation as a result of one or more members of the family becoming ineligible for such participation may continue to participate in the program until all members of the family become ineligible for participation, which—

"(A) in the case of a family in which ineligibility was due to the child or children of such family attaining the age of eight, shall be in two years or when the parent or parents become ineligible due to educational advancement, whichever occurs first; and

"(B) in the case of a family in which ineligibility was due to the educational advancement of the parent or parents of such family, shall be when all children in the family attain the age of eight.

"SEC. 1207. APPLICATIONS.

"(a) SUBMISSION.—To be eligible to receive a subgrant under this part, an eligible entity shall submit an application to the State educational agency in such form and containing or accompanied by such information as the State educational agency shall require.

"(b) REQUIRED DOCUMENTATION.—Each application shall include documentation, satisfactory to the State educational agency, that the eligible entity has the qualified personnel needed—

"(1) to develop, administer, and implement an Even Start program under this part; and

"(2) to provide access to the special training necessary to prepare staff for the program , which may be offered by an eligible organization.

"(c) PLAN.—Such application shall also include a plan of operation for the program which shall include—

"(1) a description of the program goals;

"(2) a description of the activities and services that will be provided under the program, including a description of how the program will incorporate the program elements required by section 1205;

"(3) a description of the population to be served and an estimate of the number of participants;

"(4) as appropriate, a description of the applicant's collaborative efforts with institutions of higher education, community-based organizations, the State educational agency, private elementary schools, or other eligible organizations in carrying out the program for which assistance is sought;

"(5) a statement of the methods that will be used—

"(A) to ensure that the programs will serve families most in need of the activities and services provided by this part;

"(B) to provide services under this part to individuals with special needs, such as individuals with limited English proficiency and individuals with disabilities; and

"(C) to encourage participants to remain in the program for a time sufficient to meet the program's purpose; and

"(6) a description of how the plan—

"(A)(i) is consistent with and promotes the goals of the State and local plans, either approved or being developed, under title III of the Goals 2000: Educate America Act; and

"(ii) is consistent with the State and local plans under sections 1111 and 1112; or

"(B) is consistent with the State and local plans under sections 1111 and 1112 is the State does not have an approved plan under title III of the Goals 2000: Educate America Act and is not developing such a plan.

"(d) The plan described in subsection (c)(6) may be submitted as part of a consolidated application under section 9302.

"SEC. 1208. AWARD OF SUBGRANTS.

"(a) SELECTION PROCESS.—(1) The State educational agency shall establish a review panel that will approve applications that—

"(A) are most likely to be successful in meeting the purpose of this part, and in effectively implementing the program elements required under section 1205;

"(B) demonstrate that the area to be served by such program has a high percentage or a large number of children and families who are in need of such services as indicated by high levels of poverty, illiteracy, unemployment, or limited English proficiency;

"(C) provide services for at least a three-year age range, which may begin at birth;

"(D) demonstrate the greatest possible cooperation and coordination between a variety of relevant service providers in all phases of the program;

"(E) include cost-effective budgets, given the scope of the application;

"(F) demonstrate the applicant's ability to provide the additional funding required by section 1204(b);

"(G) are representative of urban and rural regions of the State; and

"(H) show the greatest promise for providing models that may be adopted by other local educational agencies.

"(2) The State educational agency shall give priority for subgrants under this subsection to proposals that either—

"(A) target services primarily to families described in paragraph (1)(B); or

"(B) are located in areas designated as empowerment zones or enterprise communities.

"(b) REVIEW PANEL.—A review panel shall consist of at least three members, including one early childhood professional, one adult education professional, and one or more of the following individuals:

"(1) A representative of a parent-child education organization.

"(2) A representative of a community-based literacy organization.

"(3) A member of a local board of education.

"(4) A representative of business and industry with a commitment to education.

"(5) An individual who has been involved in the implementation of programs under this title in the State.

"(c) DURATION.—(1) Subgrants may be awarded for a period not to exceed four years.

"(2) The State educational agency may provide a subgrantee, at the subgrantee's request, a 3- to 6-month start-up period during the first year of the four-year period, which may include staff recruitment and training, and the coordination of services, before requiring full implementation of the program.

"(3)(A) In reviewing any application for a subgrant to continue a program for the second, third, or fourth year, the State educational agency shall review the progress being made toward meeting the objectives of the program after the conclusion of the start-up period, if any.

"(B) The State educational agency may refuse to award a subgrant if such agency finds that sufficient progress has not been made toward meeting such objectives, but only after affording the applicant notice and an opportunity for a hearing.

"(4)(A) An eligible entity that has previously received a subgrant under this part may reapply under the terms of this part for a second project period.

"(B) During the second project period, the Federal share of the subgrant shall not exceed 50 percent in any year.

"SEC. 1209. EVALUATION.

"From funds reserved under section 1202(b)(1), the Secretary shall provide for an independent evaluation of programs under this part—

"(1) to determine the performance and effectiveness of programs; and

"(2) to identify effective Even Start projects that can be replicated and used in providing technical assistance to national, State, and local programs.

"PART C—EDUCATION OF MIGRATORY CHILDREN

"SEC. 1301. PROGRAM PURPOSE.

"It is the purpose of this part to assist States to—

"(1) support high-quality and comprehensive educational programs for migratory children to help reduce the educational disruptions and other problems that result from repeated moves;

"(2) ensure that migratory children are provided with appropriate educational services (including supportive services) that address their special needs in a coordinated and efficient manner;

"(3) ensure that migratory children have the opportunity to meet the same challenging performance standards that all children are expected to meet;

"(4) design programs to help migratory children overcome educational disruption, cultural and language barriers, social isolation, various health-related problems, and other factors that inhibit their ability to do well in school, and to prepare these children to make a successful transition to post-secondary education or employment; and

"(5) ensure that migratory children benefit from State and local systemic reforms.

"SEC. 1302. PROGRAM AUTHORIZED.

"In order to carry out the purpose of this part, the Secretary shall make grants to State educational agencies, or combinations of such agencies, to establish or improve, directly or through local operating agencies, programs of education for migratory children in accordance with this part.

"SEC. 1303. STATE ALLOCATIONS.

"(a) STATE ALLOCATIONS.—Each State (other than the Commonwealth of Puerto

Rico) is entitled to receive under this part, for each fiscal year, an amount equal to—

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

"(2) 40 percent of the average per-pupil expenditure in the State, except that the amount determined under this paragraph shall not be less than 32 percent, or more than 48 percent, of the average expenditure per pupil in the United States.

"(b) ALLOCATION TO PUERTO RICO.—For each fiscal year, the amount for which the Commonwealth of Puerto Rico is eligible under this section shall be equal to—

"(1) the number of migratory children in Puerto Rico, determined under subsection (a)(1); multiplied by

"(2) the product of—

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

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

"(c) RATABLE REDUCTIONS; REALLOCATIONS.—(1)(A) If, after the Secretary reserves funds under section 1308(c), the amount appropriated to carry out this part for any fiscal year is insufficient to pay in full the amounts for which all States are eligible, the Secretary shall ratably reduce each such amount.

"(B) If additional funds become available for making such payments for any fiscal year, the Secretary shall allocate such funds to States in amounts that the Secretary finds would best carry out the purpose of this part.

"(2)(A) The Secretary shall further reduce the amount of any grant to a State under this part for any fiscal year if the Secretary determines, based on available information on the numbers and needs of migratory children in the State and the program proposed by the State to address such needs, that such amount exceeds the amount required under section 1304.

"(B) The Secretary shall reallocate such excess funds to other States whose grants under this part would otherwise be insufficient to provide an appropriate level of services to migratory children, in such amounts as the Secretary determines are appropriate.

"(d) CONSORTIUM ARRANGEMENTS.—(1) In the case of a State that receives a grant of $1,000,000 or less under this section, the Secretary shall consult with the State educational agency to determine whether consortium arrangements with another State or other appropriate entity would result in delivery of services in a more effective and efficient manner.

"(2) A State, irrespective of the amount of its allocation, may propose a consortium arrangement.

"(3) The Secretary shall approve a consortium arrangement under paragraph (1) or (2) if the proposal demonstrates that the arrangement will—

"(A) reduce administrative costs or program function costs for State programs; and

"(B) make more funds available for direct services to add substantially to the welfare or educational attainment of children to be served under this part.

"(e) DETERMINING NUMBERS OF ELIGIBLE CHILDREN.—In order to determine the estimated number of migratory children residing in each State for purposes of this section, the Secretary shall—

"(1) use such information as the Secretary finds most accurately reflects the actual number of migratory children;

"(2) as soon as feasible develop and implement a procedure for more accurately reflecting cost factors for different types of summer program designs which will be used to adjust the estimated number of children who reside in a State in order to reflect the number of migratory children who are served in summer programs (which may include intersession programs) in the State and the additional costs of operating such programs; and

"(3) conduct an analysis of the options for adjusting the formula so as to better direct services to the child whose education has been interrupted.

"SEC. 1304. STATE APPLICATIONS; SERVICES.

"(a) APPLICATION REQUIRED.—Any State wishing to receive a grant under this part for any fiscal year shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

"(b) PROGRAM INFORMATION.—Each such application shall include—

"(1) a description of how, in planning, implementing, and evaluating programs and projects under this part, the State and its operating agencies will ensure that the special educational needs of migratory children are identified and addressed through a comprehensive plan for needs assessment and service delivery that meets the requirements of section 1306, including, when feasible, recording the migratory status of such children and their average daily attendance on State student collection data;

"(2) a description of the steps the State is taking to provide migratory students with the opportunity to meet the same challenging performance standards that all children are expected to meet;

"(3) a description of how the State will use its funds to promote interstate and intrastate coordination of services for migratory children, including how, consistent with procedures the Secretary may require, it will provide for educational continuity through the timely transfer of pertinent school records, including information on health, when children move from one school to another, whether or not during the regular school year;

"(4) a description of the State's priorities for the use of funds received under this part, and how they relate to the State's assessment of needs for services in the State;

"(5) a description of how the State will determine the amount of any subgrants it will award to local operating agencies, taking into account the requirements of paragraph (1); and

"(6) such budgetary and other information as the Secretary may require.

"(c) ASSURANCES.—Each such application shall also include assurances, satisfactory to the Secretary, that—

"(1) funds received under this part will be used only—

"(A) for programs and projects, including the acquisition of equipment, in accordance with section 1306(b)(1); and

"(B) to coordinate such programs and projects with similar programs and projects within the State and in other States, as well as with other Federal programs that can benefit migratory children and their families;

"(2) such programs and projects will be carried out in a manner consistent with the objectives of sections 1114, 1115(b) and (d), 1120, and 1121(b) and (c), and part F of this title;

"(3) in the planning and operation of programs and projects at both the State and local operating agency level, there is appropriate consultation with parent advisory councils for programs lasting a school year, and that all such programs and projects are carried out, to the extent feasible, in a manner consistent with section 1118 of this title;

"(4) in planning and carrying out such programs and projects, there has been, and will be, adequate provision for addressing the unmet education needs of preschool migratory children;

"(5) the effectiveness of such programs and projects will be determined, where feasible, using the same approaches and standards that will be used to assess the performance of students, schools, and local educational agencies under part A of this title; and

"(6) the State will assist the Secretary in determining the number of migratory children under section 1303(e), through such procedures as the Secretary may require.

"(d) PRIORITY FOR SERVICES.—In providing services with funds received under this part, each recipient of such funds shall give priority to migratory children who are failing, or most at risk of failing, to meet the State's challenging performance standards, and whose education has been interrupted during the regular school year.

"(e) CONTINUATION OF SERVICES.—Notwithstanding any other provision of this part—

"(1) a child who ceases to be a migratory child during a school term shall be eligible for services until the end of such term;

"(2) a child who is no longer a migratory child may continue to receive services for one additional school year, but only if comparable services are not available through other programs; and

"(3) secondary school students who were eligible for services in secondary school may continue to be served through credit accrual programs until graduation.

"SEC. 1305. SECRETARIAL APPROVAL; PEER REVIEW.

"(a) SECRETARIAL APPROVAL.—The Secretary shall approve each State application that meets the requirements of this part.

"(b) PEER REVIEW.—The Secretary may review any such application with the assistance and advice of State officials and other individuals with relevant expertise.

"SEC. 1306. COMPREHENSIVE NEEDS ASSESSMENT AND SERVICE-DELIVERY PLAN; AUTHORIZED ACTIVITIES.

"(a) COMPREHENSIVE PLAN.—Each State that receives a grant under this part shall ensure that the State and its local operating agencies identify and address the special educational needs of migratory children in accordance with a comprehensive State plan that—

"(1)(A) is integrated with the State's plan, either approved or being developed, under title III of the Goals 2000: Educate America Act and satisfies the requirements of this section that are not already addressed by such State plan; and

"(B) is integrated with other State plans, if any, under the School-To-Work Opportunities Act of 1993 and the Carl D. Perkins Vocational and Applied Technology Act to the extent that such plans have not already been incorporated in the State's plan under title III of the Goals 2000: Educate America Act;

"(2) if the State does not have an approved plan under title III of the Goals 2000: Educate America Act and is not developing such a plan—

"(A) is integrated with other State plans, such as those under the School-To-Work Op-

portunities Act of 1993 and the Carl D. Perkins Vocational and Applied Technology Act, where such plans exist; and

"(B) satisfies the requirements of this section;

"(3) may be submitted as a part of a consolidated application under section 9302;

"(4) provides that migratory children will have an opportunity to meet the same challenging performance standards, set out in those plans, that all children are expected to meet;

"(5) specifies measurable program goals and outcomes;

"(6) encompasses the full range of services that are available for migratory children from appropriate local, State and Federal educational programs;

"(7) is the product of joint planning among such local, State, and Federal programs, including those under part A of this title, early childhood programs, and bilingual education programs under title VII of this Act;

"(8) provides for the integration of services available under this part with services provided by such other programs; and

"(9) to the extent feasible, provides for—

"(A) advocacy and outreach activities for migratory children and their families, including informing them of, or helping them gain access to, other education, health, nutrition, and social services;

"(B) professional development programs, including mentoring, for teachers and other program personnel;

"(C) parent involvement programs (as defined under section 1117) and, when feasible, the establishment of instructional programs such as use of the model developed under the Even Start Family Literacy Programs that promote adult literacy and train parents to support the educational growth of their children;

"(D) the integration of communication and information technology into educational and related programs; and

"(E) programs to facilitate the transition of high school students to postsecondary education or employment.

A State may satisfy all or part of the requirements of this section by referencing applicable sections of its approved plan under title III of the Goals 2000: Educate America Act.

"(b) AUTHORIZED ACTIVITIES.—(1) In implementing the comprehensive plan described in subsection (a), each local operating agency shall have the flexibility to determine the activities to be provided with funds made available under this part, provided that—

"(A) before funds provided under this part are used to provide services described in subparagraph (B), those funds shall be used to meet the identified needs of migratory children that—

"(i) result from the effects of their migratory lifestyle, or are needed to permit migratory children to participate effectively in school; and

"(ii) are not addressed by services provided under other programs, including part A of this title; and

"(B) all migratory children who are eligible to receive services under part A of this title shall receive such services with funds provided under this part or under part A of this title.

"(2) This subsection shall not apply to funds under this part that are used for schoolwide programs under section 1114 of this title.

"SEC. 1307. BYPASS.

"The Secretary may use all or part of any State's allocation under this part to make arrangements with any public or private nonprofit agency to carry out the purpose of this part in such State if the Secretary determines that—

"(1) the State is unable or unwilling to conduct educational programs for migratory children;

"(2) such arrangements would result in more efficient and economic administration of such programs; or

"(3) such arrangements would add substantially to the welfare or educational attainment of such children.

"SEC. 1308. COORDINATION OF MIGRANT EDUCATION ACTIVITIES.

"(a) IMPROVEMENT OF COORDINATION.—The Secretary, in consultation with the States, may make grants to, or enter into contracts with, State educational agencies, local educational agencies, institutions of higher education, and other public and private nonprofit entities to improve the interstate and intrastate coordination among State and local educational agencies of their educational programs, including the establishment or improvement of programs for credit accrual and exchange, available to migratory students. Grants under this subpart may be made for up to 5 years.

"(b) ASSISTANCE AND REPORTING.—(1) Within 60 days of enactment, the Secretary shall convene a panel of Chief State School Officers and technical experts to assess alternative methods by which student records may be transferred from one school to another. Within 150 days of having been convened, the panel shall make recommendations to the Secretary on how schools may adopt the most cost-effective means of exchanging of school records. The Secretary shall also develop the most cost-effective and accurate method of determining the number of students or full-time equivalent students in each State on a yearly basis. The Secretary shall report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate the panel's findings and the Secretary's recommendations.

"(2) The Secretary may contract for services for purposes of this section.

"(c) AVAILABILITY OF FUNDS.—For the purpose of carrying out this section, the Secretary shall reserve up to $6,000,000 from the amount appropriated under section 1002(3) for each fiscal year to carry out this part.

"(d) COMPETITIVE GRANTS.—From the amounts made available for this section, the Secretary shall reserve not more than $1,500,000 to award, on a competitive basis, grants in the amount of up to $100,000 each to State educational agencies with consortium agreements described under section 1303(d). Not less than 10 of such grants shall be awarded to States which receive allocations of less than $1,000,000 if such States have approved agreements.

"SEC. 1309. DISTANCE LEARNING.

"(a) PROGRAM.—The Secretary may establish a distance learning program to provide, through competitive grants, continuity in the education of migrant children using technology, interactive learning, computers, and automated technology links achieved with modems and telephone networks.

"(b) FUNDS.—Not more than $3,000,000 may be used to establish the program under subsection (a).

"SEC. 1310. DEFINITIONS.

"As used in this part, the following terms have the following meanings:

"(1) The term 'local operating agency' means—

"(A) a local educational agency to which a State educational agency makes a subgrant under this part;

"(B) a public or nonprofit private agency with which a State educational agency or the Secretary makes an arrangement to carry out a project under this part; or

"(C) a State educational agency, if the State educational agency operates the State's migrant education program or projects directly.

"(2) The term 'migratory child' means—

"(A) for fiscal year 1996 and subsequent years, a child who is, or whose parent or spouse is, a migratory agricultural worker (including a migratory dairy worker) or a migratory fisher, and who, in the preceding 24 months, in order to obtain, or accompany such parent or spouse in order to obtain, temporary or seasonal employment in agricultural or fishing work—

"(i) has moved from one local educational agency to another; or

"(ii) in a State that is comprised of a single local educational agency, has moved from one administrative area to another within such agency; or

"(B) for fiscal year 1995 only, a child fulfilling the requirements of subparagraph (A) for a period of 36 months instead of for 24 months; and

"PART D—PREVENTION AND INTERVENTION SERVICES FOR DELINQUENT YOUTH AND YOUTH AT RISK OF DROPPING OUT

"SEC. 1401. FINDINGS; PURPOSE; PROGRAM AUTHORIZED.

"(a) FINDINGS.—Congress finds the following:

"(1) A large percentage of youth in the juvenile justice system have poor academic achievement, are a year or more behind grade level, and have dropped out of school.

"(2) There is a strong correlation between academic failure and involvement in delinquent activities.

"(3) Preventing students from dropping out of local schools and addressing the educational needs of delinquent youth can help reduce the dropout rate and involvement in delinquent activities at the same time.

"(4) Many schools and correctional facilities fail to communicate regarding a youth's academic needs and students often return to their home school ill-prepared to meet current curriculum requirements.

"(5) Schools are often reluctant to deal with youth returning from facilities and receive no funds to deal with the unique educational and other needs of such youth.

"(6) A continuing need exists for activities and programs to reduce the incidence of youth dropping out of school.

"(7) Federal dropout prevention programs have demonstrated effectiveness in keeping children and youth in school.

"(8) Pregnant and parenting teens are a high at-risk group for dropping out of school and should be targeted by dropout prevention programs.

"(9) Such youth need a strong dropout prevention program which provides them with high level skills and which provides supports to youth returning from correctional facilities in order to keep them in school.

"(b) PURPOSE.—It is the purpose of this part—

"(1) to improve educational services to children in local and State institutions for delinquent children so that they have the opportunity to meet the same challenging State performance standards that all children in the State will be expected to meet;

"(2) to provide such children the services they need to make a successful transition from institutionalization to further schooling or employment; and

"(3) to prevent at-risk youth from dropping out of school and to provide dropouts and youth returning from institutions with a support system to ensure their continued education.

"(c) PROGRAM AUTHORIZED.—In order to carry out the purpose of this part, the Secretary shall make grants to State educational agencies, which shall make subgrants to State agencies and local educational agencies to establish or improve programs of education for delinquent children and youth at risk of dropping out of school before graduation.

"SEC. 1402. PAYMENTS FOR PROGRAMS UNDER THIS PART.

"(a) AGENCY SUBGRANTS.—Based on the allocation amount computed under section 1403, the Secretary shall allocate to each State educational agency amounts necessary to make subgrants to State agencies.

"(b) LOCAL SUBGRANTS.—Each State shall retain, for purposes of subpart 2, funds generated throughout the State under part A based on youth residing in local correctional facilities, or attending community day programs for delinquent children.

"(c) USE OF REMAINING FUNDS.—Each State shall use any funds remaining after allocations are made under subsection (a).

"Subpart 1—State Agency Programs

"SEC. 1403. AMOUNT OF ALLOCATION TO STATE.

"(a) STATE ALLOCATION.—Each State educational agency is eligible to receive under this part, for each fiscal year, an amount equal to the product of—

"(1) the number of delinquent children in State correctional facilities serving youth under the age of 21 who are enrolled for at least 20 hours per week in education programs operated or supported by facilities serving youth, and 10 hours a week in adult facilities serving youth.

"(2) 40 percent of the average per-pupil expenditure in the State, except that the amount determined under this paragraph shall not be less than 32 percent or more than 48 percent of the average per-pupil expenditure in the United States.

"(b) SUBGRANTS TO STATE AGENCIES IN PUERTO RICO.—For each fiscal year, the amount of the grant for which a State agency in the Commonwealth of Puerto Rico is eligible under this part shall be equal to—

"(1) the number of children counted under subsection (a)(1) for Puerto Rico; multiplied by the product of—

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

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

"SEC. 1404. STATE PLAN.

"(a) STATE PLAN.—(1)(A) Each State educational agency that desires to receive payments under this part shall submit, for approval by the Secretary, a plan, which shall be revised and updated as needed, for meeting the needs of delinquent youth and children at risk of dropping out that—

"(i) is integrated with the State's plan, either approved or being developed, under title III of the Goals 2000: Educate America Act, and satisfies the requirements of this section that are not already addressed by such State plan; or

"(ii) if the State does not have an approved plan under title III of the Goals 2000: Educate America Act or is not developing such a plan, is integrated with other State plans under this Act and satisfies the requirements of this section.

"(B) A State plan submitted under paragraph (1)(A)(i) may, if necessary, be submitted as an amendment to the State's plan under title III of the Goals 2000: Educate America Act.

"(2) Each such plan shall also—

"(A) describe the State-established program goals, objectives, and performance measures that will be used to assess the effectiveness of the program in improving academic and vocational skills of children in the program;

"(B) provide that, to the extent feasible, such children will have the same opportunities to learn as they would have if they were in schools of local educational agencies in the State;

"(C) describe the manner in which such State educational agency will make subgrants; and

"(D) contain assurances that the State educational agency will—

"(i) ensure that programs assisted under this part will be carried out in accordance with the State plan described in this subsection;

"(ii) carry out the evaluation requirements of section 1408;

"(iii) ensure that its State agencies comply with all applicable statutory and regulatory requirements; and

"(iv) provide such other information as the Secretary may reasonably require.

"(b) SECRETARIAL APPROVAL; PEER REVIEW.—(1) The Secretary shall approve each State plan that meets the requirements of this part.

"(2) The Secretary may review any such plan with the assistance and advice of individuals with relevant expertise.

"(c) SUBGRANTS TO STATE AGENCIES.—A State agency is eligible for assistance under this part if it is responsible for providing free public education for children in institutions for delinquent children.

"(d) STATE AGENCY APPLICATIONS.—A State agency that desires to receive funds to carry out a program under this part shall submit an application to the State educational agency that—

"(1) describes the procedures to be used, consistent with the State plan under part A of this title, to assess the educational needs of the children to be served;

"(2) provides assurances that in making services available to youth in adult correctional facilities, priority will be given to such youth who are likely to complete incarceration within a 2-year period;

"(3) describes the program, including a budget for the first year of the program, with annual updates to be provided;

"(4) describes how the program will meet the goals and objectives of the State plan under this part;

"(5) describes how the State agency will consult with experts and provide the necessary training for appropriate staff, to ensure that the planning and operation of institution-wide projects under section 1406 are of high quality;

"(6) describes how the agency will carry out the evaluation requirements of section 1408 and how the results of the most recent evaluation are used to plan and improve the program;

"(7) includes data showing that the agency has maintained fiscal effort required of a local educational agency, in accordance with section 9501 of this title;

"(8) describes how the programs will be coordinated with other appropriate State and Federal programs, including the Job Training Partnership Act, vocational education, State and local dropout prevention programs, and special education;

"(9) describes how appropriate professional development will be provided to teachers and other instructional and administrative personnel;

"(10) designates an individual in each affected institution to be responsible for issues relating to the transition of children from an institution to locally operated programs;

"(11) describes how the agency will, endeavor to coordinate with businesses for training and mentoring for participating youth;

"(12) describes how the agency will assist in locating alternative programs through which students can continue their education if they are not returning to school after leaving the correctional facility;

"(13) describes how the agency will work with parents to secure their assistance in improving the educational achievement of their children and preventing their further involvement in delinquent activities;

"(14) describes how the agency works with special education youth in order to meet an existing individualized education program and an assurance that the agency will notify the youth's local school if such youth is identified as in need of special education services while the youth is in the facility and if the youth intends to return to the local school;

"(15) describes how the agency will work with youth who dropped out of school before entering the facility to encourage such youth to reenter school once their term has been completed or provide the youth with the skills necessary to gain employment, continue their education, or achieve a high school equivalency certificate if the youth does not intend to return to school;

"(16) provides assurances that teachers and other qualified staff are also trained to work with children with disabilities and other students with special needs taking into consideration the unique needs of such students;

"(17) describes any additional services provided to youth, including career counseling, assistance in securing student loans, grants; and

"(18) describes how this program will be coordinated with any programs operated under the Juvenile Justice and Delinquency Act, if applicable.

"SEC. 1405. USE OF FUNDS.

"(a) GENERAL.—(1) A State agency shall use funds received under this part only for programs and projects that—

"(A) are consistent with the State plan referred to in section 1404(a); and

"(B) concentrate on providing participants with the knowledge and skills needed to make a successful transition to high school completion, further education, or employment.

"(2) Such programs and projects—

"(A) may include the acquisition of equipment;

"(B) shall be designed to support educational services that—

"(i) except for institution-wide projects under section 1406, are provided to children identified by the State agency as failing, or most at risk of failing, to meet the State's challenging performance standards;

"(ii) supplement and improve the quality of the educational services provided to such children by the State agency; and

"(iii) afford such children an opportunity to learn to such challenging State standards;

"(C) shall be carried out in a manner consistent with section 1119(b) and part F of this title; and

"(D) may include the costs of meeting the evaluation requirements of section 1408.

"(b) SUPPLEMENT, NOT SUPPLANT.—A program under this part that supplements the number of hours of instruction students receive from State and local sources shall be considered to comply with the 'supplement, not supplant' requirement of section 1119(b) of this title without regard to the subject areas in which instruction is given during those hours.

"SEC. 1406. INSTITUTION-WIDE PROJECTS.

"A State agency that provides free public education for children in an institution for delinquent children may use funds received under this part to serve all children in, and upgrade the entire educational effort of, such institution or program if the State agency has developed, and the State educational agency has approved, a comprehensive plan for such institution or program that—

"(1) provides for a comprehensive assessment of the educational needs of all youth in the institution or program serving juveniles;

"(2) provides for a comprehensive assessment of the educational needs of youth aged 20 and younger in adult facilities who are expected to complete incarceration within a 2-year period;

"(3) describes the steps the State agency has taken, or will take, to provide all children under 21 with the opportunity to meet challenging academic and vocational standards in order to improve the likelihood that the students will complete high school, attain high school equivalency, or find employment after leaving the institution;

"(4) describes the instructional program, pupil services, and procedures that will be used to meet the needs described in paragraph (1), including, to the extent feasible, the provision of mentors for secondary school students;

"(5) specifically describes how such funds will be used;

"(6) describes the measures and procedures that will be used to assess student progress;

"(7) describes how the agency has planned, and will implement and evaluate, the institution-wide or program-wide project in consultation with personnel providing direct instructional services and support services in institutions for delinquent children and personnel from the State educational agency; and

"(8) includes an assurance that the State agency has provided for appropriate training to teachers and other instructional and administrative personnel to enable them to carry out the project effectively.

"SEC. 1407. THREE-YEAR PROJECTS.

"If a State agency operates a program under this part in which individual children are likely to participate for more than one year, the State educational agency may approve the State agency's application for a subgrant under this part for a period not to exceed 3 years.

"SEC. 1408. TRANSITION SERVICES.

"(a) TRANSITION SERVICES.—Each State agency shall reserve not more than 10 percent of the amount it receives under this part for any fiscal year to support projects that facilitate the transition of children from State-operated institutions to local educational agencies.

"(b) CONDUCT OF PROJECTS.—A project supported under this section may be conducted directly by the State agency, or through a contract or other arrangement with one or more local educational agencies, other public agencies, or private nonprofit organizations.

"(c) LIMITATION.—Any funds reserved under subsection (a) shall be used only to provide transitional educational services, which may include counseling and mentoring, to delinquent children in schools other than State-operated institutions.

"Subpart 2—Local Agency Programs

"SEC. 1410. PROGRAMS OPERATED BY LOCAL EDUCATIONAL AGENCIES.

"(a) LOCAL SUBGRANTS.—With funds retained under section 1402(2), the State educational agency shall make subgrants to local educational agencies with—

"(1) a high number or percentage of youth who are residing in local (including county) correctional facilities for youth (including those involved in day programs); and

"(2) which have the highest numbers or percentage of youth in the State which have dropped out of school in the preceding fiscal year.

"(b) NOTIFICATION.—A State educational agency shall notify local educational agencies which meet the criteria of subsection (a) of their eligibility for participation in the program.

"(c) PURPOSE OF LOCAL EDUCATIONAL AGENCY PROGRAMS.—The purpose of this section is the operation of local educational agency programs which involve collaboration between local educational agencies and local correctional facilities serving such youth to—

"(1) continue transition activities for youth returning from such facilities;

"(2) to operate dropout prevention programs in local schools for youth at risk of dropping out and youth returning from correctional facilities; and

"(3) to prepare youth who have finished their period of incarceration for employment, high school completion, and further education.

"(d) LOCAL EDUCATIONAL AGENCY APPLICATIONS.—(1) Eligible local educational agencies which choose to take part in programs funded under this section shall submit an application to the State educational agency, containing such information on programs to be operated under this section as the State educational agency may require, and which shall include—

"(1) a description of formal agreements between the local educational agency and correctional facilities and alternative school programs serving youth involved with the juvenile justice system to operate programs for delinquent youth;

"(2) a description of how participating schools will coordinate with facilities working with delinquent youth to ensure that such youth are participating in an education program comparable to one operating in the local school such youth would attend;

"(3) a description of the dropout prevention program operated by participating schools and the types of services such schools will provide to at risk youth in participating schools and youth returning from correctional facilities;

"(4) a description of the youth expected to be served by the dropout prevention program and how the school will be coordinating existing educational programs to meet unique education needs;

"(5) a description of how schools will coordinate with existing social and health services to meet the needs of students at risk of dropping out of school and other participating students, including prenatal health care and nutrition services related to the health of the parent and child, parenting and child development classes, child care, targeted re-entry and outreach programs, referrals to community resources, and scheduling flexibility;

"(6) a description of any partnerships with local businesses to develop training and mentoring services for participating students;

"(7) a description of how the program will involve parents in efforts to improve the education achievement of their children, assist in dropout prevention activities, and prevent the involvement of their children in delinquent activities;

"(8) a description of how this program will be coordinated with other Federal, State, and local programs, including the Job Training and Partnership Act and vocational education programs serving this at risk population of youth;

"(9) a description of how the program will be coordinated with programs operated under the Juvenile Justice and Delinquency Prevention Act, if applicable;

"(10) a description of how schools will work with probation officers to assist in meeting the needs of youth returning from correctional facilities;

"(11) a description of efforts participating schools will make to ensure correctional facilities working with youth are aware of a child's existing individualized education program; and

"(12) a description of the steps participating schools will take to find alternative placements for youth interested in continuing their education but unable to participate in a regular public school program.

"(e) USES OF FUNDS.—Funds provided to local educational agencies under this section may be used for—

"(1) dropout prevention programs which serve youth at educational risk, including pregnant and parent teens, youth who have come in contact with the juvenile justice system, youth at least one year behind their expected grade level, migrants, immigrants, students with limited-English proficiency and gang members;

"(2) the coordination of health and social services for such youth if there is a likelihood that the provision of such services including day care and drug and alcohol counseling, will improve the likelihood such students will complete their education; and

"(3) programs to meet the unique education needs of youth at risk of dropping out, which may include vocational education, special education, career counseling, and assistance in securing student loans or grants.

"(f) PROGRAM REQUIREMENTS FOR CORRECTIONAL FACILITIES RECEIVING FUNDS UNDER THIS SECTION.—Each facility entering into a partnership with a local educational agency to provide services to youth under this section shall—

"(1) ensure educational programs in juvenile facilities are coordinated with the student's home school, particularly with respect to special education students with an individualized education program;

"(2) notify the local school of a youth if the youth is identified as in need of special education servicers while in the facility;

"(3) provide transition assistance to help the youth stay in school, including coordination of services for the family, counseling, assistance in accessing drug and alcohol abuse prevention programs, tutoring, and family counseling;

"(4) provide support programs which encourage the youth who have dropped out to reenter school once their term has been com-

pleted or provide such youth with the skills necessary for them to gain employment or seek a high school equivalency certificate;

"(5) work to ensure facilities are staffed with teachers and other qualified staff who are also trained to work with children with disabilities and other special needs students taking into consideration such unique needs;

"(6) ensure educational programs in correctional facilities are related to assisting students meet high educational standards;

"(7) use, to the extent possible, technology to assist coordinating educational programs between the juvenile facility and community school;

"(8) involve parents in efforts to improve the educational achievement of their children and prevent the further involvement of such children in delinquent activities;

"(9) coordinate funds received under this program with other available State, local, and Federal funds to provide services to participating youth, including the Job Training Partnership Act, and vocational education;

"(10) coordinate programs operated under this section with activities funded under the Juvenile Justice and Delinquency Prevention Act, if applicable; and

"(11) if appropriate, work with local businesses to develop training and mentoring programs for participating youth.

"(g) ACCOUNTABILITY.—The State educational agency may—

"(1) reduce or terminate funding for projects funded under this section in local educational agencies if such agencies do not show progress in reducing dropout rates for male students and for female students over a 3-year period; and

"(2) require juvenile facilities to demonstrate, after 3 years, that there has been an increase in the number of youth returning to school, obtaining high school equivalency certificates, or obtaining employment after such youth are released.

"SEC. 1411. PROGRAM EVALUATIONS.

"(a) SCOPE OF EVALUATION.—Each State agency or local educational agency that conducts a program under subpart 1 or 2 shall evaluate the program, disaggregating data on participation by sex, and if feasible, by race, ethnicity, and age, not less than once every 3 years to determine its impact on the ability of participants to—

"(1) maintain and improve educational achievement;

"(2) accrue school credits that meet State requirements for grade promotion and high school graduation;

"(3) for delinquent youth, make the transition to a regular program or other education program operated by a local educational agency; and

"(4) complete high school (or high school equivalency requirements) and obtain employment after leaving the institution.

"(b) EVALUATION MEASURES.—In conducting each such evaluation with respect to subsection (a)(1), a State agency or local educational agency shall use multiple and appropriate measures of student progress.

"(c) EVALUATION RESULTS.—Each State agency and local educational agency shall —

"(1) submit evaluation results to the State educational agency; and

"(2) use the results of evaluations under this section to plan and improve subsequent programs for participating children.

"SEC. 1412. DEFINITIONS.

"For the purpose of this part, the following terms have the following meanings:

"(1) The term 'adult correctional institution' means a facility in which persons are confined as a result of a conviction for a criminal offense, including persons under 21 years of age.

"(2) The term 'at risk youth' means school aged youth who are at risk of academic failure, have drug or alcohol problems, are pregnant or are parents, have come into contact with the juvenile justice system in the past, are at least one year behind the expected grade level for such age, have limited-English proficiency, are gang members, have dropped out in the past, or have high absenteeism rates.

"(3) The term 'community-day program' means a regular program of instruction provided by a State agency at a community-day school operated specifically for delinquent children.

"(4) The term 'institution for delinquent children' means a public or private residential facility for the care of children who have been adjudicated to be delinquent or in need of supervision.

"PART E—FEDERAL EVALUATIONS, DEMONSTRATIONS, AND TRANSITION PROJECTS

"SEC. 1501. EVALUATIONS.

"(a) NATIONAL ASSESSMENT.—(1) The Secretary shall conduct a national assessment of programs under this title, in coordination with the ongoing Chapter 1 Longitudinal Study under subsection (b) of this section, that shall be planned, reviewed, and conducted in consultation with an independent panel of researchers, State practitioners, local practitioners, and other appropriate individuals.

"(2) The assessment shall examine how well schools, local educational agencies, and States—

"(A) are progressing toward the goal of all children served under this title reaching the State's content and performance standards; and

"(B) are accomplishing the specific purposes set out in section 1001(d) of this title to achieve this goal, including—

"(i) ensuring high standards for all children and aligning the efforts of States, local educational agencies, and schools to help children reach them;

"(ii) providing children an enriched and accelerated educational program through schoolwide programs or through additional services that increase the amount and quality of instructional time that children receive;

"(iii) promoting schoolwide reform and access of all children to effective instructional strategies and challenging academic content;

"(iv) significantly upgrading the quality of the curriculum and instruction by providing staff in participating schools with substantial opportunities for professional development;

"(v) coordinating services under all parts of this title with each other, with other educational services, including preschool services, and, to the extent feasible, with health and social service programs funded from other sources;

"(vi) affording parents meaningful opportunities to participate in the education of their children at home and at school, including the provisions of family literacy services;

"(vii) distributing resources to areas where needs are greatest;

"(viii) improving accountability, as well as teaching and learning, by making assessments under this title congruent with State assessment systems; and

"(ix) providing greater decisionmaking authority and flexibility to schools in exchange for greater responsibility for student performance.

"(3) Where feasible, the Secretary shall use information gathered from a variety of sources, including the National Assessment of Educational Progress, State evaluations, and available research studies in carrying out this subsection.

"(4) The Secretary shall submit a biennial report summarizing the cumulative findings to date of the assessment to the President and the appropriate committees of the Congress.

"(b) STUDIES AND DATA COLLECTION.—The Secretary may collect such data, as necessary, at the State, local, and school levels and conduct studies and evaluations, including national studies and evaluations, to assess on an ongoing basis the effectiveness of programs under this title and to report on such effectiveness on a periodic basis.

"(c) NATIONAL EVALUATION OF TITLE I.—The Secretary shall carry out an ongoing evaluation of the program under part A of this title in order to provide the public, Congress, and educators involved in such program, an accurate description of the effectiveness of such program and provide information that can be used to improve such program's effectiveness. Such evaluation shall—

"(1) have a longitudinal design tracking cohorts of students for at least 3 years which, when the cohorts are taken as a whole, provides a picture of such program's effectiveness over the elementary and secondary grades;

"(2) be separate and independent from State and local assessments and evaluations as required under this part;

"(3) utilize the highest available content standards that are generally accepted as national in scope;

"(4) provide information on all students, students served under this part, and, if funds are sufficient, information on students from low-income families and limited English proficient students; and

"(5) when feasible, collect, cross-tabulate, and report data by sex within race or ethnicity and socioeconomic status.

The Secretary shall use the information from this evaluation as part of the national assessment required by subsection (a) and shall report the data from this evaluation to the Congress and the public at least as frequently as that assessment.

"(d)(1) In conducting the National Assessment under subsection (a) and the National Evaluation under subsection (b), the Secretary shall not assess the progress of students in grade 1, kindergarten, and prekindergarten on the basis of outcome measures such as content and performance standards;

"(2) any assessments of children in grade 2 shall utilize matrix sampling and be performance-based; and

"(3) any data collected regarding children in grade 2 shall—

"(A) be collected at multiple points in time;

"(B) not be used to stigmatize, label, or place any child; and

"(C) be collected in multiple domains.

"(e) PARENTAL INVOLVEMENT, STUDY, REPORT AND DISSEMINATION.—(1) The Secretary, through the Office of Education Research and Improvement, shall conduct a study to identify and describe—

"(A) common barriers to effective parental involvement in the education of participating children; and

"(B) successful local policies and programs which improve parental involvement and the performance of participating children.

"(2) The Secretary shall—

"(A) complete such study by December 31, 1995;

"(B) report the findings of such study to the Committee on Education and Labor of the House of Representatives and to the Committee on Labor and Human Resources of the Senate; and

"(C) disseminate the findings, relating to the successful local policies and programs which improve parental involvement and the performance of participating children, to local educational agencies.

"SEC. 1502. DEMONSTRATIONS OF INNOVATIVE PRACTICES.

"(a) DEMONSTRATION PROGRAMS TO IMPROVE ACHIEVEMENT.—(1) From the funds appropriated for any fiscal year under section 1002(7)(B), the Secretary may make grants to State educational agencies, local educational agencies, other public agencies, nonprofit organizations, public/private partnerships involving business and industry organizations, and consortia of such bodies to carry out demonstration projects that show the most promise of enabling children served under this title to meet challenging State standards. Such projects shall include promising strategies such as—

"(A) accelerated curricula, the application of new technologies to improve teaching and learning, extended learning time, and a safe and enriched full-day environment for children to provide them the opportunity to reach high standards;

"(B) integration of education services with each other and with health, family, and other social services such as mentoring programs, particularly in empowerment zones and enterprise communities;

"(C) effective approaches to whole school reform;

"(D) programs that have been especially effective with limited English proficient children, migratory children and other highly mobile students, children leaving institutions for neglected or delinquent children and returning to school, and homeless children and youth; and

"(E) programs that are built upon partnerships developed between elementary and middle schools, employers, and the community which emphasize the integration of high quality academic and vocational learning, stress excellence and high expectations for success in core academic subjects, instill responsibility, decisionmaking, problem solving, interpersonal skills, and other competencies in students, and make school relevant to the workplace and the community, through applied and interactive teaching methodologies, team teaching strategies, learning opportunities connecting school, the workplace, and the community, and career exploration, awareness, and career guidance opportunities.

"(2) The Secretary shall evaluate the demonstration projects supported under this title, using rigorous methodological designs and techniques, including control groups and random assignment, to the extent feasible, to produce reliable evidence of effectiveness.

"(b) PARTNERSHIPS.—(1) From funds appropriated under section 1002(7)(B) for any fiscal year, the Secretary may, directly or through grants or contracts, work in partnership with State educational agencies, local educational agencies, other public agencies, and non-profit organizations to disseminate and use the highest quality research and knowledge about effective practices to improve the quality of teaching and learning in schools supported under this title.

"PART F—GENERAL PROVISIONS

"SEC. 1601. FEDERAL REGULATIONS.

"(a) IN GENERAL.—The Secretary is authorized to issue such regulations as are necessary to reasonably ensure that there is compliance with this title.

"(b) NEGOTIATED RULEMAKING PROCESS.—(1) Prior to publishing proposed regulations in the Federal Register to carry out this title, The Secretary shall obtain the advice and recommendations of representatives of Federal, State, and local administrators, parents, teachers, and members of local boards of education involved with the implementation and operation of programs under this title.

"(2) Such advice and recommendations may be obtained through such mechanisms as regional meetings and electronic exchanges of information.

"(3) After obtaining such advice and recommendations, and prior to publishing proposed regulations, the Secretary shall—

"(A) establish a negotiated rulemaking process on a minimum of 4 key issues, including—

"(i) schoolwide projects;

"(ii) standards and assessment;

"(iii) parental involvement; and

"(iv) professional development;

"(B) select individuals to participate in such process from among individuals or groups which provided advice and recommendations, with representation from all geographic regions; and

"(C) prepare a draft of proposed policy options that shall be provided to the individuals selected by the Secretary under subparagraph (A) not less than 45 days prior to the first meeting under such process.

"(4) Such process—

"(A) shall be conducted in a timely manner to ensure that final regulations are issued by the Secretary not later than the 240-day period required by section 437 of the General Education Provisions Act;

"(B) shall not be subject to the Federal Advisory Committee Act but shall otherwise follow the provisions of the Negotiated Rulemaking Act of 1990 (5 U.S.C. 561 et seq.).

"(5) In an emergency situation in which regulations to carry out this title must be issued with a very limited time to assist State and local educational agencies with the operation of the program, the Secretary may issue proposed regulations without following such process but shall, immediately thereafter and prior to issuing final regulations, conduct regional meetings to review such proposed regulations.

"(c) SPECIAL RULE.—Funds made available under section 1002(7) may not be released by the Secretary for expenditure until such time as final regulations to carry out part A are published in the Federal Register.

"(d) LIMITATION.—Regulations to carry out this part may not require local programs to follow a particular instructional model, such as the provision of services outside the regular classroom or school program.

"SEC. 1602. COORDINATION OF FEDERAL, STATE, AND LOCAL ADMINISTRATION.

"(a) PROGRAM ASSISTANCE MANUAL.—The Secretary shall, not later than 6 months after the publication of final regulations under this title, prepare and distribute to State educational agencies, State agencies operating programs under parts C and D, and local educational agencies, and shall make available to parents and other interested individuals, organizations, and agencies, a manual for this title to—

"(1) assist such agencies in—

"(A) enhancing the quality, increasing the depth, or broadening the scope of activities for programs under this title;

"(B) applying for program funds under this title; and

"(C) meeting the program objectives under this title;

"(2) assist State educational agencies in achieving proper and efficient administration of programs funded under this title;

"(3) assist parents to become involved in the planning for, and implementation and evaluation of, programs and projects under this title; and

"(4) ensure that officers and employees of the Department of Education, including officers and employees of the Secretary and officers and employees of such Department charged with auditing programs carried on under this title, uniformly interpret, apply, and enforce requirements under this title throughout the United States.

"(b) CONTENTS OF POLICY MANUAL.—The policy manual shall, with respect to programs carried out under this title, contain descriptions, statements, procedural and substantive rules, opinions, policy statements and interpretations and indices to and amendments of the foregoing, and in particular, whether or not such items are required under section 552 of title 5, United States Code, to be published or made available. The manual shall include—

"(1) a statement of the requirements applicable to the programs carried out under this title, including such requirements contained in this title, the General Education Provisions Act, other applicable statutes, and regulations issued under the authority of such statutes;

"(2) an explanation of the purpose of each requirement and its interrelationship with other applicable requirements; and

"(3) model forms and instructions developed by the Secretary for use by State and local educational agencies, at their discretion, including, application forms, application review checklists, and instruments for monitoring programs under this title.

"(c) RESPONSE TO INQUIRIES.—The Secretary shall respond with written guidance not more than 90 days after any written request (return receipt requested) from a State or local educational agency regarding a policy, question, or interpretation under this title. In the case of a request from a local educational agency, such agency is required to address its request to the State educational agency first.

"SEC. 1603. STATE ADMINISTRATION.

"(a) RULEMAKING.—(1) Each State that receives funds under this title shall—

"(A) ensure that any State rules, regulations, and policies relating to this title conform to the purposes of this title and provide any such proposed rules, regulations, and policies to the Committee of Practitioners for their review and comment;

"(B) minimize such rules, regulations, and policies to which their local educational agencies and schools are subject; and

"(C) identify any such rule, regulation, or policy as a State-imposed requirement.

"(2) State rules, regulations, and policies under this title shall support and facilitate local educational agency and school-level systemic reform designed to enable all children to meet the State's standards.

"(b) COMMITTEE OF PRACTITIONERS.—(1) Each State educational agency shall create a State committee of practitioners to advise the State in carrying out its responsibilities under this title.

"(2) Each such committee shall include—

"(A) as a majority of its members, representatives from local educational agencies;

"(B) administrators;

"(C) teachers, including vocational educators;

"(D) parents;

"(E) members of local boards of education;

"(F) representatives of private school children; and

"(G) counselors.

"(3) The duties of the committee shall include a review, prior to publication, of any proposed or final State rule or regulation pursuant to this title. In an emergency situation where such rule or regulation must be issued within a very limited time to assist local educational agencies with the operation of the program, the State educational agency may issue a regulation without prior consultation, but shall immediately thereafter convene the State committee of practitioners to review the emergency regulation prior to issuance in final form.

"(c) PAYMENT FOR STATE ADMINISTRATION.—Each State may reserve for the proper and efficient performance of its duties under this title the greater of—

"(1) one percent of the funds received under section 1002(a) and (c) through (f); or

"(2) $325,000, or $50,000 in the case of Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and Palau (until the Compact of Free Association takes effect).

"TITLE II—IMPROVING TEACHING AND LEARNING

"PART A—DWIGHT D. EISENHOWER PROFESSIONAL DEVELOPMENT PROGRAM

"SEC. 2101. FINDINGS.

"The Congress finds that—

"(1) reaching the National Education Goals requires a comprehensive educational reform strategy that involves parents, schools, government, communities, and other public and private organizations at all levels;

"(2) a crucial component of the strategy for achieving these goals is ensuring, through sustained and intensive high-quality professional development, and through the development and adoption of high quality curriculum, that all teachers are capable of providing challenging learning experiences in the core academic subjects for their students;

"(3) decisionmaking as to what activities a State or local educational agency should undertake to improve teaching and learning are best made by individuals in the schools closest to the classroom and most knowledgeable about the needs of schools and students;

"(4) the potential positive impact of high-quality professional development is underscored by recent research findings that—

"(A) professional development must be focused on teaching and learning in order to change the opportunities of all students to achieve higher standards; and

"(B) effective professional development focuses on discipline-based knowledge and subject-specific pedagogical skills, involves teams of teachers and administrators in a school and, through professional networks of teachers and administrators, is interactive and collaborative, motivates by its intrinsic content and relationship to practice, builds on experience and learning-by-doing, and becomes incorporated into the everyday life of the school;

"(5) engaging teachers in the development of high quality curricula is a powerful professional development activity that improves teaching and learning;

"(6) special attention must be given in professional development activities to ensure that education professionals are knowledgeable of, and make use of, strategies for serving populations that historically have lacked access to equal opportunities for advanced learning and career advancement;

"(7) States and local educational agencies also need to engage teachers in the development of high quality curricula that are aligned with State or local content and performance standards in order to improve teaching and learning and ensure that students achieve the State standards;

"(8) professional development is often a victim of budget reductions in fiscally difficult times and curricula development is almost nonexistent in many State and local school systems; and

"(9) the Federal Government has a vital role in helping States and local educational agencies to make sustained and intensive high-quality professional development in the core academic subjects become an integral part of the elementary and secondary education system and in providing assistance to such agencies to engage teachers in the development of high quality curricula that are aligned with State or local content and performance standards.

"SEC. 2102. PURPOSES.

"The purposes of this part are to provide assistance to States and local educational agencies and to institutions of higher education with teacher education programs so that such agencies can determine how best to improve the teaching and learning of all students through—

"(1) helping to ensure that teachers, other staff, and administrators have access to sustained and intensive high-quality professional development that is aligned to challenging State content and performance standards in the CORE academic subjects and that—

"(A) is tied to challenging State and local curriculum content and student performance standards;

"(B) reflects recent research on teaching and learning;

"(C) incorporates effective strategies, techniques, methods, and practices for meeting the educational needs of diverse students, including females, minorities, individuals with disabilities, limited-English proficient individuals, and economically disadvantaged individuals, in order to ensure that all students have the opportunity to achieve challenging performance standards.".

"(D) includes strong academic content and pedagogical components;

"(E) is of sufficient intensity and duration to have a positive and lasting impact on the teacher's performance in the classroom; and

"(F) is part of the everyday life of the school and creates an orientation toward continuous improvement throughout the school; and

"(2) assisting States and local educational agencies to engage teachers in the development of high quality curriculum that is aligned with State or local content and performance standards.

"SEC. 2103. AUTHORIZATION OF APPROPRIATIONS; ALLOCATION BETWEEN SUBPARTS.

"(a) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part, there are authorized to be appropriated such sums for fiscal year 1995, 1996, 1997, 1998, and 1999.

"(b) ALLOCATION BETWEEN SUBPARTS.—Of the funds appropriated to carry out this part for a fiscal year, the Secretary shall use—

"(1) 5 percent to carry out subpart 1; and

"(2) 95 percent to carry out subpart 2.

"Subpart 1—Federal Activities

"SEC. 2111. PROGRAM AUTHORIZED.

"(a) PROGRAM AUTHORIZED.—The Secretary is authorized to make grants to, and enter into contracts and cooperative agreements with, local educational agencies, State educational agencies, State agencies for higher education, educational service agencies, institutions of higher education, and other public and private agencies, other organizations, and institutions to—

"(1) support activities of national significance that will contribute to the development and implementation of high-quality professional development activities in the core academic subject areas;

"(2) support the development of challenging curriculum that is aligned with State or local content and performance standards;

"(3) evaluate activities carried out under this subpart and under subpart 2.

"(b) COORDINATION WITH OTHER AGENCIES.—In carrying out this program, the Secretary shall consult and coordinate with the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, and other appropriate Federal agencies and entities.

"SEC. 2112. AUTHORIZED ACTIVITIES.

"(a) ACTIVITIES.—The Secretary shall use funds available to carry out this subpart—

"(1) to provide seed money to eligible entities to develop their capacity to offer sustained and intensive high-quality professional development;

"(2) for the development and maintenance of a national clearinghouse for science, mathematics, and technology education materials which shall be administered as an adjunct clearinghouse of the ERIC system of clearinghouses supported by the Office of Educational Research and Improvement;

"(3) to support consortia of educational agencies and organizations in disseminating information and providing assistance regarding curricula, teaching methods, and assessment tools that support national or State content standards in mathematics and science; and

"(4) the evaluation of programs under this subpart and under subpart 2.

"(b) CLEARINGHOUSES.—The Secretary may use funds available to carry out this subpart—

"(1) for the development and maintenance of national clearinghouses for core academic subjects as the Secretary determines are needed and which shall be administered as adjunct clearinghouses of the ERIC system of clearinghouses supported by the Office of Educational Research and Improvement;

"(2) to provide grants to entities to develop high quality curricula that are aligned with voluntary national or State content standards;

"(3) to sponsor institutes that provide teachers and administrators with professional development that is based on strong and integrated disciplinary content and pedagogical components;

"(4) for efforts to train teachers in the innovative uses and applications of technology to enhance student learning;

"(5) to encourage the development of local and national professional networks of educators;

"(6) to disseminate standards in the core academic subjects, including information on voluntary national content and performance standards and related models of high-quality professional development;

"(7) for efforts to train teachers in innovative uses of applied learning strategies such as service learning;

"(8) to disseminate models of high-quality professional development activities that train educators in strategies, techniques, methods, and practices for meeting the educational needs of historically underserved populations, including females, minorities, individuals with disabilities, limited-English proficient individuals, and economically disadvantaged individuals, in order to ensure that all students have the opportunity to achieve challenging performance standards; and

"(9) to promote the transferability of licensure and certification of teachers and administrators among State and local jurisdictions.

"(c) ALLOCATION.—In carrying out subsection (a), the Secretary shall ensure that each program, project, and activity contained in such subsection receives an allocation that is no less than the amount that each such program, project, or activity received in fiscal year 1994.

"Subpart 2—State and Local Activities

"SEC. 2121. PROGRAM AUTHORIZED.

"The Secretary is authorized to make grants to State educational agencies for the improvement of teaching and learning through sustained and intensive high-quality professional development activities in the core academic subjects at the State and local levels and the development by teachers and others of high-quality curricula that are aligned with State or local content and performance standards.

"SEC. 2122. ALLOCATION OF FUNDS.

"(a) RESERVATION OF FUNDS.—From the amount made available to carry out this subpart for any fiscal year, the Secretary shall—

"(1) reserve one half of one percent for the outlying areas, to be distributed among them on the basis of relative need, as determined by the Secretary in light of the purposes of this part; and

"(2) reserve one half of one percent for the Secretary of the Interior for programs under this subpart for professional development activities for teachers, other staff, and administrators in schools operated or funded by the Bureau of Indian Affairs.

"(b) STATE ALLOTMENTS.—The Secretary shall allocate the remaining amount to each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico as follows, except that no State shall receive less than one-half of one percent of such remaining amount:

"(1) 50 percent shall be allocated among such jurisdictions on the basis of their relative populations of individuals aged 5 through 17, as determined by the Secretary on the basis of the most recent satisfactory data.

"(2) 50 percent shall be allocated among such jurisdictions in accordance with the relative amounts such jurisdictions received under part A of title I of this Act for the preceding fiscal year.

"(c) REALLOCATION.—If any jurisdiction does not apply for its allotment under subsection (b) for any fiscal year, the Secretary shall reallocate such amount to the remaining jurisdictions in accordance with such subsection.

"SEC. 2123. WITHIN-STATE ALLOCATIONS.

"(a) RESERVATIONS.—Of the amounts received by a State under this subpart for a fiscal year—

"(1) not more than 5 percent shall be used for the administrative costs of programs carried out by the State educational agency and the State agency for higher education;

"(2) not more than 5 percent may be used for State-level activities, as described in section 2125; and

"(3) of the remaining amount—

"(A) 87 percent shall be distributed to local educational agencies, to be used in accordance with section 2129, as follows:

"(i) 50 percent of such amount shall be distributed in accordance with the relative enrollments in public and private nonprofit schools within their boundaries.

"(ii) 50 percent of such amount shall be distributed in accordance with the relative amount such agencies received under part A of title I of this Act for the preceding fiscal year; and

"(B) 13 percent shall be used for competitive grants to institutions of higher education as described in section 2129.

"(b) LIMITATION.—

"(1) GENERAL RULE.—Except as provided in paragraph (2), any local educational agency that receives an allocation of less than $10,000 under subsection (a) shall, for the purpose of providing services under this subpart, form a consortium with at least 1 other local educational agency or institution of higher education receiving assistance under this section.

"(2) WAIVER.—The State educational agency shall waive the application of paragraph (1) in the case of any local educational agency that demonstrates that the amount of its allocation is sufficient to provide a program of sufficient size, scope, and quality to be effective. In granting waivers under the preceding sentence, the State educational agency shall—

"(A) give special consideration to local educational agencies serving rural areas; and

"(B) consider cash or in-kind contributions provided from State or local sources that may be combined with the local educational agency's allocation for the purpose of providing services under this part.

"SEC. 2124. STATE APPLICATIONS.

"(a) APPLICATIONS REQUIRED.—Each State educational agency that wishes to receive its allotment under this subpart for any fiscal year shall submit an application to the Secretary at such time and in such form as the Secretary may require.

"(b) STATE PLAN TO IMPROVE TEACHING AND LEARNING—(1) Each application under this section shall include a State plan that—

"(A) is integrated with the State's plan, either approved or being developed, under title III of the Goals 2000: Educate America Act, and satisfies the requirements of this section that are not already addressed by that State plan; or

"(B) if the State does not have an approved plan under title III of the Goals 2000: Educate America Act and is not developing such a plan, is integrated with other State plans under this Act and satisfies the requirements of this section.

"(2) Each such plan shall also—

"(A) be developed in conjunction with the State agency for higher education, institutions of higher education, schools of education, and with the extensive participation of teachers and administrators and members of the public who are interested in improving education in the State and show the role of each in implementation;

"(B) be designed to give teachers and administrators in the State the knowledge and skills to provide all students the opportunity to meet challenging State performance standards;

"(C) include an assessment of State and local needs for professional development and for the development of curricula that are aligned with State or local content and performance standards;

"(D) include a description of how the plan has assessed the needs of local education agencies serving rural areas, and what actions are planned to meet those needs;

"(E) include a description of how the plan has maintained funding for professional development activities in mathematics and science education;

"(F) include a description of how the activities funded under this subpart will address the needs of teachers in schools receiving assistance under part A of title I of this Act;

"(G) a description of how programs in all core academic subjects, but especially in mathematics and science, will take into account the need for greater access to, and participation in, such disciplines by students from historically underrepresented groups, including females, minorities, individuals with limited-English proficiency, the economically disadvantaged, and the disabled, by incorporating pedagogical strategies and techniques which meet their educational need;

"(H) if the State's needs assessment under subsection (C) demonstrates a need for professional development, describe how the State will—

"(i) work with teachers, including teachers in schools receiving assistance under part A of title I of this Act, administrators, local educational agencies, schools, and institutions of higher education to ensure that they develop the capacity to support sustained and intensive, high-quality professional development programs in all the core academic subject areas, but especially in mathematics and science;

"(ii) take specific steps to review and, if necessary, reform State requirements for licensure of teachers and administrators, including certification and recertification, to align such requirements with challenging State content and performance standards; and

"(iii) address the need for improving teaching and learning through teacher development beginning with recruitment, pre-service, and induction, and continuing throughout the professional teaching career; and

"(I) if the State's needs assessment under subparagraph (C) demonstrates a need for curricula development, describe—

"(i) a strategy for engaging teachers in the development of curricula that are aligned with State or local content and performance standards; and

"(ii) how the State will also work with administrators, parents, school board members, and other members of the community in developing high quality curricula that are aligned with State or local content and performance standards.

"(c) ADDITIONAL MATERIAL.—Each State application shall also include—

"(1) a description of how the activities funded under this subpart will be coordinated, as appropriate, with—

"(A) other activities conducted with Federal funds, especially activities supported under part A of title I of this Act;

"(B) State and local funds;

"(C) resources from business and industry; and

"(D) funds from other Federal agencies, such as the National Science Foundation, the Departments of Commerce, Energy, and Health and Human Services, the National Endowment for the Arts, and the National Endowment for the Humanities; and

"(2) a description of the activities to be sponsored under the State-level activities

and the higher education components of its program under this subpart.

"(d) PEER REVIEW AND SECRETARIAL APPROVAL.—(1) The Secretary shall approve the application of a State educational agency if it meets the requirements of this section and holds reasonable promise of achieving the purposes of this part.

"(2) In reviewing applications, the Secretary shall obtain the advice of non-Federal experts on education in the core academic subjects and on teacher education, including teachers and administrators.

"SEC. 2125. STATE-LEVEL ACTIVITIES.

"(a) ACTIVITIES.—Each State may use funds reserved under section 2123(a)(2) to carry out activities referred to in section 2124(b), such as—

"(1) reviewing and reforming State requirements for teacher and administrator licensure, including certification and recertification, to align such requirements with the State's content standards and ensure that teachers and administrators have the knowledge and skills necessary to help students meet challenging State performance standards;

"(2) developing performance assessments and peer review procedures, as well as other methods, for licensing teachers and administrators;

"(3) providing technical assistance to schools and local educational agencies especially schools and local educational agencies that receive assistance under part A of title I of this Act, to help such schools and agencies provide effective professional development in the core academic subjects and develop high quality curricula;

"(4) developing or supporting professional development networks, either within a State or in a regional consortium of States, that provide a forum for interaction among teachers and that allow exchange of information on advances in content assessment and pedagogy;

"(5) supporting partnerships between schools, consortia of schools, or local education agencies and institutions of higher education, including but not limited to schools of education, which would encourage teachers to participate in intensive, ongoing professional development programs, both academic and pedagogical, at institutions of higher education, and to encourage students at institutions of higher education studying to become teachers to have direct, practical experience at the schools;

"(6) enhancing the effective use of educational technology as an instructional tool for increasing student understanding of the core academic subject areas including—

"(A) efforts to train teachers in the innovative uses and application of instructional technology;

"(B) utilizing and strengthening existing telecommunications infrastructure dedicated to educational purposes; and

"(C) efforts to train teachers in methods for achieving gender equity both in access to and teaching practices used in the application of educational technology;

"(7) providing incentives for teachers to be involved in curriculum development and technical assistance processes for teachers and students;

"(8) professional development enabling teachers and other school staff to ensure that girls, young women, minorities, limited English proficient students, individuals with disabilities, and economically disadvantaged individuals have the opportunity to achieve challenging State performance standards in the core academic subjects by, for example, encouraging girls, young women, and minorities to pursue advanced courses in mathematics and science;

"(9) designing professional development activities that increase the numbers of members of minority and other underrepresented groups in the teaching force in the core subjects; and

"(10) developing high quality curriculum that is aligned with State or local content and performance standards.

"(b) ALTERNATIVE METHODS.—Nothing in this section shall be construed to prevent a State from implementing alternative methods of teacher certification.

"SEC. 2126. LOCAL PLAN AND APPLICATION FOR IMPROVING TEACHING AND LEARNING.

"(a) LOCAL APPLICATION.—(1) Each local educational agency that wishes to receive a subgrant under this subpart shall submit an application (singly or as a consortia as described in section 2123(b)) to the State educational agency at such time as the State educational agency shall require, but not less frequently than every 3rd year.

"(2) If the local educational agency has an application approved by the State under title III of the Goals 2000: Educate America Act, the application required by this section shall be a component of (or, if necessary, an addendum to) its Goals 2000 application.

"(3) A local education agency shall set specific performance indicators for improving teaching and learning through professional development and curriculum development.

"(4) A local educational agency shall submit, as part of its application, the results of the needs assessment conducted under subsection (b), and the local educational agency plan developed in accordance with subsection (c).

"(b) NEEDS ASSESSMENT.—(1) A local educational agency that wishes to receive a subgrant under this subpart shall include in its application an assessment of such agency's need for professional development, for the development of high quality curricula that are aligned with State or local content and performance standards.

"(2) Such needs assessment shall be carried out with the involvement of teachers, including teachers in schools receiving assistance under part A of title I of this Act, and shall take into account what activities need to be conducted in order to give teachers and administrators the means, including the knowledge and skills, to provide students with the opportunity to meet challenging State or local performance standards.

"(c) PLAN DEVELOPMENT.—(1) The plan required under this subsection shall be developed jointly by the local educational agency and by teachers from the core academic disciplines.

"(2) Such teachers shall also be representative of the grade spans within schools to be served and of schools which receive assistance under part A of title I of this Act.

"(3) Based on the needs assessment required under subsection (b), the local educational agency's plan shall include the following—

"(A) a description of the local educational agency's strategy to improve teaching and learning in every school;

"(B) a description of how the plan contributes to the local educational agency's overall efforts for school reform and educational improvement;

"(C) a description of the activities the local educational agency intends to undertake under this subpart consistent with such agency's needs assessment conducted under subsection (b);

"(D) a description of how the plan has maintained funding for professional development activities in mathematics and science education;

"(E) a description of how the activities funded under this section will address the needs of teachers in schools receiving assistance under part A of title I of this Act;

"(F) a description of how programs in all core academic subjects, but especially in mathematics and science, will take into account the need for greater access to, and participation in, such disciplines by students from historically underrepresented groups, including females, minorities, individuals with limited-English proficiency, the economically disadvantaged, and the disabled, by incorporating pedagogical strategies and techniques which meet their educational need;

"(G) an assurance that the activities conducted with funds received under this program will be assessed at least every 3 years using the performance indicators;

"(H) a description of how the program funded under this subpart will be coordinated, as appropriate, with—

"(i) activities conducted under section 2130 and other services of institutions of higher education;

"(ii) similar State and local activities;

"(iii) resources provided under part A of title I and other parts of this Act, particularly part B of this title;

"(iv) resources from business, industry, private nonprofit organizations (including museums, libraries, educational television stations, community-based organizations, professional organizations and associations specializing in, or with a demonstrated expertise in the core academic disciplines);

"(v) funds or programming from other Federal agencies, such as the National Science Foundation, the Department of Energy, the Department of Health and Human Services, the National Endowment for the Humanities, and the National Endowment for the Arts; and

"(vi) an identification of funding that will provide the local educational agency's contribution under section 2127.

"SEC. 2127. LOCAL COST SHARING.

"(a) IN GENERAL.—Each local educational agency shall bear not less than 33 percent of the cost of any program carried out under this subpart, but not including the cost of services provided to private schoolteachers.

"(b) AVAILABLE RESOURCES FOR COST-SHARING.—A local educational agency may meet the requirements of subsection (a) through one or more of the following:

"(1) Cash expenditures from non-Federal sources, including private contributions, directed toward professional development and curriculum development activities.

"(2) Release time for teachers participating in professional development or curricula development funded under this subpart.

"(3) Funds received under one or more of the following programs, if used for professional development or curricula development activities consistent with this subpart and consistent with the statutes under which such funds are provided, then such funds must be used for the benefit of students and teachers in the schools that would otherwise have been served with such funds:

"(A) Part A of title I of this Act.

"(B) The Safe and Drug Free Schools program under title IV of this Act.

"(C) The bilingual education program under title VII of this Act.

"(D) The Women's Educational Equity Program under title III of this Act.

"(E) Title III of the Goals 2000: Educate America Act.

"(F) Programs that are related to the purposes of this Act that are administered by other agencies, including the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, and the Department of Energy.

"(c) WAIVER.—The State educational agency may approve an application which has not fully met the requirements of subsection (a) and waive the requirements of subsection (a) if a local educational agency can demonstrate that it is unable to meet the requirements of subsection (a) due to economic hardship and that compliance with such requirements would preclude its participation in the program.

"SEC. 2128. ALLOWABLE ACTIVITIES.

"(a) AUTHORIZED ACTIVITIES.—Each local educational agency and school that receives funds under this subpart shall use such funds for activities that give teachers and administrators the knowledge and skills to provide students with the opportunity to meet challenging State or local content and performance standards. Funds received by local educational agencies under this subpart only shall be used for the activities specified under subsections (b) and (c).

"(b) PROFESSIONAL DEVELOPMENT.—If a needs assessment conducted under section 2126(b) determines that funds under this subpart should be used to provide professional development in the core academic subjects for teachers and other school staff, the local educational agency shall use such funds for professional development for teachers and other staff to support teaching consistent with State, or local content standards, and shall, to the extent practicable, coordinate such activities with institutions of higher education and activities under section 2129:

"(1) Professional development activities funded under this subpart shall—

"(A) be tied to challenging State or local content and student performance standards;

"(B) reflect recent research on teaching and learning;

"(C) incorporate effective strategies, techniques, methods, and practices for meeting the educational needs of diverse students, including females, minorities, individuals with disabilities, limited-English proficient individuals, and economically disadvantaged individuals, in order to ensure that all students have the opportunity to achieve challenging performance standards;

"(D) include strong academic content and pedagogical components;

"(E) be of sufficient intensity and duration to have a positive and lasting impact on the teacher's performance in the classroom; and

"(F) be part of the everyday life of the school and create an orientation toward continuous improvement throughout the school.

"(2) Funds under this subpart may be used for professional development activities such as—

"(A) professional development for teams of teachers, administrators, or other staff from individual schools, to support teaching consistent with State or local content standards;

"(B) support and time for teachers and other school staff to participate in professional development in the core subjects offered through professional associations, universities, community-based organizations, and other providers including museums and educational partnership organizations;

"(C) activities that provide followup for teachers who have participated in professional development activities that are designed to ensure that knowledge and skills learned by the teacher are implemented in the classroom;

"(D) support for partnerships between schools, consortia of schools, or local education agencies and institutions of higher education, including but not limited to schools of education, which would encourage teachers to participate in intensive, ongoing professional development programs, both academic and pedagogical, at institutions of higher education, and to encourage students at institutions of higher education studying to become teachers to have direct, practical experience at the schools;

"(E) the establishment and maintenance of local professional networks that provide a forum for interaction among teachers and that allow exchange of information on advances in content and pedagogy;

"(F) activities to prepare teachers in the effective use of educational technology as an instructional tool for increasing student understanding of the core academic subject areas;

"(G) activities to enable teachers to ensure that girls, young women, minorities, limited-English proficient students, individuals with disabilities, and economically disadvantaged individuals the opportunity to achieve the challenging State performance standards in the core academic subjects;

"(H) professional development and recruitment activities designed to increase the number of minorities, individuals with disabilities, and females teaching in the core academic subject in which they are underrepresented;

"(I) other sustained and intensive high-quality professional development activities in the core academic subjects.

"(c) CURRICULUM DEVELOPMENT.—(1) If the needs assessment of a local educational agency determines that funds under this subpart should be used for curriculum development including the development of high quality standards, assessments, and other methods needed to provide teachers with the tools necessary to improve student achievement, such agency shall use the funds provided to develop high quality curricula that is aligned with State or local content and performance standards.

"(2) Funds may be used to purchase the curriculum materials to the extent such materials are essential components of the local educational agency's plan to improve teaching and learning in the core academic subjects.

"SEC. 2129. HIGHER EDUCATION ACTIVITIES.

"(a) GENERAL.—(1) The State agency for higher education, working in conjunction with the State educational agency (if it is a separate agency), shall make grants to, or enter into contracts or cooperative agreements with, institutions of higher education and nonprofit organizations including museums and educational partnership organizations, which demonstrate consultation and cooperation with a local education agency, consortium of local education agencies, or schools, for—

"(A) professional development activities in the core academic subject areas that contribute to the State plan for professional development;

"(B) engaging teachers in the development of high-quality curricula that are aligned with State or local content and performance standards;

"(C) developing and providing assistance to local education agencies, and the teachers and staff of each such agency, for sustained, high-quality professional development activities;

"(D) improving teacher education programs in order to promote further innovation in teacher education programs within an institution of higher education and to better meet the needs of the local education agencies for well-prepared teachers;

"(2) All such awards shall be made on a competitive basis.

"(3) No institution of higher education may receive assistance under subsection (a)(1) of this subsection unless the institution enters into an agreement with a local education agency, or consortium of such agencies, to provide sustained, high-quality professional development for the elementary and secondary school teachers in the schools of each such agency.

"(4) Each project funded under this section shall involve a joint effort of the recipient's school or department of education and the schools or departments in the specific disciplines in which assistance may be provided.

"(b) ALLOWABLE ACTIVITIES.—A recipient of funds under this section shall use those funds for—

"(1) sustained and intensive high-quality professional development for teams of teachers, or teachers and administrators from individual schools or districts;

"(2) other sustained and intensive professional development activities related to achievement of the State plan for professional development such as—

"(A) establishment and maintenance of professional networks of teachers that provide a forum for interaction among teachers and that allow exchange of information on advances in content and pedagogy;

"(B) programs that prepare teachers to be effective users of information technology, able to integrate technology into their pedagogy and their instructional practices, and able to enhance their curricular offerings by appropriate applications of technology;

"(C) programs that utilize information technology to deliver sustained and intensive high quality professional development activities for teachers;

"(D) activities to enable teachers to ensure that girls, young women, minorities, limited-English proficient students, individuals with disabilities, and economically disadvantaged individuals have the opportunity to achieve the challenging State performance standards in the core academic subjects;

"(E) professional development and recruitment activities designed to increase the number of minorities, individuals with disabilities, and other underrepresented groups teaching in the core academic subjects, particularly in mathematics and science;

"(F) establishment of professional development academies operated as partnerships between one or more elementary or secondary schools and one or more institutions of higher education to provide school-based teacher training that provides prospective, novice, and experienced teachers with an opportunity to work under the guidance of master teachers and college faculty members; and

"(G) technical assistance to local educational agencies in providing sustained and intensive high quality professional development activities for teachers.

"Subpart 3—General Provisions

"SEC. 2131. REPORTING AND ACCOUNTABILITY.

"(a) STATES.—Each State that receives funds under this part shall submit a report to the Secretary every 3 years on the State's progress toward the performance indicator identified in its State plan, as well as on the

effectiveness of State and local activities under this part.

"(b) LOCAL EDUCATIONAL AGENCIES.—Each local educational agency that receives funds under this part shall submit a report to the State every 3 years on its progress toward the outcome performance indicators in its plan.

"(c) FEDERAL EVALUATION.—The Secretary shall report to the President and Congress on the effectiveness of programs and activities funded under this part.

"(d) PROHIBITION ON FUNDS BEING USED FOR CONSTRUCTION OR RENOVATION.—Funds received under this part shall not be used for construction or renovation of buildings, rooms, or any other facilities.

"SEC. 2132. DEFINITIONS.

"As used in this part, the following terms have the following meanings:

"(1) The term 'core academic subjects' means those subjects listed in the State plan under title III of the Goals 2000: Educate America Act or under National Education Goal Three as set out in section 102(3) of such Act.

"(2) The term 'performance indicators' means measures of specific outcomes that the State or local educational agency identifies as assessing progress toward the goal of ensuring that all teachers have the knowledge and skills to assist their students to meet challenging State standards in the core academic subject areas. Examples of such indicators include—

"(A) the degree to which licensure requirements are tied to State standards;

"(B) specific increases in the number of elementary and secondary teachers with strong content backgrounds in the core academic subjects; and

"(C) effective strategies, techniques, methods, and practices for meeting the educational needs of diverse students, including females, minorities, individuals with disabilities, limited-English proficient individuals, and economically disadvantaged individuals, in order to ensure that all students have the opportunity to achieve challenging performance standards.

"(3) The term 'sustained and intensive high-quality professional development' means professional development activities that—

"(A) are tied to challenging State or voluntary national content and performance standards;

"(B) reflect up-to-date research in teaching and learning and include integrated content and pedagogical components;

"(C) incorporates effective strategies, techniques, methods, and practices for meeting the educational needs of diverse students, including females, minorities, individuals with disabilities, limited English proficient individuals, and economically disadvantaged individuals, in order to assure that all students have the opportunity to achieve challenging performance standards;

"(D) are of sufficient intensity and duration to have a positive and lasting impact on the teacher's performance in the classroom or the administrator's performance on the job; and

"(E) recognize teachers as an important source of knowledge that should inform and help shape professional development.

"(4) The term 'local standard' means challenging content and performance standards in the core subjects (in addition to State content and performance standards approved by the State for title I).

"PART B—INNOVATIVE EDUCATION PROGRAM STRATEGIES

"SEC. 2201. FINDINGS AND STATEMENT OF PURPOSE.

"(a) FINDINGS.—The Congress finds that chapter 2 of the Education Consolidation and Improvement Act of 1981 has been successful in achieving the goals of increasing local flexibility, reducing administrative burden, providing services for private school students, encouraging innovation, and contributing to the improvement of elementary and secondary educational programs.

"(b) STATEMENT OF PURPOSE.—It is the purpose of programs under this part:

"(1) To support local education reform efforts which are consistent with and support statewide reform efforts under the Goals 2000 Educate America Act.

"(2) To support State and local efforts to accomplish the National Education Goals.

"(3) To provide funding to enable State and local educational agencies to implement promising educational reform programs that can be supported by State and local sources of funding after such programs are demonstrated to be effective.

"(4) To provide a continuing source of innovation, educational improvement, and support for library services and instructional materials, including media materials and,

"(5) To meet the special educational needs of at risk and high cost students.

"(c) STATE AND LOCAL RESPONSIBILITY.—The basic responsibility for the administration of funds made available under this part is within the State educational agencies, but it is the intent of Congress that the responsibility be carried out with a minimum of paperwork and that the responsibility for the design and implementation of programs assisted under this part will be mainly that of local educational agencies, school superintendents and principals, and classroom teachers and supporting personnel, because they have the most direct contact with students and are most likely to be able to design programs to meet the educational needs of students in their own districts.

"SEC. 2202. DEFINITION.

"For the purposes of this part the term "effective schools programs" means school-based programs that may encompass preschool through secondary school levels and that have the objectives of (1) promoting school-level planning, instructional improvement, and staff development, (2) increasing the academic achievement levels of all children and particularly educationally deprived children, and (3) achieving as ongoing conditions in the school the following factors identified through effective schools research as distinguishing effective from ineffective schools:

"(A) strong and effective administrative and instructional leadership that creates consensus on instructional goals and organizational capacity for instructional problem solving;

"(B) emphasis on the acquisition of basic and higher order skills;

"(C) a safe and orderly school environment that allows teachers and pupils to focus their energies on academic achievement;

"(D) a climate of expectation that virtually all children can learn under appropriate conditions; and

"(E) continuous assessment of students and programs to evaluate the effects of instruction.

"SEC. 2203. AUTHORIZATION OF APPROPRIATIONS; DURATION OF ASSISTANCE.

"(a) AUTHORIZATION.—To carry out the purposes of this part, there are authorized to be appropriated such sums for fiscal years 1995 through 1999.

"(b) DURATION OF ASSISTANCE.—During the period beginning October 1, 1994, and ending, September 30, 1999, the Secretary shall, in accordance with the provisions of this part, make payments to State educational agencies for the purpose of this section.

"Subpart 1—State and Local Programs

"SEC. 2211. ALLOTMENT TO STATES.

"(a) RESERVATIONS.—From the sums appropriated to carry out this subpart in any fiscal year, the Secretary shall reserve not to exceed 1 percent for payments to Guam, American Samoa, the Virgin Islands, Palau (until the effective date of the Compact of Free Association with the Government of Palau), and the Northern Mariana Islands, to be allotted in accordance with their respective needs.

"(b) ALLOTMENT.—From the remainder of such sums the Secretary shall allot to each State an amount which bears the same ratio to the amount of such remainder as the school-age population of the State bears to the school-age population of all States, except that no State shall receive less than an amount equal to one-half of 1 percent of such remainder.

"(c) DEFINITIONS.—For purposes of this subpart:

"(1) The term 'school-age population' means the population aged 5 through 17.

"(2) The term 'States' includes the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 2212. ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.

"(a) DISTRIBUTION RULE.—From the sums made available each year to carry out this part, the State educational agency shall distribute not less than 85 percent to local educational agencies within such State according to the relative enrollments in public and private, nonprofit schools within the school districts of such agencies, adjusted, in accordance with criteria approved by the Secretary, to provide higher per pupil allocations to local educational agencies which have the greatest numbers or percentages of children whose education imposes a higher than average cost per child, such as—

"(1) children living in areas with high concentrations of low-income families,

"(2) children from low-income families, and

"(3) children living in sparsely populated areas.

"(b) CALCULATION OF ENROLLMENTS.—(1) The calculation of relative enrollments under subsection (a) shall be on the basis of the total of—

"(A) the number of children enrolled in public schools, and

"(B) the number of children enrolled in private nonprofit schools that desire that their children participate in programs or projects assisted under this part, for the fiscal year preceding the fiscal year in which the determination is made. Nothing in this subsection shall diminish the responsibility of local educational agencies to contact, on an annual basis, appropriate officials from private nonprofit schools within the areas served by such agencies in order to determine whether such schools desire that their children participate in programs assisted under this part.

"(2)(A) Relative enrollments under subsection (a) shall be adjusted, in accordance with criteria approved by the Secretary under subparagraph (B), to provide higher per pupil allocations only to local educational agencies which serve the greatest numbers or percentages of—

"(i) children living in areas with high concentrations of low-income families,

"(ii) children from low-income families, or

"(iii) children living in sparsely populated areas.

"(B) The Secretary shall review criteria submitted by a State educational agency for adjusting allocations under paragraph (1) and shall approve such criteria only if the Secretary determines that such criteria are reasonably calculated to produce an adjusted allocation that reflects the relative needs within the State's local educational agencies based on the factors set forth in subparagraph (A).

"(c) PAYMENT OF ALLOCATIONS.—

"(1) From the funds paid to it pursuant to section 2203 for a fiscal year, a State educational agency shall distribute to each eligible local educational agency which has submitted an application as required in section 2223 the amount of its allocation as determined under subsection (a).

"(2)(A) Additional funds resulting from higher per pupil allocations provided to a local educational agency on the basis of adjusted enrollments of children described in subsection (a), may, at the discretion of the local educational agency, be allocated for expenditures to provide services for children enrolled in public and private nonprofit schools in direct proportion to the number of children described in subsection (a) and enrolled in such schools within the local educational agency.

"(B) In any fiscal year, any local educational agency that elects to allocate such additional funds in the manner described in subparagraph (A) shall allocate all additional funds to schools within the local educational agency in such manner.

"(C) The provisions of subparagraphs (A) and (B) may not be construed to require any school to limit the use of such additional funds to the provision of services to specific students or categories of students.

"Subpart 2—State Programs

"SEC. 2221. STATE USES OF FUNDS.

"(a) AUTHORIZED ACTIVITIES.—A State educational agency may use funds reserved for State use under this section only for—

"(1) State administration of programs under this section including—

"(A) supervision of the allocation of funds to local educational agencies;

"(B) planning, supervision, and processing of State funds; and

"(C) monitoring and evaluation of programs and activities under this part; and

"(2) technical assistance and direct grants to local educational agencies and statewide education reform activities, including effective schools programs, which assist local educational agencies to provide targeted assistance.

"(b) LIMITATIONS AND REQUIREMENTS.—Not more than 25 percent of funds available for State programs under this part in any fiscal year may be used for State administration under subsection (a)(1).

"SEC. 2223. STATE APPLICATIONS.

"(a) APPLICATION REQUIREMENTS.—Any State which desires to receive a grant under this subpart shall submit to the Secretary an application which—

"(1) designates the State educational agency as the State agency responsible for administration and supervision of programs assisted under this part;

"(2)(A) provides for an annual submission of data on the use of funds, the types of services furnished, and the students served under this section; and

"(B) in fiscal year 1998 provides for an evaluation of the effectiveness of programs assisted under this subpart;

"(3) sets forth the allocation of such funds requested to implement section 2252;

"(4) provides that the State educational agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation (consistent with the responsibilities of the Secretary under this section);

"(5) provides assurance that, apart from technical and advisory assistance and monitoring compliance with this part, the State educational agency has not exercised and will not exercise any influence in the decision making processes of local educational agencies as to the expenditure made pursuant to an application under section 2233; and

"(6) contain assurances that there is compliance with the specific requirements of this part.

"(b) PERIOD OF APPLICATION.—An application filed by the State under subsection (a) shall be for a period not to exceed 3 years, and may be amended annually as may be necessary to reflect changes without filing a new application.

"(c) AUDIT RULE.—Notwithstanding section 1745 of the Omnibus Budget Reconciliation Act of 1981, local educational agencies receiving less than an average of $5,000 each under this section need not be audited more frequently than once every 5 years.

"Subpart 3—Local Targeted Assistance Programs

"SEC. 2231. TARGETED USE OF FUNDS.

"(a) GENERAL RULE.—Funds allocated for use under this subpart shall be used by local educational agencies for targeted assistance described in subsection (b).

"(b) TARGETED ASSISTANCE.—The targeted assistance programs referred to in subsection (a) include—

"(1) technology related to the implementation of school-based reform programs, including professional development to assist teachers and other school officials regarding how to use effectively such equipment and software;

"(2) instructional and educational materials, assessments, and library services and materials (including media materials) tied to high academic standards and which are part of an overall education reform program;

"(3) promising education reform projects, including effective schools and 21st Century Learning Center school projects in accordance with subpart 4; and

"(4) computer hardware and software purchased under this section should be used only for instructional purposes.

"SEC. 2232. ADMINISTRATIVE AUTHORITY.

"In order to conduct the activities authorized by this part, each State or local educational agency may use funds reserved for this part to make grants to and to enter into contracts with local educational agencies, institutions of higher education, libraries, museums , and other public and private nonprofit agencies, organizations, and institutions.

"SEC. 2233. LOCAL APPLICATIONS.

"(a) CONTENTS OF APPLICATION.—A local educational agency or consortia of local educational agencies may receive an allocation of funds under this subpart for any year for which an application is submitted to the State educational agency and such application is certified to meet the requirements of this section. The State educational agency shall certify any such application if such application—

"(1)(A) sets forth the planned allocation of funds among targeted assistance programs described in section 2231 of this part and describes the programs, projects and activities designed to carry out such targeted assistance which it intends to support, together with the reasons for selection of such programs, projects and activities; and

"(B) sets forth the allocation of such funds required to implement section 2252;

"(2) describes how assistance under this section will contribute to meeting the National Education Goals and improving student achievement or improving the quality of education for students;

"(3) provides assurances of compliance with the provisions of this part, including the participation of children enrolled in private, nonprofit schools in accordance with section _____;

"(4) agrees to keep such records, and provide such information to the State educational agency as may reasonably be required for fiscal audit and program evaluation, concession with the responsibilities of the State agency under this part; and

"(5) provides in the allocation of funds for the assistance authorized by this part, and in the design, planning and implementation of such programs, for systematic consultation with parents of children attending elementary and secondary schools in the area served by the local education agency, with teachers and administrative personnel in such schools, and with other groups involved in the implementation of this section (such as librarians, school counselors, and other pupil services personnel) as may be considered appropriate by the local educational agency.

"(b) PERIOD OF APPLICATION.—An application filed by a local educational agency under subsection (a) shall be for a period not to exceed 3 fiscal years, may provide for the allocation of funds to programs for a period of 3 years, and may be amended annually as may be necessary to reflect changes without filing a new application.

"(c) LOCAL EDUCATIONAL AGENCY DISCRETION.—Subject to the limitations and requirements of this part, a local educational agency shall have complete discretion in determining how funds under this subpart shall be divided among the areas of targeted assistance. In exercising such discretion, a local educational agency shall ensure that expenditures under this subpart carry out the purposes of this subpart and are used to meet the educational needs within the schools of such local educational agency.

"Subpart 4—21st Century Community Learning Centers

"SEC. 2241. FINDINGS.

"The Congress finds that—

"(1) there are influences outside of school which affect the ability of a child to achieve academically and schools are in a unique position to identify student and family needs to coordinate programs;

"(2) access to health and social service programs can assist children and their families to improve the ability of the family to take an active role in their child's education;

"(3) coordination of health and social service programs with education can help the Nation meet the National Education Goals and ensure better outcomes for children;

"(4) the high technology, global economy of the 21st century will require lifelong learning to keep America's workforce competitive and successful;

"(5) 21st Century Community Learning Centers enable the entire community to develop an education strategy that addresses

the educational needs of all members of local communities; and

"(6) local public schools should provide centers for lifelong learning and educational opportunities for individuals of all ages.

"SEC. 2242. FUNDS FOR COMMUNITY LEARNING CENTERS.

"(a) IN GENERAL.—Local educational agencies may use funds provided under section 2212 to pay the Federal share of the cost for enabling schools to serve as centers for the delivery of education and human services for members of a community.

"(b) USES OF FUNDS.—Local educational agencies may use funds provided under section 2212 for projects described under this subpart.

"SEC. 2243. PROGRAMS.

"Local educational agencies that receive funds under this subpart may develop programs that include—

"(1) literacy education programs;

"(2) senior citizen programs;

"(3) children's day care services;

"(4) integrated education, health, social service, recreational, or cultural programs;

"(5) summer and weekend school programs in conjunction with summer recreation programs;

"(6) nutrition programs;

"(7) expanded library service hours to serve community needs;

"(8) telecommunications and technology education programs for all ages;

"(9) parenting skills education programs;

"(10) support and training for child day care providers;

"(11) employment counseling, training, and placement;

"(12) services for students who withdraw from school before graduating high school, regardless of age; and

"(13) services for individuals who are either physically or mentally challenged.

"SEC. 2244. REQUIREMENTS.

"A local educational agency that uses funds to develop programs under this subpart shall, at the end of the first year for which funds are used for this purpose, provide information to the State educational agency which describes the activities and projects established with funds under this subpart and includes—

"(1) information on the comprehensive local plan that enables such school to serve as a center for the delivery of education and human services for members of a community; and

"(2) information on the initial evaluation of needs, available resources, and goals and objectives for the proposed community education program and how such evaluation was used to determine the program developed to address such needs; including—

"(A) the mechanism used to disseminate information in a manner understandable and accessible to the community;

"(B) identification of Federal, State, and local programs merged or coordinated so that public resources could be maximized;

"(C) a description of the collaborative efforts of community-based organizations, related public agencies, businesses, or other appropriate organizations;

"(D) a description of how the school will assist as a delivery center for existing and new services; and

"(E) the establishment of the facility utilization policy that specifically states rules and regulations for building and equipment use and supervision guidelines.

"SEC. 2245. DEFINITION.

"For purposes of this subpart, the term 'Community Learning Center' means the provision of educational, recreational, health, and social service programs for residents of all ages of a local community in public school buildings, primarily in rural and inner city areas, operated by the local educational agency in conjunction with local governmental agencies, businesses, vocational education programs, community colleges, universities, cultural, recreational, and other community and human service entities.

"Subpart 5—General Administrative Provisions

"SEC. 2251. MAINTENANCE OF EFFORT; FEDERAL FUNDS SUPPLEMENTARY.

"(a) MAINTENANCE OF EFFORT.—(1) Except as provided in paragraph (2), a State is entitled to receive its full allocation of funds under this part for any fiscal year if the Secretary finds that either the combined fiscal effort per student or the aggregate expenditures within the State with respect to the provision of free public education for the preceding fiscal year was not less than 90 percent of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

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

"(3) The Secretary may waive, for 1 fiscal year only, the requirements of this subsection if the Secretary determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State.

"(b) FEDERAL FUNDS SUPPLEMENTARY.—A State or local educational agency may use and allocate funds received under this part only so as to supplement and, to the extent practical, increase the level of funds that would, in the absence of Federal funds made available under this part, be made available from non-Federal sources, and in no case may such funds be used so as to supplant funds from non-Federal sources.

"SEC. 2252. PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS.

"(a) PARTICIPATION ON EQUITABLE BASIS.—(1) To the extent consistent with the number of children in the school district of a local educational agency which is eligible to receive funds under this part or which serves the area in which a program or project assisted under this part is located who are enrolled in private nonprofit elementary and secondary schools, or, with respect to instructional or personnel training programs funded by the State educational agency from funds reserved for State use, such agency, after consultation with appropriate private school officials, shall provide for the benefit of such children in such schools secular, neutral, and nonideological services, materials, and equipment, including the participation of the teachers of such children (and other educational personnel serving such children) in training programs, and the repair, minor remodeling, or construction of public facilities as may be necessary for their provision (consistent with subsection (c) of this section), or, if such services, materials, and equipment are not feasible or necessary in one or more such private schools as determined by the local educational agency after consultation with the appropriate private school officials, shall provide such other arrangements as will assure equitable participation of such children in the purposes and benefits of this part.

"(2) If no program or project is carried out under subsection (a)(1) of this section in the school district of a local educational agency, the State educational agency shall make arrangements, such as through contracts with nonprofit agencies or organizations, under which children in private schools in that district are provided with services and materials to the extent that would have occurred if the local educational agency had received funds under this part.

"(3) The requirements of this section relating to the participation of children, teachers, and other personnel serving such children shall apply to programs and projects carried out under this part by a State or local educational agency, whether directly or through grants to or contracts with other public or private agencies, institutions, or organizations.

"(b) EQUAL EXPENDITURES.—Expenditures for programs pursuant to subsection (a) shall be equal (consistent with the number of children to be served) to expenditures for programs under this part for children enrolled in the public schools of the local educational agency, taking into account the needs of the individual children and other factors which relate to such expenditures, and when funds available to a local educational agency under this part are used to concentrate programs or projects on a particular group, attendance area, or grade or age level, children enrolled in private schools who are included within the group, attendance area, or grade or age level selected for such concentration shall, after consultation with the appropriate private school officials, be assured equitable participation in the purposes and benefits of such programs or projects.

"(c) FUNDS.—(1) The control of funds provided under this part, and title to materials, equipment, and property repaired, remodeled, or constructed therewith, shall be in a public agency for the uses and purposes provided in this part, and a public agency shall administer such funds and property.

"(2) The provision of services pursuant to this section shall be provided by employees of a public agency or through contract by such public agency with a person, an association, agency, or corporation who or which, in the provision of such services, is independent of such private school and of any religious organizations, and such employment or contract shall be under the control and supervision of such public agency, and the funds provided under this part shall not be commingled with State or local funds.

"(d) STATE PROHIBITION WAIVER.—If by reason of any provision of law a State or local educational agency is prohibited from providing for the participation in programs of children enrolled in private elementary and secondary schools, as required by this section, the Secretary shall waive such requirements and shall arrange for the provision of services to such children through arrangements which shall be subject to the requirements of this section.

"(e) WAIVER AND PROVISION OF SERVICES.—(1) If the Secretary determines that a State or a local educational agency has substantially failed or is unwilling to provide for the participation on an equitable basis of children enrolled in private elementary and secondary schools as required by this section, the Secretary may waive such requirements

and shall arrange for the provision of services to such children through arrangements which shall be subject to the requirements of this section.

"(2) Pending final resolution of any investigation or complaint that could result in a determination under this subsection or subsection (d), the Secretary may withhold from the allocation of the affected State or local educational agency the amount estimated by the Secretary to be necessary to pay the cost of those services.

"(f) DETERMINATION.—Any determination by the Secretary under this section shall continue in effect until the Secretary determines that there will no longer be any failure or inability on the part of the State or local educational agency to meet the requirements of subsections (a) and (b).

"(g) PAYMENT FROM STATE ALLOTMENT.—When the Secretary arranges for services pursuant to this section, the Secretary shall, after consultation with the appropriate public and private school officials, pay the cost of such services, including the administrative costs of arranging for those services, from the appropriate allotment of the State under this part.

"(h) REVIEW.—(1) The Secretary shall not take any final action under this section until the State educational agency and the local educational agency affected by such action have had an opportunity, for at least 45 days after receiving written notice thereof, to submit written objections and to appear before the Secretary or the Secretary's designee to show cause why that action should not be taken.

"(2) If a State or local educational agency is dissatisfied with the Secretary's final action after a proceeding under paragraph (1) of this subsection, it may, within 60 days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which the Secretary based this action, as provided in section 2112 of title 28, United States Code.

"(3) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence and the Secretary may thereupon make new or modified findings of fact and may modify the Secretary's previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(4) Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

"SEC. 2253. EVALUATIONS AND REPORTING.

"(a) LOCAL EDUCATIONAL AGENCIES.—A local educational agency which receives financial assistance under this part shall report annually to the State educational agency on the use of funds under section 2431. Such reporting shall be carried out in a manner which minimizes the amount of paperwork required while providing the State educational agency with the necessary information under the preceding sentence. Such report shall be made available to the public.

"(b) STATE EDUCATIONAL AGENCIES.—A State educational agency which receives financial assistance under this part shall evaluate the effectiveness of State and local programs under this part in accordance with section 2423(a)(4)(B). That evaluation shall be submitted for review and comment by the State advisory committee and shall be made available to the public. The State educational agency shall submit to the Secretary a copy of the evaluation and a summary of the reports under subsection (a).

"(c) REPORTS.—(1) The Secretary, in consultation with State and local educational agency representatives, shall develop a model system which State educational agencies may use for data collection and reporting under this part.

"(2)(A) The Secretary shall submit annually a report to the Congress for the use of funds, the types of services furnished, and the students served under this part.

"(B) The Secretary shall not later than October 1, 1998, submit a report to the Congress summarizing evaluations under subsection (b) in order to provide a national overview of the uses of funds and effectiveness of programs under this part.

"SEC. 2254. FEDERAL ADMINISTRATION.

"(a) TECHNICAL ASSISTANCE.—The Secretary, upon request, shall provide technical assistance to State and local educational agencies under this part.

(b) RULEMAKING.—The Secretary shall issue regulations under this part only to the extent that such regulations are necessary to ensure that there is compliance with the specific requirements and assurances required by this part.

(c) AVAILABILITY OF APPROPRIATIONS.—Notwithstanding any other provision of law, unless expressly in limitation of this subsection, funds appropriated in any fiscal year to carry out activities under this part shall become available for obligation on July 1 of such fiscal year and shall remain available for obligation until the end of the subsequent fiscal year.

"SEC. 2255. APPLICATION OF GENERAL EDUCATION PROVISIONS ACT.

"(a) GENERAL RULE.—Except as otherwise specifically provided by this section, the General Education Provisions Act shall apply to the programs authorized by this part.

"(b) APPLICABILITY.—The following provisions of the General Education Provisions Act shall be superseded by the specified provisions of this part with respect to the programs authorized by this part:

"(1) Section 410(a)(1) of the General Education Provisions Act is superseded by section 2254(b) of this part.

"(2) Section 433(a) of such Act is superseded by section 2254(a) of this part.

"(3) Section 436 of such Act is superseded by sections 2223 and 2233 of this part.

(c) SPECIAL RULE.—Sections 440, 441, and 442 of the General Education Provisions Act, except to the extent that such sections relate to fiscal control and fund accounting procedures, may not apply to the programs authorized by this part and shall not be construed to authorize the Secretary to require any reports or take any actions not specifically authorized by this part.

"PART C—SUPPORT AND ASSISTANCE FOR ESEA PROGRAMS

"SEC. 2301. FINDINGS.

"The Congress finds that—

"(1) high-quality technical assistance can enhance the improvements in teaching and learning achieved through the implementation of programs under this Act;

"(2) comprehensive technical assistance is an essential ingredient of the overall strategy of the 1994 reauthorization of this Act to improve programs and to provide all children opportunities to meet challenging State performance standards;

"(3) States, local educational agencies, and schools serving students with special needs, such as students with limited English proficiency, have great need for comprehensive technical assistance in order to use funds under this Act to provide such students with opportunities to meet challenging State standards;

"(4) current technical assistance efforts are fragmented and categorical in nature, and thus fail to address adequately the needs of States and local educational agencies for help in integrating into a coherent strategy for improving teaching and learning the various programs under this Act with State and local programs and other education reform efforts;

"(5) too little creative use is made of technology as a means of providing information and assistance in a cost-effective way;

"(6) comprehensive technical assistance can help schools and school systems focus on improving opportunities for all children to reach challenging State performance standards, as they implement programs under this Act;

"(7) comprehensive technical assistance would provide 'one-stop shopping' to help States, local educational agencies, participating colleges and universities, and schools integrate Federal, State, and local education programs in ways that contribute to improving schools and entire school systems; and

"(8) technical assistance in support of programs under this Act should be coordinated with the Department's regional offices, the regional educational laboratories, and other technical assistance efforts supported by the Department.

"SEC. 2302. PURPOSE.

"The purpose of this part is to make available to States, local educational agencies, schools, and other recipients of funds under this Act technical assistance in—

"(1) administering and implementing programs authorized by this Act in a manner that is consistent with State and local plans under the Goals 2000: Educate America Act; and

"(2) coordinating those programs with other Federal, State, and local education activities, so that all students are provided opportunities to meet challenging State performance standards.

"SEC. 2303. PROGRAM AUTHORIZED.

"(a) COMPREHENSIVE REGIONAL CENTERS.—The Secretary is authorized to establish one center in each of the Department's ten regions to provide comprehensive technical assistance to States, local educational agencies, schools, and other recipients of funds under this Act in their administration and implementation of programs authorized by this Act. In allocating resources among the centers, the Secretary shall consider the geographic distribution of students with special needs.

"(b) TECHNOLOGY-BASED TECHNICAL ASSISTANCE.—The Secretary is also authorized to provide a technology-based technical assistance service that will—

"(1) support the administration and implementation of programs authorized by this Act by providing information, including legal and regulatory information, and technical guidance and information about best practices; and

"(2) be accessible to all States, local educational agencies, schools, and others who are recipients of funds under this Act.

"SEC. 2304. ELIGIBLE ENTITIES.

"The Secretary may carry out this part directly or through grants to, or contracts or cooperative agreements with, public or private agencies or organizations or consortia of those agencies and organizations.

"SEC. 2305. COMPREHENSIVE REGIONAL CENTERS.

"Each comprehensive regional center established under section 2203(a) shall—

"(1) maintain staff expertise in at least all of the following areas:

"(A) Instruction, curriculum improvement, school reform, and other aspects of title I of this Act.

"(B) Development and operation of successful schoolwide programs under title I of this Act, including integrating programs to serve children in high-poverty areas, migratory children, children with limited English proficiency, neglected and delinquent children, homeless children and youth, Indian children, and children with disabilities.

"(C) Meeting the needs of children served under this Act, including children in high-poverty areas, migratory children, children with limited English proficiency, neglected or delinquent children, homeless children and youth, Indian children, and children with disabilities.

"(D) Professional development for teachers, other school staff, and administrators to help students meet challenging State performance standards.

"(E) Bilingual education, including programs that emphasize English and native language proficiency, and promote multicultural understanding.

"(F) Safe and drug-free schools.

"(G) Educational applications of technology.

"(H) Parent involvement and participation.

"(I) The reform of schools and school systems.

"(J) Program evaluation;

"(2) ensure that technical assistance staff have sufficient training, knowledge, and expertise in how to integrate and coordinate programs under this Act with each other, as well as with other Federal, State, and local programs and reforms;

"(3) work collaboratively with the Department's regional offices;

"(4) provide technical assistance using the highest quality and most cost-effective strategies possible;

"(5) provide information and assistance regarding exemplary and promising practices;

"(6) work collaboratively, and coordinate the services it provides, with the general reform assistance provided by the regional educational laboratories supported by the Office of Educational Research and Improvement; and

"(7) consult with representatives of State educational agencies, local educational agencies, and populations served under this Act.

"SEC. 2306. INFORMATION COLLECTION AND EVALUATION.

"The Secretary shall evaluate activities under this part to determine their effectiveness in advancing the purposes of this part, and report to the President and Congress on the effectiveness of such activities.

"SEC. 2307. TRANSITION.

"(a) GENERAL.—The Secretary may use funds appropriated for this part for fiscal year 1995 in such manner as the Secretary finds necessary in order to ensure a smooth implementation of this part.

"(b) EXTENSION OF PREVIOUS CENTERS.—In accordance with subsection (a), and notwithstanding any other provisions of law, the Secretary may use such funds for existing contracts and to extend the award of any categorical technical assistance center under this Act that was in operation on the day before enactment of the Improving America's Schools Act of 1993.

"SEC. 2308. AUTHORIZATION OF APPROPRIATIONS.

"For the purpose of carrying out this part, there are authorized to be appropriated $70,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"PART D—TECHNOLOGY FOR EXCELLENCE

"SEC. 2411. SHORT TITLE.

"This part may be cited as the 'Technology for Excellence in Education Act'.

"SEC. 2412. DEFINITIONS.

"(a) IN GENERAL.—The terms used in this part, unless otherwise specified, shall have the same meaning given to such terms in section 9101 of this Act.

"(b) ADDITIONAL DEFINITIONS.—For the purposes of this part—

"(1) the term 'Director' means the Director of Educational Technology as established in subpart 1; and

"(2) the term 'educational technology' includes closed circuit television systems, public telecommunications entities, cable television, satellite, copper and fiber optic transmission, computer hardware and software, video and audio laser, and CD ROM disc, video and audio tapes, and other technologies related to educational services.

"Subpart 1—National Leadership for Educational Technology

"SEC. 2421. PURPOSES.

"The purposes of this subpart are—

"(1) to establish a national agenda for the use of technology in education to assist all students in attaining world-class academic standards as a means to increasing academic achievement and learning and reaching the National Education Goals;

"(2) to assure that all children in the United States start school ready to learn;

"(3) to increase the high school graduation rate to at least 90 percent;

"(4) to provide all students the opportunity to demonstrate competency in challenging subject matter in core areas and ensure that all students learn to use their minds well;

"(5) to increase the mathematics and science achievement of all students;

"(6) to provide the opportunity for all adult Americans to achieve literacy;

"(7) to ensure that every school in the United States is free of drugs and violence and will offer a disciplined environment conducive to learning;

"(8) to coordinate Federal programs—whose support already accounts for 50 percent of all funds used by schools to purchase software, integrated learning systems, and hardware—that provide for the development, purchase, or use of technology in education, including programs administered by the Department of Education and those administered by other Federal Departments;

"(9) to develop national standards and guidelines for State and local educational agencies to guide future projects and coordinate existing projects to ensure the compatibility of education-related computer and telecommunications networks on a national level; and

"(10) to permit funds distributed to the States and localities under existing Federal programs to be used for education-related technology purposes.

"SEC. 2422. DIRECTOR OF EDUCATIONAL TECHNOLOGY.

"The Secretary shall appoint a Director of Educational Technology within the Department of Education. The Director shall be compensated at an annual rate of not less than a level GS–15 employee under section 5332 of title 5, United States Code.

"SEC. 2423. DUTIES OF DIRECTOR.

"(a) DUTIES.—The duties of the Director of Educational Technology are—

"(1) to provide national leadership regarding the use of technology in education at all levels in achieving the National Education Goals, including—

"(A) submission of an annual report to Congress regarding education-related technology use and recommendations for the continuation of current and the development of future uses of technology to achieve the National Education Goals;

"(B) promotion of the use of technology to achieve the National Education Goals in programs that receive Federal assistance, particularly programs under titles I and II of this Act;

"(C) the development of support programs designed to increase the access of all children, particularly disadvantaged children from rural and urban poverty areas, to high-level learning through the use of quality technologies; and

"(D) the support of research, development, evaluation, and dissemination of educational technologies;

"(2) to provide a mechanism for coordinating existing Federal programs across agencies to encourage joint funding, planning, and implementation of projects;

"(3) to provide a mechanism for the development of standards and guidelines for State and local educational agencies in conjunction with industry to ensure the compatibility of educational computer and telecommunications networks on a national level; and

"(4) to provide support and training programs to educators in the use of technology to help obtain the National Education Goals.

"Subpart 2—State Planning Grants

"SEC. 2431. PURPOSES.

"The purposes of this subpart are—

"(1) to ensure that State educational agencies have a clear, long-term strategic plan for incorporating the use of technology in education; and

"(2) to allow States which have developed a State technology plan to allocate planning funds to local educational agencies to implement strategies developed in such plan.

"SEC. 2432. STATE PLANNING GRANTS.

"The Secretary of Education is authorized to provide a one-time competitive grant to State educational agencies 50 percent of which shall be allocated in accordance with the relative amount the State received under title 1 of this Act for the preceding fiscal year and 50 percent of which shall be allocated in accordance with the relative amount the State received under part B of this title for the preceding fiscal year.

"SEC. 2433. AUTHORIZED ACTIVITIES.

"(a) STATE PLANS.—A State educational agency which receives a grant under this subpart shall not later than 1 year after receipt of funds under this subpart undertake public hearings and complete a comprehensive State plan which includes—

"(1) overall strategic goals for the use of technology in education at all levels within the State;

"(2) a 5-year standards and assessment process to measure progress toward the goals in paragraph (1);

"(3) a follow-up 10-year standards and assessment process to measure progress toward the goals in paragraph (1);

"(4) guidelines for local educational agencies for the incorporation of educational technology into institutions of education at all levels;

"(5) a plan for the dissemination and sharing of information to local educational agencies about innovative and cost-effective uses of educational technology;

"(6) a plan for training educational personnel in the use of technology in the classroom;

"(7) a coordination plan providing mechanisms for the use of educational technology to assist existing and future education reform efforts at both the State and local levels; and

"(8) a plan to leverage public and private support for the funding and provision of educational technology in a cost-effective manner to institutions of education at all levels.

"(b) DEMONSTRATION SUBGRANTS.—States that have completed the State technology plan under subsection (a) may allocate funds received under this section as competitive subgrants to local educational agencies to implement strategies in such plan following the procedures in subpart 3.

"SEC. 2434. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated $10,000,000 for fiscal year 1994 and such sums for fiscal years 1995–1999 to carry out the purposes of this subpart.

"Subpart 3—Local Challenge Grants

"SEC. 2441. PURPOSE.

"The purposes of this subpart are—

"(1) to challenge local communities to incorporate quality, innovative educational technology in their education systems at all levels; and

"(2) to provide practical models of educational technology as provided for in the goals and guidelines under the State plans required in subpart 2.

"SEC. 2442. GRANTS TO LOCAL EDUCATIONAL AGENCIES.

"(a) IN GENERAL.—(1) The Secretary is authorized to provide grants to State educational agencies for the use by local educational agencies of 3-year competitive demonstration grants to implement State technology plans.

"(2) Such grants may be awarded only to States which have completed the State technology plan required by subpart 2. The Secretary may waive this requirement if a State has a plan in place which meets the criteria established in subpart 2.

"(3) The State shall give priority consideration to demonstration programs that provide access to quality educational technology to disadvantaged urban and rural areas.

"(4) The State shall give priority consideration to demonstration programs that may be replicated in other areas throughout the Nation.

"(b) DISSEMINATION OF MODEL PROGRAMS.—The Secretary shall reserve not more than 5 percent of the funds authorized under this title to allow the Director of Educational Technology to disseminate effective models of the use of high-quality educational technology on a national basis.

"(c) MATCHING REQUIREMENT.—(1) The Federal share under this subpart may not exceed—

"(A) 100 percent of the total cost of a program for the first year for which a State receives funds under this subpart;

"(B) 85 percent of the total cost of a program for the second year for which a State receives funds under this subpart;

"(C) 60 percent of the total cost of a program for the third year for which a State receives funds under this subpart;

"(D) 45 percent of the total cost of a program for the fourth year for which a State receives funds under this subpart; and

"(E) 33 percent of the total cost of a program for the fifth and any succeeding year for which a State receives funds under this subpart.

"(2) The remaining cost may be provided in cash or in kind, fairly evaluated, and may be obtained from any source other than funds made available for programs under this subpart.

"SEC. 2443. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated $25,000,000 for fiscal year 1994 and such sums as may be necessary to carry out the projects under this subpart for each of the fiscal years 1995 through 1999.

"Subpart 4—Star Schools Program

"SEC. 2451. FINDINGS.

"The Congress finds that—

"(1) the Star Schools program has helped to encourage the use of distance learning strategies to serve multi-State regions primarily by means of satellite and broadcast television;

"(2) in general, distance learning programs have been used effectively to provide students in small, rural, and isolated schools with courses and instruction, such as science and foreign language instruction, that the local educational agency would not otherwise have been able to provide; and

"(3) distance learning programs could also be used to—

"(A) provide students in all types of schools and local educational agencies with greater access to high-quality instruction in the full range of core academic subjects that would enable them to meet challenging, internationally competitive, educational standards;

"(B) expand professional development opportunities for teachers;

"(C) contribute to achievement of the National Education Goals; and

"(D) expand learning opportunities for everyone.

"SEC. 2452. STATEMENT OF PURPOSE.

"The purpose of this subpart is to encourage the expansion and use of distance learning programs and technologies to help—

"(1) improve teaching and learning;

"(2) achieve the National Education Goals;

"(3) all students learn to challenging State content standards; and

"(4) increase participation in State and local educational reform.

"SEC. 2453. PROGRAM AUTHORIZED.

"(a) STAR SCHOOL AWARDS.—The Secretary is authorized, in accordance with this subpart, to make grants to eligible entities for the Federal share of the cost of providing distance learning programs, including—

"(1) developing, constructing, and acquiring telecommunications facilities and equipment;

"(2) developing and acquiring instructional programming; and

"(3) providing technical assistance regarding the use of such facilities and instructional programming.

"(b) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this subpart, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(c) LIMITATIONS.—(1) A grant under this section shall not exceed—

"(A) five years in duration; and

"(B) $10,000,000 in any one fiscal year.

"(2) Not less than 25 percent of the funds available to the Secretary for any fiscal year under this subpart shall be used for the cost of instructional programming.

"(3) Not less than 50 percent of the funds available to the Secretary for any fiscal year under this subpart shall be used for the cost of facilities, equipment, teacher training or retraining, technical assistance, or programming, for local educational agencies that are eligible to receive assistance under part A of title I of this Act.

"(d) FEDERAL SHARE.—(1) The Federal share of the cost of projects funded under this section shall not exceed 75 percent for the first and second years of the award, 60 percent for the third and fourth years, and 50 percent for the fifth year.

"(2) The Secretary may reduce or waive the requirement of the non-Federal share under paragraph (1) upon a showing of financial hardship.

"(e) AUTHORITY TO ACCEPT FUNDS FROM OTHER AGENCIES.—The Secretary is authorized to accept funds from other agencies to carry out the purposes of this section, including funds for the purchase of equipment.

"SEC. 2454. ELIGIBLE ENTITIES.

"(a) ELIGIBLE ENTITIES.—(1) The Secretary may make a grant under section 2221 to any eligible entity, provided that at least one local educational agency is participating in the proposed project.

"(2) An eligible entity may include—

"(A) a public agency or corporation established for the purpose of developing and operating telecommunications networks to enhance educational opportunities provided by educational institutions, teacher training centers, and other entities, except that any such agency or corporation shall represent the interests of elementary and secondary schools that are eligible to participate in the program under part A of title I of this Act; or

"(B) any two or more of the following, which will provide a telecommunications network:

"(i) a local educational agency that has a significant number of elementary and secondary schools that are eligible for assistance under part A of title I of this Act, or elementary and secondary schools operated or funded for Indian children by the Department of the Interior eligible under section 1121(b)(1) of this Act;

"(ii) a State educational agency;

"(iii) an institution of higher education or a State higher education agency;

"(iv) a teacher training center or academy that—

"(I) provides teacher pre-service and in-service training; and

"(II) receives Federal financial assistance or has been approved by a State agency;

"(v)(I) a public or private entity with experience and expertise in the planning and operation of a telecommunications network, including entities involved in telecommunications through satellite, cable, telephone, or computer; or

"(II) a public broadcasting entity with such experience; or

"(vi) a public or private elementary or secondary school.

"SEC. 2455. APPLICATIONS.

"(a) GENERAL REQUIREMENT.—Each eligible entity that desires to receive a grant under

this subpart shall submit an application to the Secretary in such form, at such time, and containing such information and assurances as the Secretary may require.

"(b) STAR SCHOOL AWARD APPLICATIONS.—Each application for a grant authorized under section 2221 shall—

"(1) describe—

"(A) how the proposed project will assist in achieving the National Education Goals set out in title I of the Goals 2000: Educate America Act, how it will assist all students to have an opportunity to learn to challenging State standards, and how it will assist State and local educational reform efforts;

"(B) the telecommunications facilities and equipment and technical assistance for which assistance is sought, which may include—

"(i) the design, development, construction, and acquisition of district, multidistrict, State, or multistate educational telecommunications networks and technology resource centers;

"(ii) microwave, fiber optics, cable, and satellite transmission equipment, or any combination thereof;

"(iii) reception facilities, satellite time, production facilities, and other telecommunications equipment capable of serving the intended geographic area;

"(iv) the provision of training services to instructors who will be using the facilities and equipment for which assistance is sought in using such facilities and equipment, and in integrating programs into the class curriculum; and

"(v) the development of educational and related programming for use on a telecommunications network;

"(C) the types of programming that will be developed to enhance instruction and training, including an assurance that such programming will be designed in consultation with professionals who are experts in the applicable subject matter and grade level;

"(D) how the eligible entity has engaged in sufficient survey and analysis of the area to be served to ensure that the services offered by the eligible entity will increase the availability of courses of instruction in English, mathematics, science, foreign languages, arts, history, geography, or other disciplines;

"(E) the professional development policies for teachers and other school personnel to be implemented to ensure the effective use of the telecommunications facilities and equipment for which assistance is sought;

"(F) the manner in which historically underserved students (such as students from low-income families, limited English proficient students, disabled students, or students who have low literacy skills) and their families will participate in the benefits of the telecommunications facilities, equipment, technical assistance, and programming assisted under this subpart;

"(G) how existing telecommunications equipment, facilities, and services, where available, will be used;

"(H) the activities or services for which assistance is sought, such as—

"(i) providing facilities, equipment, training services, and technical assistance;

"(ii) making programs accessible to individuals with disabilities through mechanisms such as closed captioning and descriptive video services;

"(iii) linking networks around issues of national importance (such as elections) or to provide information about employment opportunities, job training, or student and other social service programs;

"(iv) sharing curriculum materials between networks;

"(v) providing teacher and student support services;

"(vi) incorporating community resources such as libraries and museums into instructional programs;

"(vii) providing professional development for teachers, including, as appropriate, training to early childhood development and Head Start teachers and staff and vocational education teachers and staff; and

"(viii) providing programs for adults at times other than the regular school day in order to maximize the use of telecommunications facilities and equipment; and

"(I) how the proposed project as a whole will be financed and how arrangements for future financing will be developed before the project expires;

"(2) provide an assurance that a significant portion of any facilities, equipment, technical assistance, and programming for which assistance is sought for elementary and secondary schools will be made available to schools in local educational agencies that have a high percentage of children counted for the purpose of part A of title I of this Act; and

"(3) provide an assurance that the applicant will provide such information and cooperate in any evaluation that the Secretary may conduct under this subpart.

"(c) PRIORITIES.—The Secretary shall, in approving applications for grants authorized under section 2221, give priority to applications that—

"(1) propose high-quality plans to assist in achieving one or more of the National Education Goals as set out in title I of the Goals 2000: Educate America Act, would provide instruction consistent with State content standards, or would otherwise provide significant and specific assistance to States and local educational agencies undertaking systemic education reform under title III of the Goals 2000: Educate America Act; and

"(2) would serve schools with significant numbers of children counted for the purposes of part A of title I of this Act.

"(d) GEOGRAPHIC DISTRIBUTION.—In approving applications for grants authorized under section 2221, the Secretary shall, to the extent feasible, ensure an equitable geographic distribution of services.

"SEC. 2456. LEADERSHIP AND EVALUATION ACTIVITIES.

"(a) SET-ASIDE.—From amounts appropriated under section 2221(b), the Secretary may reserve up to 10 percent for national leadership, evaluation, and peer review activities.

"(b) METHOD OF FUNDING.—The Secretary may fund the activities described in subsection (a) directly or through grants, contracts, and cooperative agreements.

"(c) USES OF FUNDS.—(1) Funds reserved for leadership activities may be used for—

"(A) disseminating information, including lists and descriptions of services available from recipients; and

"(B) other activities designed to enhance the quality of distance learning activities nationwide.

"(2) Funds reserved for evaluation activities shall be used to conduct independent evaluations of the Star Schools program under this subpart and of distance learning in general, including—

"(A) analyses of distance learning efforts, including both Star Schools projects and efforts not funded by the program under this subpart; and

"(B) comparisons of the effects, including student outcomes, of different technologies in distance learning efforts.

"(3) Funds reserved for peer review activities may be used for peer review of both proposals and funded projects.

"SEC. 2457. DEFINITIONS.

"For the purpose of this subpart, the following terms have the following meanings:

"(1) The term 'educational institution' means an institution of higher education, a local educational agency, or a State educational agency.

"(2) The term 'instructional programming' means courses of instruction and training courses for elementary and secondary students, teachers, and others, and materials for use in such instruction and training that have been prepared in audio and visual form on tape, disc, film, or live, and presented by means of telecommunications devices.

"(3) The term 'public broadcasting entity' has the same meaning given that term in section 397 of the Communications Act of 1934.

"Subpart 5—Commission on Technology

"SEC. 2461. ESTABLISHMENT OF COMMISSION.

"The Secretary, in cooperation with the Congressional Office of Technology Assessment, shall appoint a Commission that will make recommendations regarding the development and implementation of technology-based education at the State and local levels.

"TITLE III—FUND FOR THE IMPROVEMENT OF EDUCATION

"PART A—IMPROVEMENT FUND

"SEC. 3201.

"(a) FUND AUTHORIZED.—From funds appropriated under subsection (d), the Secretary is authorized to support nationally significant programs and projects to improve the quality of education, assist all students to meet challenging standards, and contribute to achievement of the National Education Goals. The Secretary is authorized to carry out such programs and projects directly or through grants to, or contracts with, State and local education agencies, institutions of higher education, and other public and private agencies, organizations, and institutions.

"(b) USES OF FUNDS.—(1) Funds under this section may be used for—

"(A) activities that will promote systemic education reform at the State and local levels, such as—

"(i) research and development related to content and performance standards for student learning; and

"(ii) the development and evaluation of model strategies for assessment of student learning, professional development for teachers and administrators, parent and community involvement, and other aspects of systemic reform;

"(B) demonstrations at the State and local levels that are designed to yield nationally significant results, including approaches to charter schools, public school choice and school based decision-making;

"(C) joint activities with other agencies to assist the effort to achieve the National Education Goals, including activities related to improving the transition from preschool to school and from school to work;

"(D) activities to promote and evaluate counseling and mentoring for students, including intergenerational mentoring;

"(E) activities to promote environmental education;

"(F) activities to assist students to demonstrate competence in foreign languages;

"(G) studies and evaluation of various education reform strategies and innovations being pursued by the Federal Government, States, and local educational agencies;

"(H) the identification and recognition of exemplary schools and programs, such as Blue Ribbon Schools; and

"(I) other programs and projects that meet the purposes of this section.

"(2) The Secretary may also use funds under this section to complete the project periods for direct grants or contracts awarded under the provisions of the Elementary and Secondary Education Act of 1965, part B of title III of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, or title III of the Education for Economic Security Act, as these Acts were in effect on the day before enactment of the Improving America's Schools Act of 1993.

"(c) AWARDS.—(1) The Secretary may make awards under this section on the basis of competitions announced by the Secretary and may also support meritorious unsolicited proposals.

"(2) The Secretary shall ensure that projects and activities supported under this section are designed so that their effectiveness is readily ascertainable.

"(3) The Secretary shall use a peer review process in reviewing applications for grants under this section and may use funds appropriated under subsection (d) for this purpose.

"(d) AUTHORIZATION.—For the purpose of carrying out this section, there are authorized to be appropriated $35,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996 through 1999.

"PART B—GIFTED AND TALENTED CHILDREN

"SEC. 3301. SHORT TITLE.

"This part may be cited as the 'Jacob K. Javits Gifted and Talented Students Education Act of 1994'.

"SEC. 3302. FINDINGS AND PURPOSES.

"(a) FINDINGS.—The Congress finds and declares that—

"(1) all students can learn to high standards and must develop their talents and realize their potential if the United States is to prosper;

"(2) gifted and talented students are a national resource vital to the future of the Nation and its security and well-being;

"(3) too often schools fail to challenge students to do their best work, and students who are not challenged will not learn to high standards, fully develop their talents, and realize their potential;

"(4) unless the special abilities of gifted and talented students are recognized and developed during their elementary and secondary school years, much of their special potential for contributing to the national interest is likely to be lost;

"(5) gifted and talented students from economically disadvantaged families and areas, and students of limited English proficiency are at greatest risk of being unrecognized and of not being provided adequate or appropriate educational services;

"(6) State and local educational agencies and private nonprofit schools often lack the necessary specialized resources to plan and implement effective programs for the early identification of gifted and talented students for the provision of educational services and programs appropriate to their special needs;

"(7) the Federal Government can best carry out the limited but essential role of stimulating research and development and personnel training and providing a national focal point of information and technical assistance that is necessary to ensure that the Nation's schools are able to meet the special educational needs of gifted and talented students, and thereby serve a profound national interest; and

"(8) the experience and knowledge gained in developing and implementing programs for gifted and talented students can and should be used as a basis to develop a rich and challenging curriculum for all students.

"(b) STATEMENT OF PURPOSE.—

"(1) It is the purpose of this part to provide financial assistance to State and local educational agencies, institutions of higher education, and other public and private agencies and organizations, to initiate a coordinated program of research, demonstration projects, personnel training, and similar activities designed to build a nationwide capability in elementary and secondary schools to meet the special educational needs of gifted and talented students. In addition, the purpose of this part is to encourage the development of rich and challenging curricula for all students through the appropriate application and adaptation of materials and instructional methods developed under this part.

"(2) It is also the purpose of this part to supplement and make more effective the expenditure of State and local funds, for the education of gifted and talented students.

"SEC. 3303. DEFINITIONS.

"For purposes of this part, the term 'gifted and talented students' means children and youth who give evidence of high performance capability in areas such as intellectual, creative, artistic, or leadership capacity, or in specific academic fields, and who require services or activities not ordinarily provided by the school in order to fully develop such capabilities.

"SEC. 3304. AUTHORIZED PROGRAMS.

"(a) ESTABLISHMENT OF PROGRAM.—

"(1) From the sums appropriated under section 3308 in any fiscal year the Secretary (after consultation with experts in the field of the education of gifted and talented students) shall make grants to or enter into contracts with State educational agencies, local educational agencies, institutions of higher education, or other public agencies and private agencies and organizations (including Indian tribes and organizations as defined by the Indian Self-Determination and Education Assistance Act and Hawaiian native organizations) to assist such agencies, institutions, and organizations which submit applications in carrying out programs or projects authorized by this Act that are designed to meet the educational needs of gifted and talented students, including the training of personnel in the education of gifted and talented students and in the use, where appropriate, of gifted and talented services, materials, and methods for all students.

"(2) Applications for funds must include a section on how the proposed gifted and talented services, materials, and methods could be adapted, if appropriate, for use by all students and a section on how the proposed programs can be evaluated.

"(b) USES OF FUNDS.—Programs and projects assisted under this section may include—

"(1) professional development (including fellowships) for personnel (including leadership personnel) involved in the education of gifted and talented students;

"(2) establishment and operation of model projects and exemplary programs for serving gifted and talented students, including innovative methods for identifying and educating students who may not be served by traditional gifted and talented programs, summer programs, mentoring programs, service learning programs, and cooperative programs involving business, industry, and education;

"(3) training of personnel involved in gifted and talented programs with respect to the impact of gender role socialization on the educational needs of gifted and talented children and in gender equitable education methods, techniques, and practices;

"(4) strengthening the capability of State educational agencies and institutions of higher education to provide leadership and assistance to local educational agencies and nonprofit private schools in the planning, operation, and improvement of programs for the identification and education of gifted and talented students and the appropriate use of gifted and talented programs and methods to serve all students;

"(5) programs of technical assistance and information dissemination which would include how gifted and talented programs and methods, where appropriate, could be adapted for use by all students; and

"(6) carrying out—

"(A) research on methods and techniques for identifying and teaching gifted and talented students, and for using gifted and talented programs and methods to serve all students; and

"(B) program evaluations, surveys, and the collection, analysis, and development of information needed to accomplish the purposes of this part.

"(c) ESTABLISHMENT OF NATIONAL CENTER.—

"(1) The Secretary (after consultation with experts in the field of the education of gifted and talented students) shall establish a National Center for Research and Development in the Education of Gifted and Talented Children and Youth through grants to or contracts with one or more institutions of higher education or State educational agencies, or a combination or consortium of such institutions and agencies, for the purpose of carrying out activities described in paragraph (5) of subsection (b).

"(2) Such National Center shall have a Director. The Secretary may authorize the Director to carry out such functions of the National Center as may be agreed upon through arrangements with other institutions of higher education, State or local educational agencies, or other public or private agencies and organizations.

"(d) LIMITATION.—Not more than 30 percent of the funds available in any fiscal year to carry out the programs and projects authorized by this section may be used to conduct activities pursuant to subsections (b)(5) or (c).

"(e) COORDINATION.—Research activities supported under this section—

"(1) shall be carried out in consultation with the Office of Educational Research and Improvement to ensure that such activities are coordinated with and enhance the research and development activities supported by the Office; and

"(2) may include collaborative research activities which are jointly funded and carried out with the Office of Education Research and Improvement.

"SEC. 3305. PROGRAM PRIORITIES.

"(a) GENERAL PRIORITY.—In the administration of this part the Secretary shall give highest priority—

"(1) to the identification of and services to gifted and talented students who may not be identified and served through traditional assessment methods (including economically disadvantaged individuals, individuals of limited-English proficiency, and individuals with disabilities; and

"(2) to programs and projects designed to develop or improve the capability of schools

in an entire State or region of the Nation through cooperative efforts and participation of State and local educational agencies, institutions of higher education, and other public and private agencies and organizations (including business, industry, and labor), to plan, conduct, and improve programs for the identification of and service to gifted and talented students, such as mentoring and apprenticeship programs.

"(b) SERVICE PRIORITY.—In approving applications under section 3304(a) of this part, the Secretary shall assure that in each fiscal year at least one-half of the applications approved address the priority in section 3305(a)(1).

"SEC. 3306. GENERAL PROVISIONS.

"(a) PARTICIPATION OF PRIVATE SCHOOL CHILDREN AND TEACHERS.—In making grants and entering into contracts under this part, the Secretary shall ensure, where appropriate, that provision is made for the equitable participation of students and teachers in private nonprofit elementary and secondary schools, including the participation of teachers and other personnel in professional development programs for serving such children.

"(b) REVIEW, DISSEMINATION, AND EVALUATION.—The Secretary shall—

"(1) use a peer review process in reviewing applications under this part;

"(2) ensure that information on the activities and results of projects funded under this part is disseminated to appropriate State and local agencies and other appropriate organizations, including nonprofit private organizations; and

"(3) evaluate the effectiveness of programs under this part, both in terms of the impact on students traditionally served in separate gifted and talented programs and on other students, and submit the results of such evaluation to Congress not later than January 1, 1998.

"SEC. 3307. ADMINISTRATION.

"The Secretary shall establish or designate an administrative unit within the Department of Education—

"(1) to administer the programs authorized by this part;

"(2) to coordinate all programs for gifted and talented students administered by the Department;

"(3) to serve as a focal point of national leadership and information on the educational needs of gifted and talented students and the availability of educational services and programs designed to meet such needs; and

"(4) to assist the Assistant Secretary of the Office of Educational Research and Improvement in identifying research priorities which reflect the needs of gifted and talented students.

The administrative unit established or designated pursuant to this section shall be headed by a person of recognized professional qualifications and experience in the field of the education of gifted and talented students.

"SEC. 3308. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated $10,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999 to carry out the provisions of this part.

"PART C—PUBLIC CHARTER SCHOOLS

"SEC. 3401. PURPOSE.

"It is the purpose of this part to increase national understanding of the charter schools model by—

"(1) providing financial assistance for the design and initial implementation of charter schools; and

"(2) evaluating the effects of those schools on improving student achievement, including their effects on students, staff, and parents.

"SEC. 3402. PROGRAM AUTHORIZED.

"(a) GENERAL.—The Secretary may make grants to eligible applicants for the design and initial operation of charter schools.

"(b) PROJECT PERIODS.—Each such grant shall be for a period of not more than three years, of which the grantee may use—

"(1) no more than 18 months for planning and program design; and

"(2) no more than two years for the initial implementation of the charter school.

"(c) LIMITATION.—The Secretary shall not make more than one grant to support a particular charter school.

"SEC. 3403. APPLICATIONS.

"(a) APPLICATIONS REQUIRED.—Any eligible applicant that desires to receive a grant under this part shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

"(b) SCOPE OF APPLICATION.—Each such application may request assistance for a single charter school or for a cluster of schools, which may include a high school and its feeder elementary and middle schools, within a community.

"(c) APPLICATION CONTENTS.—Each such application shall include, for each charter school for which assistance is sought—

"(1) a description of the educational program to be implemented by the proposed charter school, including—

"(A) how the program will enable all students to meet challenging State performance standards;

"(B) the grade levels or ages of children to be served; and

"(C) the curriculum and instructional practices to be used;

"(2) a description of how the school will be managed;

"(3) a description of—

"(A) the objectives of the school; and

"(B) the methods by which the school will determine its progress toward achieving those objectives;

"(4) a description of the administrative relationship between the charter school and the local educational agency that will authorize or approve the school's charter and act as the grantee under this part;

"(5) a description of how parents and other members of the community will be involved in the design and implementation of the charter school;

"(6) a description of how the local educational agency will provide for continued operation of the school once the Federal grant has expired, if such agency determines that the school is successful;

"(7) a request and justification for waivers of any Federal statutory or regulatory provisions that the applicant believes are necessary for the successful operation of the charter school, and a description of any State or local rules, generally applicable to public schools, that will be waived for, or otherwise not apply to, the school;

"(8) a description of how the grant funds would be used;

"(9) a description of how grant funds would be used in conjunction with other Federal programs administered by the Secretary;

"(10) a description of how students in the community will be—

"(A) informed about the school; and

"(B) given an equal opportunity to attend the school;

"(11) an assurance that the applicant will annually provide the Secretary such information as the Secretary may require to determine if the charter school is making satisfactory progress toward achieving the objectives described under paragraph (3);

"(12) an assurance that the applicant will cooperate with the Secretary in evaluating the program authorized by this part; and

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

"(d) STATE EDUCATIONAL AGENCY APPROVAL REQUIRED.—(1) A local educational agency that desires to receive a grant under this part shall obtain the State educational agency's approval of its application before submitting it to the Secretary.

"(2) A State educational agency that approves an application of a local educational agency shall provide the local educational agency, and such local agency shall include in its application to the Secretary, a statement that the State has granted, or will grant, the waivers and exemptions from State requirements described in such local agency's application.

"SEC. 3404. SELECTION OF GRANTEES; WAIVERS.

"(a) CRITERIA.—The Secretary shall select projects to be funded on the basis of the quality of the applications, taking into consideration such factors as—

"(1) the quality of the proposed curriculum and instructional practices;

"(2) the degree of flexibility afforded by the State and, if applicable, the local educational agency to the school;

"(3) the extent of community support for the application;

"(4) the ambitiousness of the objectives for the school;

"(5) the quality of the plan for assessing achievement of those objectives; and

"(6) the likelihood that the school will meet those objectives and improve educational results for students.

"(b) PEER REVIEW.—The Secretary shall use a peer review process to review applications for grants under this section.

"(c) DIVERSITY OF PROJECTS.—The Secretary may approve projects in a manner that ensures, to the extent possible, that they—

"(1) are distributed throughout different areas of the Nation, including in urban and rural areas; and

"(2) represent a variety of educational approaches.

"(d) WAIVERS.—The Secretary may waive any statutory or regulatory requirement that the Secretary is responsible for enforcing, except for any such requirement relating to the elements of a charter school described in section 3407(1), if—

"(1) the waiver is requested in an approved application or by a grantee under this part; and

"(2) the Secretary determines that granting such a waiver would promote the purpose of this part.

"SEC. 3405. USES OF FUNDS.

"A recipient of a grant under this part may use the grant funds only for—

"(1) post-award planning and design of the educational program, which may include—

"(A) refinement of the desired educational results and of the methods for measuring progress toward achieving those results; and

"(B) professional development of teachers and other staff who will work in the charter school; and

"(2) initial implementation of the charter school, which may include—

"(A) informing the community about the school;

"(B) acquiring necessary equipment;

"(C) acquiring or developing curriculum materials; and

"(D) other operational costs that cannot be met from State or local sources.

"SEC. 3406. NATIONAL ACTIVITIES.

"The Secretary may reserve up to 10 percent of the funds appropriated for this part for any fiscal year for—

"(1) peer review of applications under section 3404(b); and

"(2) an evaluation of the impact of charter schools on student achievement, including those assisted under this part.

"SEC. 3407. DEFINITIONS.

"As used in this part, the following terms have the following meanings:

"(1) The term 'charter school' means a school that—

"(A) in accordance with an enabling State statute, is exempted from significant State or local rules that inhibit the flexible operation and management of public schools, but not from any rules relating to the other requirements of this paragraph;

"(B) is created by a developer as a public school, or is adapted by a developer from an existing public school;

"(C) operates in pursuit of a specific set of educational objectives determined by the school's developer and agreed to by the local educational agency applying for a grant on behalf of the school;

"(D) provides a program of elementary or secondary education, or both;

"(E) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;

"(F) does not charge tuition;

"(G) complies with the Age Discrimination Act, title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and part B of the Individuals with Disabilities Education Act;

"(H) admits students on the basis of a lottery, if more students apply for admission than can be accommodated;

"(I) agrees to comply with the same Federal and State audit requirements as do other public schools in the State, unless such requirements are specifically waived for the purpose of this program;

"(J) meets all applicable Federal, State, and local health and safety requirements; and

"(K) operates in accordance with State law.

"(2) The term 'developer' means an individual or group of individuals (including a public or private nonprofit organization), which may include teachers, administrators and other school staff, parents, or other members of the local community in which a charter school project will be carried out.

"(3) The term 'eligible applicant' means a local educational agency, in partnership with a developer with an application approved under section 3403(d).

"SEC. 3408. AUTHORIZATION OF APPROPRIATIONS.

"For the purpose of carrying out this part, there are authorized to be appropriated $15,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"PART D—ARTS IN EDUCATION

"SEC. 3501. SUPPORT FOR ARTS EDUCATION.

"(a) FINDINGS.—The Congress finds that—

"(1) the arts are forms of understanding and ways of knowing that are fundamentally important to education;

"(2) the arts are important to excellent education and to effective school reform;

"(3) the most significant contribution of the arts to education reform is the transformation of teaching and learning;

"(4) this transformation is best realized in the context of comprehensive, systemic education reform;

"(5) demonstrated competency in the arts for American students is among the National Education Goals;

"(6) the arts can motivate at-risk students to stay in school and become active participants in the educational process; and

"(7) arts education should be an integral part of the elementary and secondary school curriculum.

"(b) PURPOSE. The purposes of this part are to—

"(1) support systemic education reform by strengthening arts education as an integral part of the elementary and secondary school curriculum;

"(2) help ensure that all students have the opportunity to meet challenging standards in the arts; and

"(3) support the national effort to enable all students to demonstrate competence in the arts in accordance with the National Education Goals.

"(c) ELIGIBLE RECIPIENTS.—In order to carry out the purposes of this part, the Secretary is authorized to make grants to, or enter into contracts or cooperative agreements with—

"(1) State educational agencies;

"(2) local educational agencies;

"(3) institutions of higher education; and

"(4) other public and private agencies, institutions, and organizations.

"(d) AUTHORIZED ACTIVITIES.—Funds under this part may be used for—

"(1) research on arts education;

"(2) the development of, and dissemination of information about, model arts education programs;

"(3) the development of model arts education assessments based on high standards;

"(4) the development and implementation of curriculum frameworks for arts education;

"(5) the development of model preservice and inservice professional development programs for arts educators and other instructional staff;

"(6) supporting collaborative activities with other Federal agencies or institutions involved in arts education, such as the National Endowment for the Arts, the Institute of Museum Services, the John F. Kennedy Center for the Performing Arts, and the National Gallery of Art;

"(7) supporting model projects and programs in the performing arts for children and youth through arrangements made with the John F. Kennedy Center for the Performing Arts;

"(8) supporting model projects and programs in the arts for individuals with disabilities through arrangements with the organization, Very Special Arts;

"(9) supporting model projects and programs to integrate arts education into the regular elementary and secondary school curriculum; and

"(10) other activities that further the purposes of this part.

"(e) COORDINATION.—(1) A recipient of funds under this part shall, to the extent possible, coordinate its project with appropriate activities of public and private cultural agencies, institutions, and organizations, including museums, arts education associations, libraries, and theaters.

"(2) In carrying out this part, the Secretary shall coordinate with the National Endowment for the Arts, the Institute of Museum Services, the John F. Kennedy Center for the Performing Arts, and the National Gallery of Art.

"SEC. 3502. COMMUNITY ARTS PARTNERSHIP.

"(a) PURPOSE.—The purpose of this section is to make demonstration grants to eligible entities to improve the educational performance and future potential of at-risk children and youth by providing comprehensive and coordinated educational and cultural services.

"(b) GRANTS AUTHORIZED.—

"(1) IN GENERAL.—The Secretary is authorized to award grants to eligible entities to pay the Federal share of the costs of the activities described in subsection (e).

"(2) SPECIAL REQUIREMENTS.—The Secretary shall award grants under this Act only to programs designed to—

"(A) promote educational and cultural services;

"(B) provide multi-year services to at-risk children and youth;

"(C) serve the target population described in subsection (e);

"(D) provide integration of community cultural resources in the regular curriculum;

"(E) focus school and cultural resources in the community on coordinated cultural services to address the needs of at-risk children and youth;

"(F) provide effective cultural linkages from preschool programs, including the Head Start Act and preschool grants under the Individuals with Disabilities Education Act, to elementary schools;

"(G) facilitate school-to-work transition from secondary schools and alternative schools to job training, higher education, and employment;

"(H) increase parental and community involvement in the educational, social, and cultural development of at-risk youth; or

"(I) replicate programs and strategies that provide high quality coordinated educational and cultural services and that are designed to integrate such coordination into the regular curriculum.

"(3) REQUIREMENT OF COORDINATION.—Grants may only be awarded under this section to eligible entities that agree to coordinate activities carried out under other Federal, State, and local grants, received by the members of the partnership for purposes and target populations described in this section, into an integrated service delivery system located at a school, cultural, or other community-based site accessible to and utilized by at-risk youth.

"(4) DURATION.—Grants made under this section may be renewable for a maximum of 5 years if the Secretary determines that the eligible recipient has made satisfactory progress toward the achievement of the program objectives described in application.

"(5) GEOGRAPHIC DISTRIBUTION.—In awarding grants under this part, the Secretary shall ensure—

"(A) an equitable geographic distribution; and

"(B) an equitable distribution to both urban and rural areas with a high proportion of at-risk youth as defined in subsection (e).

"(c) ELIGIBILITY.—

"(1) SERVICES FOR IN-SCHOOL YOUTH.—For the purpose of providing a grant under this section to serve in-school children and youth, the term 'eligible entity' means a partnership between a local education agency that is eligible for funds under title I of this Act, and at least 1 institution of higher education or cultural entity located within or accessible to the geographical boundaries

of the local education agency with a history of providing quality services to the community, and which may include—

"(A) nonprofit institutions of higher education; museums; libraries; performing, presenting and exhibiting arts organizations; literary arts organizations; local arts organizations; and zoological and botanical organizations; and

"(B) private for-profit entities with a history of training children and youth in the arts.

"(2) SERVICES FOR OUT-OF-SCHOOL YOUTH.—For purposes of providing a grant under this part to serve out-of-school youth, the term 'eligible entity' means a partnership between at least 1 entity of the type described in paragraph (A) or (B) of subsection (1), or a local education agency eligible for funds under chapter 1 of title I of this Act and at least 1 cultural entity described in subsection (1).

"(d) TARGET POPULATION.—In order to receive a grant under this section, an eligible entity shall serve—

"(1) students enrolled in schools in participating schoolwide projects assisted under title I of this Act and the families of such students; or

"(2) out-of-school youth at risk of having limited future options as a result of teenage pregnancy and parenting, substance abuse, recent migration, disability, limited English proficiency, family migration, illiteracy, being the child of a teen parent, living in a single parent household, or being a high school dropout; or

"(3) any combination of in school and out-of-school at-risk youth.

"(e) AUTHORIZED ACTIVITIES.—

"(1) IN GENERAL.—Funds made under this part may be used—

"(A) to plan, develop, acquire, expand, and improve school-based or community-based coordinated educational and cultural programs to strengthen the educational performance and future potential of in-school and out-of-school at-risk youth through cooperative agreements, contracts for services, or administrative coordination;

"(B) to provide at-risk students with integrated cultural activities designed to develop a love of learning to ensure the smooth transition of preschool children to elementary school;

"(C) to design collaborative cultural activities for students in secondary or alternative schools that ensure the smooth transition to job training, higher education, or full employment;

"(D) to provide child care for children of at-risk students who would not otherwise be able to participate in the program;

"(E) to provide transportation necessary for participation in the program;

"(F) to work with existing school personnel to develop curriculum materials and programs in the arts;

"(G) to work with existing school personnel on staff development activities that encourage the integration of the arts into the curriculum;

"(H) for stipends that allow local artists to work with at-risk children and youth in the schools;

"(I) for cultural programs that encourage the active participation of parents in their children's education;

"(J) for programs that use the arts to reform current school practices, including lengthening the school day or academic year;

"(K) for appropriate equipment and necessary supplies; and

"(L) for evaluation, administration, and supervision.

"(2) PRIORITY.—In providing assistance under this part, the Secretary shall give priority to eligible entities that provide comprehensive services that extend beyond traditional school or service hour, that may include year round programs that provide services in the evenings and on weekends.

"(3) PLANNING GRANTS.—

"(A) APPLICATION.—An eligible entity may submit an application to the Secretary for a planning grants for an amount not to exceed $50,000. Such grants shall be for periods of not more than 1 year.

"(B) LIMIT ON PLANNING GRANTS.—Not more than 10 percent of the amounts appropriated in each fiscal year under this part shall be used for grants under this subsection, and an eligible entity may receive not more than 1 such planning grant.

"(f) GENERAL PROVISIONS.—

"(1) IN GENERAL.—Each eligible entity desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

"(2) CONTENTS.—Each application submitted pursuant to subsection (a) shall—

"(A) describe the cultural entity or entities that will participate in the partnership;

"(B) describe the target population to be served;

"(C) describe the services to be provided;

"(D) describe a plan for evaluating the success of the program;

"(E) describe, for a local educational agency participant, how services will be perpetuated beyond the length of the grant;

"(F) describe the manner in which the eligible entity will improve the educational achievement or future potential of at-risk youth through more effective coordination of cultural services in the community;

"(G) describe the overall and operational goals of the program; and

"(H) describe the nature and location of all planned sites where services will be delivered and a description of services which will be provided at each site.

"(g) PAYMENTS—FEDERAL SHARE.—

"(1) PAYMENTS.—The Secretary shall pay to each eligible entity having an application approved under subsection (g) the Federal share of the cost of the activities described in the application.

"(2) AMOUNTS OF GRANTS.—The amount of a grant made under this part may not be less than $100,000 or exceed $500,000 in the first year of such grant.

"(3) FEDERAL SHARE.—The Federal share shall be 80 percent.

"(4) NON-FEDERAL SHARE.—The non-Federal share shall be equal to 20 percent and may be in cash or in kind, fairly evaluated, including facilities or services.

"(5) LIMITATION.—Not more than 25 percent of any grant under this part may be used for noninstructional services such as those described in paragraphs D, E, and L of subsection (f).

"(6) SUPPLEMENT AND NOT SUPPLANT.—Grant funds awarded under this part shall be used to supplement not supplant the amount of funds made available from non-Federal sources, for the activities assisted under this part, in amounts that exceed the amounts expended for such activities in the year preceding the year for which the grant is awarded.

"(7) DISSEMINATION OF MODELS.—The Secretary shall disseminate information concerning successful models under this part through the National Diffusion Net work.

"SEC. 3503. AUTHORIZATION OF APPROPRIATIONS.

"For the purpose of carrying out this part, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995, 1996, 1997, 1998, and 1999.

"PART E—INEXPENSIVE BOOK DISTRIBUTION PROGRAM

"SEC. 3601. INEXPENSIVE BOOK DISTRIBUTION PROGRAM FOR READING MOTIVATION.

"(a) AUTHORIZATION.—The Secretary is authorized to enter into a contract with Reading Is Fundamental (hereinafter in this section referred to as "the contractor") to support and promote programs, which include the distribution of inexpensive books to students, that motivate children to read.

"(b) REQUIREMENTS OF CONTRACT.—Any contract entered into under subsection (a) shall—

"(1) provide that the contractor will enter into subcontracts with local private nonprofit groups or organizations or with public agencies under which each subcontractor will agree to establish, operate, and provide the non-Federal share of the cost of reading motivation programs that include the distribution of books, by gift, to the extent feasible, or by loan, to children up through high school age, including those in family literacy programs;

"(2) provide that funds made available to subcontractors will be used only to pay the Federal share of the cost of such programs;

"(3) provide that in selecting subcontractors for initial funding, the contractor will give priority to programs that will serve a substantial number or percentage of children with special needs, such as—

"(A) low-income children, particularly in high-poverty areas;

"(B) children at risk of school failure;

"(C) children with disabilities, including children with serious emotional disturbance;

"(D) foster children;

"(E) homeless children;

"(F) migrant children;

"(G) children without access to libraries;

"(H) institutionalized or incarcerated children; and

"(I) children whose parents are institutionalized or incarcerated;

"(4) provide that the contractor will provide such technical assistance to subcontractors as may be necessary to carry out the purpose of this section;

"(5) provide that the contractor will annually report to the Secretary the number of, and describe, programs funded under paragraph (3); and

"(6) include such other terms and conditions as the Secretary determines to be appropriate to ensure the effectiveness of such programs.

"(c) RESTRICTION ON PAYMENTS.—The Secretary shall make no payment of the Federal share of the cost of acquiring and distributing books under any contract under this section unless the Secretary determines that the contractor or subcontractor, as the case may be, has made arrangements with book publishers or distributors to obtain books at discounts at least as favorable as discounts that are customarily given by such publisher or distributor for book purchases made under similar circumstances in the absence of Federal assistance.

"(d) DEFINITION OF 'FEDERAL SHARE'.—For the purpose of this section, the term 'Federal share' means the portion of the cost to a subcontractor of purchasing books to be paid with funds made available under this section. The Federal share shall be established

by the Secretary, and shall not exceed 75 percent, except that the Federal share for programs serving children of migrant or seasonal farmworkers shall be 100 percent.

"(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated $10,300,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"TITLE IV—SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES

"SEC. 4001. SHORT TITLE.

"This title may be cited as the 'Safe and Drug-Free Schools and Communities Act of 1994'.

"SEC. 4002. FINDINGS.

"The Congress finds as follows:

"(1) National Education Goal Six provides that by the year 2000, all schools in America will be free of drugs and violence and offer a disciplined environment that is conducive to learning.

"(2) The widespread illegal use of alcohol and other drugs among the Nation's secondary school students, and increasingly by students in elementary schools as well, constitutes a grave threat to their physical and mental well-being, and significantly impedes the learning process. For example, data show that students who drink tend to receive lower grades and are more likely to miss school because of illness than students who do not drink.

"(3) Our Nation's schools and communities are increasingly plagued by violence and crime. Approximately three million thefts and violent crimes occur in or near our Nation's schools every year, the equivalent of more than 16,000 incidents per school day. Approximately one of every five high school students now carries a firearm, knife, or club on a regular basis.

"(4) The tragic consequences of violence and the illegal use of alcohol and drugs by students are felt not only by students and their families, but by their communities and the Nation, which can ill afford to lose their skills, talents, and vitality.

"(5) While use of illegal drugs is a serious problem among a minority of teenagers, alcohol use is far more widespread. The proportion of high school students using alcohol, though lower than a decade ago, remains unacceptably high. By the 8th grade, 70 percent of youth report having tried alcohol and by the 12th grade, about 88 percent have used alcohol. Alcohol use by young people can and does have adverse consequences for users, their families, communities, schools, and colleges.

"(6) Drug and violence prevention programs are essential components of a comprehensive strategy to promote school safety and to reduce the demand for and use of drugs throughout the Nation. Schools and local organizations in communities throughout the Nation have a special responsibility to work together to combat the growing epidemic of violence and illegal drug use and should measure the success of their programs against clearly defined goals and objectives.

"(7) Students must take greater responsibility for their own well-being, health, and safety if schools and communities are to achieve their goals of providing a safe, disciplined, and drug-free learning environment.

"SEC. 4003. PURPOSE.

"The purpose of this title is to support programs to meet Goal Six of the National Educational Goals by preventing violence in and around schools and by strengthening programs that prevent the illegal use of alcohol and drugs, involve parents, and are coordinated with related Federal, State, and community efforts and resources, through the provision of Federal assistance to—

"(1) States for grants to local and intermediate educational agencies and consortia to establish, operate, and improve local programs of school drug and violence prevention, early intervention, rehabilitation referral, and education in elementary and secondary schools (including intermediate and junior high schools);

"(2) States for grants to local and intermediate educational agencies and consortia for grants to, and contracts with, community-based organizations and other public and private non-profit agencies and organizations for programs of drug and violence prevention, early intervention, rehabilitation referral, and education;

"(3) States for development, training, technical assistance, and coordination activities;

"(4) public and private non-profit organizations to conduct training, demonstrations, and evaluation, and to provide supplementary services for the prevention of drug use and violence among students and youth; and

"(5) institutions of higher education for the development and implementation of model programs and strategies to promote the safety of students attending institutions of higher education by preventing violent behavior and the illegal use of alcohol and drugs by such students.

"SEC. 4004. FUNDING.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated—

"(1) for State grants under part A, such sums as may be necessary for each of fiscal years 1995 through 1999; and

"(2) for national programs under part B, such sums as may be necessary for each of fiscal years 1995 through 1999.

"(b) AVAILABILITY.—(1) Appropriations for any fiscal year for payments made under this title in accordance with regulations of the Secretary may be made available for obligation or expenditure by the agency or institution concerned on the basis of an academic or school year differing from such fiscal year.

"(2) Funds appropriated for any fiscal year under this title shall remain available for obligation and expenditure until the end of the fiscal year succeeding the fiscal year for which such funds were appropriated.

"PART A—STATE GRANTS FOR DRUG AND VIOLENCE PREVENTION PROGRAMS

"SEC. 4101. RESERVATIONS AND ALLOTMENTS.

"(a) RESERVATIONS.—From the amount appropriated for each fiscal year under section 4004(a)(1), the Secretary—

"(1) shall reserve 1 percent of such amount for grants under this part to Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and Palau (until the effective date of the Compact of Free Association with the Government of Palau), to be allotted in accordance with their respective needs;

"(2) shall reserve one percent of such amount for the Secretary of the Interior to carry out programs under this part for Indian youth; and

"(3) may reserve no more than $1,000,000 for the national impact evaluation required by section 4106(a).

"(b) STATE ALLOTMENTS.—(1) Except as provided under paragraph (2), the Secretary shall, for each fiscal year, allocate among the States—

"(A) one-half of the remainder not reserved under subsection (a) according to the ratio between the school-aged population of each State and the school-aged population of all the States; and

"(B) one-half of such remainder according to the ratio between the amount each State received under section 1124 and 1124A of this Act for the preceding year (or, for fiscal year 1995 only, sections 1005 and 1006 of this Act as in effect on the day before enactment of the Safe and Drug-Free Schools and Communities Act Amendments of 1994) and the sum of such amounts received by all the States.

"(2) For any fiscal year, no State shall be allotted under this subsection an amount that is less than one-half of 1 percent of the total amount allotted to all the States under this subsection.

"(3) The Secretary may reallot any amount of any allotment to a State if the Secretary determines that the State will be unable to use such amount within two years of such allotment. Such reallotments shall be made on the same basis as allotments made under paragraph (1).

"(4) For the purpose of this subsection, the term 'State' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 4102. STATE APPLICATIONS.

"(a) IN GENERAL.—In order to receive its allotment under section 4101 for any fiscal year, a State shall submit to the Secretary, at such time as the Secretary may require, an application that—

"(1)(A)(i) is integrated into the State's plan, either approved or being developed, under title III of the Goals 2000: Educate America Act, and satisfies the requirements of this section that are not already addressed by that plan; and

"(ii) is submitted, if necessary, as an amendment to the State's plan under title III of the Goals 2000: Educate America Act; or

"(B) if the State does not have an approved plan under title III of the Goals 2000: Educate America Act and is not developing such a plan, is integrated with other State plans under this Act and satisfies the requirements of this section;

"(2) contains the results of the State's needs assessment for drug and violence prevention programs, which shall be based on the results of on-going State evaluation activities, including data on the prevalence of drug use and violence by youth in schools and communities;

"(3) has been developed in consultation with the chief executive officer, the head of the State alcohol and drug abuse agency, the heads of the State health and mental health agencies, the head of the State child welfare agency, and the heads of the State criminal and juvenile justice planning agencies;

"(4) contains a description of the procedures the State educational agency will use to review applications from local educational agencies under section 4104;

"(5) contains an assurance that the State will cooperate with, and assist, the Secretary in conducting a national impact evaluation of programs required by section 4106(a); and

"(6) includes any other information the Secretary may require.

"(b) STATE EDUCATIONAL AGENCY FUNDS.—A State's application under this section shall also contain a comprehensive plan for the use of funds under section 4103(a) by the State educational agency that includes—

"(1) a statement of the State educational agency's measurable goals and objectives for drug and violence prevention and a description of the procedures it will use for assess-

ing and publicly reporting progress toward meeting those goals and objectives;

"(2) a plan for monitoring the implementation of, and providing technical assistance regarding, the drug and violence prevention programs conducted by local educational agencies in accordance with section 4105;

"(3) a description of how the State educational agency will use funds it reserves under section 4103(b);

"(4) a description of how the State educational agency will coordinate its activities under this part with drug and violence prevention efforts of other State agencies; and

"(5) an explanation of the criteria the State educational agency will use to identify which local educational agencies receive supplemental funds under section 4103(d)(2)(A)(i)(II) and how the supplemental funds will be allocated among those local educational agencies.

"(c) GOVERNOR'S FUNDS.—A State's application under this section shall also contain a comprehensive plan for the use of funds under section 4103A by the chief executive officer that includes—

"(1) a statement of the chief executive officer's measurable goals and objectives for drug and violence prevention and a description of the procedures to be used for assessing and publicly reporting progress toward meeting those goals and objectives;

"(2) a description of how the chief executive officer will coordinate his or her activities under this part with the State educational agency and other State agencies and organizations involved with drug and violence prevention efforts;

"(3) a description of how funds reserved under section 4103A will be used so as not to duplicate the efforts of the State educational agency and local educational agencies with regard to the provision of school-based prevention efforts and services and how those funds will be used to serve populations not normally served by the State educational agency, such as school dropouts and youth in detention centers;

"(4) a description of how the chief executive officer will award funds under section 4103A and a plan for monitoring the performance of, and providing technical assistance to, recipients of such funds; and

"(5) a description of how funds will be used to support community-wide comprehensive drug and violence prevention planning.

"(d) PEER REVIEW.—The Secretary shall use a peer review process in reviewing State applications under this section.

"(e) INTERIM APPLICATION.—Notwithstanding any other provisions of this section, a State may submit for fiscal year 1995 a one-year interim application and plan for the use of funds under this part that are consistent with the requirements of this section and contain such information as the Secretary may specify in regulations. The purpose of such interim application and plan shall be to afford the State the opportunity to fully develop and review its application and comprehensive plan otherwise required by this section. A State may not receive a grant under this part for a fiscal year subsequent to fiscal year 1995 unless the Secretary has approved its application and comprehensive plan.

"SEC. 4103. STATE AND LOCAL EDUCATIONAL AGENCY PROGRAMS.

"(a) USE OF FUNDS.—An amount equal to 80 percent of the total amount allocated to a State under section 4101 for each fiscal year shall be used by the State educational agency and its local educational agencies for drug and violence prevention activities in accordance with this section.

"(b) STATE LEVEL PROGRAMS.—(1) A State educational agency shall use no more than five percent of the amount reserved under subsection (a) for activities such as—

"(A) training and technical assistance concerning drug and violence prevention for local and intermediate educational agencies, including teachers, administrators, counselors, coaches and athletic directors, other educational personnel, parents, students, community leaders, health service providers, local law enforcement officials, and judicial officials;

"(B) the development, identification, dissemination and evaluation of the most readily available, accurate, and up-to-date curriculum materials (including videotapes, software, and other technology-based learning resources), for consideration by local educational agencies;

"(C) demonstration projects in drug and violence prevention;

"(D) financial assistance to enhance resources available for drug and violence prevention in areas serving large numbers of economically disadvantaged children or sparsely populated areas, or to meet other special needs consistent with the purposes of this part; and

"(E) the evaluation of activities carried out within the State under this part.

"(2) A State educational agency may carry out activities under this subsection directly, or through grants or contracts.

"(c) STATE ADMINISTRATION.—A State educational agency may use no more than four percent of the amount reserved under subsection (a) for the administrative costs of carrying out its responsibilities under this part.

"(d) LOCAL EDUCATIONAL AGENCY PROGRAMS.—(1) A State educational agency shall distribute not less than 92 percent of the amount reserved under subsection (a) for each fiscal year to local educational agencies in accordance with this subsection.

"(2)(A)(i) Of the amount distributed under subsection (d)(1), a State educational agency shall distribute—

"(I) 70 percent of such amount to local educational agencies, based on the relative enrollments in public and private non-profit schools within their boundaries; and

"(II) 30 percent of such amount to local educational agencies that the State educational agency determines have the greatest need for additional funds to carry out drug and violence prevention programs authorized by this part.

"(ii) To the extent practicable, not less than 25 percent of the amount specified in clause (i)(II) for a fiscal year shall be distributed to local educational agencies located in rural areas.

"(B)(i) A State educational agency shall distribute funds under subparagraph (A)(i)(II) to no more than ten percent of its local educational agencies, or five such agencies, whichever is greater.

"(ii) In determining which local educational agencies have the greatest need for additional funds, the State educational agency shall consider such factors as—

"(I) high rates of alcohol or other drug use among youth;

"(II) high rates of victimization of youth by violence and crime;

"(III) high rates of arrests and convictions of youth for violent or drug- or alcohol-related crime;

"(IV) the extent of illegal gang activity;

"(V) high rates of referrals of youths to drug and alcohol abuse treatment and rehabilitation programs;

"(VI) high rates of referrals of youths to juvenile court;

"(VII) high rates of expulsions and suspensions of students from schools; and

"(VIII) high rates of reported cases of child abuse and domestic violence.

"(e) REALLOCATION OF FUNDS.—If a local educational agency chooses not to apply to receive the amount allocated to it under subsection (d), or if its application under section 4104 is disapproved by the State educational agency, the State educational agency shall reallocate such amount to one or more of the local education agencies determined by the State educational agency under subsection (d)(2)(B) to have the greatest need for additional funds.

"(f) RETURN OF FUNDS TO STATE EDUCATIONAL AGENCY; REALLOCATION.—(1) Except as provided in paragraph (2), upon the expiration of the 1-year period beginning on the date that a local educational agency, intermediate educational agency, or consortium under this title receives its allocation under this title—

(A) such agency or consortium shall return to the State educational agency any funds from such allocation that remain unobligated; and

(B) the State educational agency shall reallocate any such amount to local educational agencies, intermediate educational agencies, or consortia that have plans for using such amount for programs or activities on a timely basis.

"(2) In any fiscal year, a local educational agency, intermediate educational agency, or consortium may retain for obligation in the succeeding fiscal year—

(A) an amount equal to not more than 25 percent of the allocation it receives under this title for such fiscal year; or

(B) upon a demonstration of good cause by such agency or consortium, a greater amount approved by the State educational agency.

SEC. 4103A. GOVERNOR'S PROGRAMS.

(a) USE OF FUNDS.—(1) An amount equal to 20 percent of the total amount allocated to a State under section 4101 for each fiscal year shall be used by the chief executive officer of such State for drug and violence prevention programs and activities in accordance with this section.

"(2) A chief executive officer may use no more than five percent of the amount reserved under paragraph (1) for the administrative costs incurred in carrying out the duties of such officer under this section.

"(b) PROGRAMS AUTHORIZED.—(1) A chief executive officer shall use funds reserved under subsection (a)(1) for grants to or contracts with parent groups, community action and job training agencies, community-based organizations, and other public entities and private nonprofit organizations. Such grants or contracts shall support programs and activities described in subsection (c) for children and youth who are not normally served by State or local educational agencies, for populations that need special services or additional resources (such as preschoolers, youth in juvenile detention facilities, runaway or homeless children and youth, and dropouts), or both.

"(2) Grants or contracts awarded under this subsection shall be subject to a peer review process.

"(c) AUTHORIZED ACTIVITIES.—Grants and contracts under subsection (b) shall be used for programs and activities such as—

"(1) disseminating information about drug and violence prevention;

"(2) training parents, law enforcement officials, judicial officials, social service provid-

ers, health service providers and community leaders about drug and violence prevention, education, early intervention, counseling, or rehabilitation referral;

"(3) developing and implementing comprehensive, community-based drug and violence prevention programs that link community resources with schools and integrate services involving education, vocational and job skills training, law enforcement, health, mental health, and other appropriate services;

"(4) planning and implementing drug and violence prevention activities that coordinate the efforts of State agencies with those of the State educational agency and its local educational agencies;

"(5) activities to protect students traveling to and from school;

"(6) developing and implementing strategies to prevent illegal gang activity;

"(7) coordinating and conducting community-wide violence and safety assessments and surveys; and

"(8) evaluating programs and activities under this section.

"SEC. 4104. LOCAL APPLICATIONS.

"(a) IN GENERAL.—(1) In order to be eligible to receive an allocation under section 4103(d) for any fiscal year, a local educational agency shall submit, at such time as the State educational agency requires, an application to the State educational agency for approval. Such an application shall be amended, as necessary, to reflect changes in the local educational agency's program.

"(2)(A) A local educational agency shall develop its application under subsection (a)(1) in consultation with a local or substate regional advisory council that includes, to the extent possible, representatives of local government, business, parents, students, teachers, appropriate state agencies, private schools, the medical profession, law enforcement, community-based organizations, and other groups with interest and expertise in drug and violence prevention.

"(B) In addition to assisting the local educational agency to develop its application under this section, the advisory council established or designated under paragraph (2)(A) shall, on an on-going basis—

"(i) disseminate information about drug and violence prevention programs, projects, and activities conducted within the boundaries of the local educational agency;

"(ii) advise the local educational agency on how best to coordinate its activities under this part with other related programs, projects, and activities, including community service and service learning projects, and the agencies that administer them; and

"(iii) review program evaluations and other relevant material and make recommendations to the local educational agency on how to improve its drug and violence prevention programs.

"(b) CONTENTS OF APPLICATIONS.—An application under this section shall contain—

"(1) an assessment of the current use (and consequences of such use) of alcohol, tobacco, and controlled, illegal, addictive or harmful substances as well as the violence, safety, and discipline problems among students who attend the schools of the applicant (including private school students who participate in the applicant's drug and violence prevention program) that is based on ongoing local assessment or evaluation activities;

"(2) a detailed explanation of the local educational agency's comprehensive plan for drug and violence prevention, which shall include a description of—

"(A) how that plan is consistent with, and promotes the goals in, the State's application under section 4102 and the local educational agency's plan, either approved or being developed, under title III of the Goals 2000: Educate America Act, or, if the local educational agency does not have such an approved plan and is not developing one, its plan under section 1112 of this Act;

"(B) the local educational agency's measurable goals for drug and violence prevention, and a description of how it will assess and publicly report progress toward attaining these goals;

"(C) the local educational agency's comprehensive plan for programs to be carried out under this part;

"(D) how the local educational agency will use its regular allocation under section 4103(d)(2)(A)(i)(I) and its supplemental allocation, if any, under section 4103(d)(2)(A)(i)(II);

"(E) how the local educational agency will coordinate its programs and projects with community-wide efforts to achieve its goals for drug and violence prevention; and

"(F) how the local education agency will coordinate its programs and projects with other Federal, State, and local programs for drug-abuse prevention, including health programs; and

"(3) such other information and assurances as the State educational agency may reasonably require.

"(c) REVIEW OF APPLICATION.—(1) In reviewing local applications under this section, a State educational agency shall use a peer review process or other methods of assuring the quality of such applications.

"(2)(A) In determining whether to approve the application of a local educational agency under this section, a State educational agency shall consider the quality of the local educational agency's comprehensive plan under subsection (b)(2) and the extent to which it is consistent with, and supports, the State's application under section 4102 and the State's plan under the Goals 2000: Educate America Act, and, if the State does not have such a plan, its plan under section 1111 of this Act.

"(B) A State educational agency may disapprove a local educational agency application under this section in whole or in part and may withhold, limit, or place restrictions on the use of funds allotted to such a local educational agency in a manner the State educational agency determines will best promote the purposes of this part or the State's plan under the Goals 2000: Educate America Act, and, if the State does not have such a plan, its plan under section 1111 of this Act, except that a local educational agency shall be afforded an opportunity to appeal any such disapproval.

"SEC. 4105. LOCAL DRUG AND VIOLENCE PREVENTION PROGRAMS.

"(a) PROGRAM REQUIREMENTS.—A local educational agency shall use funds received under this part to adopt and carry out a comprehensive drug and violence prevention program which shall—

"(1) be designed, for all students and employees, to—

"(A) prevent the use, possession, and distribution of tobacco, alcohol and illegal drugs by students and to prevent the illegal use, possession, and distribution of such substances by employees;

"(B) prevent violence and promote school safety; and

"(C) create a disciplined environment conducive to learning;

"(2) include activities to promote the involvement of parents and coordination with community groups and agencies, including the distribution of information about the local educational agency's needs assessments, goals, and programs under this part; and

"(3) include community-based prevention and education activities in accordance with the requirements of subsection (c).

"(b) AUTHORIZED ACTIVITIES.—A comprehensive drug and violence prevention program carried out under this part may include—

"(1) age-appropriate, developmentally based drug prevention and education programs for all students, from the preschool level through grade 12, that address the legal, social, personal and health consequences of the use of illegal drugs, promote a sense of individual responsibility, and provide information about effective techniques for resisting peer pressure to use illegal drugs;

"(2) programs of drug prevention, early intervention, counseling, mentoring, or rehabilitation referral, which emphasize students' sense of individual responsibility and which may include—

"(A) the dissemination of information about drug prevention;

"(B) the professional development of school personnel, parents, students, law enforcement officials, judicial officials, health service providers and community leaders in prevention, education, early intervention, counseling or rehabilitation referral;

"(C) the implementation of strategies, including strategies to integrate the delivery of services from a variety of providers, to combat illegal alcohol and other drug use, such as—

"(i) family counseling;

"(ii) early intervention activities that prevent family dysfunction, enhance school performance, and boost attachment to school and family; and

"(iii) activities, such as community service and service-learning projects, that are designed to increase students' sense of community;

"(3) age-appropriate, developmentally based violence prevention and education programs for all students, from the preschool level through grade 12, that address the legal, health, personal, and social consequences of violent and disruptive behavior, including sexual harassment, and that include activities designed to help students develop a sense of individual responsibility and respect for the rights of others, and to resolve conflicts without violence;

"(4) violence prevention programs for school-aged youth, which emphasize students' sense of individual responsibility and may include—

"(A) the dissemination of information about school safety and discipline;

"(B) the professional development of school personnel, parents, students, law enforcement officials, judicial officials, and community leaders in designing and implementing strategies to prevent school violence;

"(C) the implementation of strategies, such as conflict resolution and peer mediation and the use of mentoring programs, to combat school violence and other forms of disruptive behavior, such as sexual harassment; and

"(D) comprehensive, community-wide strategies to prevent or reduce illegal gang activities;

"(5) subject to the requirements of the matter following paragraph (8), not more than one half of the cost of—

"(A) minor remodeling to promote security and reduce the risk of violence, such as removing lockers, installing better lights, and upgrading locks; and

"(B) acquiring and installing metal detectors and hiring security personnel;

"(6) the promotion of before-and-after school recreational, instructional, cultural, and artistic programs in supervised community settings; and

"(7) drug abuse resistance education programs, designed to teach students to recognize and resist pressures to use alcohol or other drugs, which may include activities such as classroom instruction by uniformed law enforcement officers, resistance techniques, resistance to peer pressure and gang pressure, and provision for parental involvement;

"(8) the evaluation of any of the activities authorized under this subsection.

A local educational agency may use no more than 33 percent of the funds it receives under this part for any fiscal year for the activities described in paragraph (5).

"SEC. 4106. EVALUATION AND REPORTING.

"(a) NATIONAL IMPACT EVALUATION.—The Secretary, in consultation with the Secretary of Health and Human Services, the Director of the Office of National Drug Control Policy, and the Attorney General, shall conduct an independent biennial evaluation of the national impact of programs under this part and submit a report of the findings of such evaluation to the President and the Congress.

"(b) STATE REPORT.—(1) By October 1, 1997, and every third year thereafter, the State educational agency shall submit to the Secretary a report—

"(A) on the implementation and outcomes of State programs under section 4103(b) and local programs under section 4103(d), as well as an assessment of their effectiveness; and

"(B) on the State's progress toward attaining its goals for drug and violence prevention under section 4103(b)(1).

"(2) The report required by this subsection shall be—

"(A) in the form specified by the Secretary;

"(B) based on the State's on-going evaluation activities, and shall include data on the prevalence of drug use and violence by youth in schools and communities; and

"(C) made readily available to the public.

"(c) LOCAL EDUCATIONAL AGENCY REPORT.—Each local educational agency receiving funds under this subpart shall submit to the State educational agency whatever information, and at whatever intervals, the State requires to complete the State report required by subsection (b), including information on the prevalence of drug use and violence by youth in the schools and the community. Such information shall be made readily available to the public.

"PART B—NATIONAL PROGRAMS

"SEC. 4201. FEDERAL ACTIVITIES.

"(a) PROGRAM AUTHORIZED.—From funds appropriated under section 4004(a)(2), the Secretary of Education, in consultation with the Secretary of Health and Human Services, the Director of the Office of National Drug Control Policy, and the Attorney General, shall carry out programs to prevent the illegal use of drugs and violence among, and promote safety and discipline for, students at all educational levels, preschool through postsecondary. The Secretary shall carry out such programs directly, or through grants, contracts, or cooperative agreements with public and private organizations and individuals, or through agreements with other Federal agencies, and shall coordinate such programs with other appropriate Federal activities. Such programs may include—

"(1) the development and demonstration of innovative strategies for training school personnel, parents, and members of the community, including the demonstration of model preservice training programs for prospective school personnel;

"(2) demonstrations and rigorous evaluations of innovative approaches to drug and violence prevention that are carried out in cooperation with other Federal agencies, including the Department of Health and Human Services, the Department of Justice, the Department of Housing and Urban Development, and the Department of Labor;

"(3) the provision of information on drug abuse education and prevention to the Secretary of Health and Human Services for dissemination by the clearinghouse for alcohol and drug abuse information established under section 509 of the Public Health Service Act;

"(4) the development, dissemination, and implementation of model programs and strategies to promote the safety of students attending institutions of higher education by preventing violent behavior and the illegal use of alcohol and other drugs by such students;

"(5) the development of curricula related to child abuse prevention and education and the training of personnel to teach child abuse education and prevention to elementary and secondary school children;

"(6) program evaluations that address issues not addressed under section 4106(a);

"(7) direct services to schools and school systems afflicted with especially severe drug and violence problems;

"(8) activities in communities designated as empowerment zones or enterprise communities that will connect schools to community-wide efforts to reduce drug and violence problems;

"(9) developing and disseminating drug and violence prevention materials, including video-based projects and model curricula;

"(10) developing and implementing a comprehensive violence prevention strategy for schools and communities, that may include conflict resolution, peer mediation, the teaching of law and legal concepts, and other activities designed to stop violence;

"(11) the implementation of innovative activities, such as community service projects, designed to rebuild safe and healthy neighborhoods and increase students' sense of individual responsibility.

"(12) other activities that meet unmet national needs related to the purposes of this title; and

"(13) grants to noncommercial telecommunications entities for the production and distribution of national video-based projects that provide young people with models for conflict resolution and responsible decisionmaking.

"(b) PEER REVIEW.—The Secretary shall use a peer review process in reviewing applications for funds under this section.

"PART C—GENERAL PROVISIONS

"SEC. 4301. DEFINITIONS.

"For the purposes of this title, the following terms have the following meanings:

"(1) The term 'drug and violence prevention' means—

"(A) with respect to drugs, prevention, early intervention, rehabilitation referral, or education related to the illegal use of alcohol, the use of tobacco and the use of controlled, illegal, addictive, or harmful substances, including inhalants and anabolic steroids; and

"(B) with respect to violence, the promotion of school safety, such that students and school personnel are free from violent and disruptive acts, including sexual harassment, on school premises, going to and from school, and at school-sponsored activities, through the creation and maintenance of a school environment that is free of weapons and fosters individual responsibility and respect for the rights of others.

"(2) The term 'nonprofit', as applied to a school, agency, organization, or institution means a school, agency, organization, or institution owned and operated by one or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

"(3) The term 'school-aged population' means the population aged 5 through 17, inclusive, as determined by the Secretary on the basis of the most recent satisfactory data available from the Department of Commerce.

"(4) The term 'school personnel' includes teachers, administrators, guidance counselors, social workers, psychologists, nurses, librarians, and other support staff who are employed by a school or who perform services for the school on a contractual basis.

"SEC. 4302. MATERIALS.

"(a) 'WRONG AND HARMFUL' MESSAGE.—Drug prevention programs supported under this title shall convey a clear and consistent message that the illegal use of alcohol and other drugs is wrong and harmful.

"(b) CURRICULUM.—The Secretary shall not prescribe the use of specific curricula for programs supported under this title, but may evaluate the effectiveness of such curricula and other strategies in drug and violence prevention.

"SEC. 4303. PROHIBITED USES OF FUNDS.

"No funds under this title may be used for—

"(1) construction (except for minor remodeling needed to accomplish the purposes of this title);

"(2) drug treatment or rehabilitation; and

"(3) psychiatric, psychological, or other medical treatment or rehabilitation, other than school-based counseling for students or school personnel who are victims or witnesses of school-related crime.

"SEC. 4304. CERTIFICATION OF DRUG AND ALCOHOL ABUSE PREVENTION PROGRAMS.

"(a) IN GENERAL.—Notwithstanding any other provision of law other than section 432 of the General Education Provisions Act and section 103(b) of the Department of Education Organization Act, no local educational agency shall be eligible to receive funds or any other form of financial assistance under any Federal program unless it certifies to the State educational agency that it has adopted and has implemented a program to prevent the use of illicit drugs and alcohol by students or employees that, at a minimum, includes—

"(1) age-appropriate, developmentally based drug and alcohol education and prevention programs (which address the legal, social, and health consequences of drug and alcohol use and which provide information about effective techniques for resisting peer pressure to use illicit drugs or alcohol) for students in all grades of the schools operated or served by the applicant, from early childhood level through grade 12;

"(2) conveying to students that the use of illicit drugs and the unlawful possession and use of alcohol is wrong and harmful;

"(3) standards of conduct that are applicable to students and employees in all the applicant's schools and that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on school premises or as part of any of its activities;

"(4) a clear statement that sanctions (consistent with local, State, and Federal law), up to and including expulsion or termination of employment and referral for prosecution, will be imposed on students and employees who violate the standards of conduct required by paragraph (3) and a description of those sanctions;

"(5) information about any available drug and alcohol counseling and rehabilitation and re-entry programs that are available to students and employees;

"(6) a requirement that parents, students, and employees be given a copy of the standards of conduct required by paragraph (3) and the statement of sanctions required by paragraph (4);

"(7) notifying parents, students, and employees that compliance with the standards of conduct required by paragraph (3) is mandatory; and

"(8) a biennial review by the applicant of its program to—

"(A) determine its effectiveness and implement changes to the program if they are needed; and

"(B) ensure that the sanctions required by paragraph (4) are consistently enforced.

"(b) DISSEMINATION OF INFORMATION.—Each local educational agency that provides the certification required by subsection (a) shall, upon request, make available to the Secretary, the State educational agency, and to the public full information about the elements of its program required by subsection (a), including the results of its biennial review.

"(c) CERTIFICATION TO SECRETARY.—Each State educational agency shall certify to the Secretary that it has adopted and has implemented a program to prevent the use of illicit drugs and the abuse of alcohol by its students and employees that is consistent with the program required by subsection (a) of this section. The State educational agency shall, upon request, make available to the Secretary and to the public full information about the elements of its program.

"(d) REGULATIONS.—(1) The Secretary shall publish regulations to implement and enforce the provisions of this section, including regulations that provide for—

"(A) the periodic review by State educational agencies of a representative sample of programs required by subsection (a); and

"(B) a range of responses and sanctions for local educational agencies that fail to implement their programs or to consistently enforce their sanctions, including information and technical assistance, the development of a compliance agreement, and the termination of any form of Federal financial assistance.

"(2) The sanctions required by subsection (a)(1)(4) may include the completion of an appropriate rehabilitation program.

"(e) APPEAL REGARDING TERMINATION OF ASSISTANCE.—Upon a determination by the Secretary to terminate financial assistance to any local educational agency under this section, the agency may file an appeal with an administrative law judge before the expiration of the 30-day period beginning on the date such agency is notified of the decision to terminate financial assistance under this section. Such judge shall hold a hearing with respect to such termination of assistance before the expiration of the 45-day period beginning on the date that such appeal is filed. Such judge may extend such 45-day period upon a motion by the agency concerned. The decision of the judge with respect to such termination shall be considered to be a final agency action.

"TITLE V—MAGNET SCHOOLS ASSISTANCE

"PART A—PROMOTING EQUITY

"SEC. 5101. FINDINGS.

"The Congress finds that—

"(1) magnet schools are a significant part of our Nation's effort to achieve voluntary desegregation in its schools;

"(2) the use of magnet schools has increased dramatically since enactment of the magnet program, with approximately 1.4 million students nationwide now attending such schools, of which more than 60 percent of the students are nonwhite;

"(3) magnet schools offer a wide range of distinctive programs that have served as models for school improvement efforts;

"(4) in administering this program, the Federal Government has learned that—

"(A) where magnet programs are implemented for only a portion of a school's student body, special efforts must be made to discourage the isolation of magnet students from other students in the school;

"(B) local educational agencies can maximize their effectiveness in achieving the purposes of this program if they have more flexibility to serve students attending a school who are not enrolled in the magnet school program;

"(C) local educational agencies must be creative in designing magnet schools for students at all academic levels, so that school districts do not skim off only the highest achieving students to attend the magnet schools;

"(D) local educational agencies must seek to enable participation in magnet school programs by students who reside in the neighborhoods where the programs are placed; and

"(E) in order to ensure that magnet schools are sustained after Federal funding ends, the Federal Government must assist local educational agencies to improve their capacity to continue to operate magnet schools at a high level of performance;

"(5) it is in the best interest of the Federal Government to—

"(A) continue its support of local educational agencies implementing court-ordered desegregation plans and local educational agencies seeking to foster meaningful interaction among students of different racial and ethnic backgrounds beginning at the earliest stage of their education;

"(B) ensure that all students have equitable access to quality education that will prepare them to function well in a culturally diverse, technologically-oriented, and highly competitive global community; and

"(C) maximize the ability of local educational agencies to plan, develop, implement and continue new and innovative programs in magnet schools that contribute to State and local systemic reform.

"SEC. 5102. STATEMENT OF PURPOSE.

"The purpose of this part is to assist in the desegregation of local educational agencies by providing financial assistance to eligible local educational agencies for—

"(1) the elimination, reduction, or prevention of minority group isolation in elementary and secondary schools with substantial proportions of minority students;

"(2) the development and implementation of magnet school projects that will assist local educational agencies in achieving systemic reforms and providing all students the opportunity to meet challenging State performance standards;

"(3) the development and design of innovative educational methods and practices; and

"(4) courses of instruction within magnet schools that will substantially strengthen the knowledge of academic subjects and the grasp of tangible and marketable vocational skills of students attending such schools.

"SEC. 5103. PROGRAM AUTHORIZED.

"The Secretary is authorized, in accordance with this part, to make grants to eligible local educational agencies for use in magnet schools that are part of an approved desegregation plan and that are designed to bring students from different social, economic, ethnic, and racial backgrounds together.

"SEC. 5104. DEFINITION.

"For the purpose of this part, the term 'magnet school' means a school or education center that offers a special curriculum capable of attracting substantial numbers of students of different racial backgrounds.

"SEC. 5105. ELIGIBILITY.

"A local educational agency is eligible to receive assistance under this part if it—

"(1) is implementing a plan undertaken pursuant to a final order issued by a court of the United States, or a court of any State, or any other State agency or official of competent jurisdiction, and that requires the desegregation of minority-group-segregated children or faculty in the elementary and secondary schools of such agency; or

"(2) without having been required to do so, has adopted and is implementing, or will, if assistance is made available to it under this part, adopt and implement a plan that has been approved by the Secretary as adequate under title VI of the Civil Rights Act of 1964 for the desegregation of minority-group-segregated children or faculty in such schools.

"SEC. 5106. APPLICATIONS AND REQUIREMENTS.

"(a) APPLICATIONS.—An eligible local educational agency desiring to receive assistance under this part shall submit an application to the Secretary at such time, in such manner, and containing such information and assurances as the Secretary may require.

"(b) INFORMATION AND ASSURANCES.—An application under this part shall include—

"(1) a description of—

"(A) how assistance made available under this part will be used to promote desegregation, including how the proposed magnet school project will increase interaction among students of different social, economic, ethnic, and racial backgrounds;

"(B) the manner and extent to which the magnet school project will increase student achievement in the instructional area or areas offered by the school;

"(C) the manner in which an applicant will continue the magnet school project after assistance under this part is no longer available, including, if applicable, an explanation of whether successful magnet schools established or supported by the applicant with funds under this part have been continued without the use of funds under this part;

"(D) how funds under this part will be used to implement services and activities that are consistent with the State's and local educational agency's systemic reform plan, if any, under title III of the Goals 2000: Educate America Act; and

"(E) the criteria to be used in selecting students to attend the proposed magnet school projects; and

"(2) assurances that the applicant will—

"(A) use funds under this part for the purposes specified in section 5103;

"(B) employ teachers in the courses of instruction assisted under this part who are certified or licensed by the State to teach the subject matter of the courses of instruction;

"(C) not engage in discrimination based on race, religion, color, national origin, sex, or disability in—

"(i) the hiring, promotion, or assignment of employees of the agency or other personnel for whom the agency has any administrative responsibility;

"(ii) the assignment of students to schools, or to courses of instruction within the school, of such agency, except to carry out the approved plan; and

"(iii) designing or operating extracurricular activities for students;

"(D) carry out a high-quality education program that will encourage greater parental decisionmaking and involvement; and

"(E) give students residing in the local attendance area of the proposed magnet school projects equitable consideration for places in those projects.

"(c) SPECIAL RULE.—No application may be approved under this section unless the Assistant Secretary of Education for Civil Rights determines that the assurances described in subsection (b)(2)(C) will be met.

"SEC. 5107. PRIORITY.

"In approving applications under this part, the Secretary shall give priority to applicants that—

"(1) have the greatest need for assistance, based on the expense or difficulty of effectively carrying out an approved desegragation plan and the projects for which assistance is sought;

"(2) propose to carry out new magnet school projects or significantly revise existing magnet school projects;

"(3) propose to select students to attend magnet school projects by methods such as lottery, rather than through academic examination;

"(4) propose to implement innovative educational approaches that are consistent with the State's and local educational agency's approved systemic reform plans, if any, under title III of the Goals 2000: Educate America Act; and

"(5) propose to draw on comprehensive community involvement plans.

"SEC. 5108. USE OF FUNDS.

"(a) USE OF FUNDS.—Grants made under this part may be used by eligible local educational agencies—

"(1) for planning and promotional activities directly related to the development, expansion, continuation, or enhancement of academic programs and services offered at magnet schools;

"(2) for the acquisition of books, materials, and equipment, including computers and the maintenance and operation thereof, necessary for the conduct of programs in magnet schools;

"(3) for the payment of, or subsidization of the compensation of, elementary and secondary school teachers who are certified or licensed by the State and who are necessary to conduct programs in magnet schools; and

"(4) with respect to a magnet school program offered to less than the entire student population of a school, for instructional activities that—

"(A) are designed to make available the special curriculum that is offered by the magnet school project to students who are enrolled in the school but who are not enrolled in the magnet school program; and

"(B) further the purposes of this part.

"(b) SPECIAL RULE.—With respect to subsections (a)(2) and (3), such grants may be used by eligible local educational agencies for such activities only if such activities are directly related to improving the students' reading skills or their knowledge of mathematics, science, history, geography, English, foreign languages, art, or music, or to improving vocational skills.

"SEC. 5109. PROHIBITIONS.

"Grants under this part may not be used for transportation, or for any activity that does not augment academic improvement.

"SEC. 5110. LIMITATION ON PAYMENTS.

"(a) DURATION OF AWARDS.—Awards made under this part shall not exceed 3 years.

"(b) LIMITATION ON PLANNING FUNDS.—A local educational agency may expend for planning up to 50 percent of the funds received under this part for the first year of the project, 15 percent for the second year of the project, and up to 10 percent for the third year of the project.

"(c) LIMITATION ON GRANTS.—A local educational agency shall not receive more than $4,000,000 under this part in any one grant cycle.

"(d) AWARD REQUIREMENT.—To the extent practicable, for any fiscal year, the Secretary shall award grants to local educational agencies under this part no later than June 1 of the applicable fiscal year.

"SEC. 5111. AUTHORIZATION OF APPROPRIATIONS; RESERVATION.

"(a) AUTHORIZATION.—For the purpose of carrying out this part, there are authorized to be appropriated $120,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"(b) AVAILABILITY OF FUNDS FOR GRANTS TO AGENCIES NOT PREVIOUSLY ASSISTED.—In any fiscal year for which the amount appropriated pursuant to subsection (a) exceeds $75,000,000, the Secretary shall, with respect to such excess amount, give priority to grants to local educational agencies that did not receive a grant under this part in the last fiscal year of the funding cycle prior to the fiscal year for which the determination is made.

"(c) EVALUATIONS.—The Secretary may reserve not more than 2 percent of the funds appropriated under subsection (a) for any fiscal year to carry out evaluations of projects under this part.

"PART B—WOMEN'S EDUCATIONAL EQUITY ACT

"SEC. 5201. FINDINGS AND STATEMENT OF PURPOSE.

"(a) FINDINGS.—The Congress finds and declares that—

"(1) educational programs in the United States are frequently inequitable as such programs relate to women and girls;

"(2) such inequities limit the full participation of all individuals in American society; and

"(3) efforts to improve the quality of public education also must include efforts to ensure equal access to quality education programs for all women and girls.

"(b) PURPOSE.—The purpose of this part is to provide gender equity in education in the United States; to provide financial assistance to enable educational agencies and institutions to meet the requirements of title IX of the Educational Amendments of 1972; and to provide equity in education to women and girls who suffer multiple forms of discrimination based on sex, race, ethnic origin, limited English proficiency, disability, or age.

"SEC. 5202. PROGRAMS AUTHORIZED.

"The Special Assistant of the Office of Women's Equity is authorized—

"(1) to promote, coordinate and evaluate gender equity policies, programs, activities and initiatives in all federal education program and offices;

"(2) to develop, maintain, and disseminate materials, resources, analyses and research relating to education equity for women and girls;

"(3) to provide information and technical assistance to assure the effective implementation of gender equity programs;

"(4) coordinate gender equity programs and activities with other federal agencies with jurisdiction over education and related programs;

"(5) to provide grants to develop model equity programs;

"(6) to provide funds for the implementation of equity programs in schools throughout the Nation;

"(7) to assist the Assistant Secretary of the Office of Educational Research and Improvement in identifying research priorities related to education equity for women and girls; and

"(8) any other activities consistent with achieving the purposes of this part.

"SEC. 5203. LOCAL IMPLEMENTATION GRANTS.

"(a) AUTHORITY.—The Secretary is authorized to make grants to, and enter into contracts with, public agencies, private nonprofit agencies, organizations, and institutions, including students and community groups, for activities designed to achieve the purposes of this part at all levels of education, including preschool, elementary and secondary education, higher education, adult education and vocational/technical education; for the establishment and operation, for a period not to exceed four years, of local programs to ensure—

"(1) educational equity for women and girls

"(2) equal opportunities for both sexes

"(3) to conduct activities incident to achieving compliance with title IX of the Education Amendments of 1972; and

"(b) GRANT PROGRAM.—Authorized activities under subsection (a) may include—

"(1) introduction into the curriculum and classroom of curricula, textbooks, and other material designed to achieve equity for women and girls;

"(2) implementation of preservice and inservice training with special emphasis on programs and activities designed to provide educational equity for women and girls;

"(3) evaluation of promising or exemplary model programs to assess their ability to improve local efforts to advance educational equity for women and girls;

(4) implementation of programs and policies to address sexual harassment and violence against women and girls and to ensure that educational institutions are free from threats to the safety of students and personnel;

"(5) implementation of guidance and counseling activities, including career education program, designed to ensure educational equity for women and girls;

"(6) implementation of nondiscriminatory tests of aptitude and achievement and of alternative assessments that eliminate biased assessment instruments from use;

"(7) implementation of programs to increase educational opportunities, including higher education, vocational training, and other educational programs for low income women; including underemployed and unemployed women and women receiving Aid to Families with Dependent Children benefits;

"(8) implementation of programs to improve representation of women in educational administration at all levels; and

"(9) planning, development and initial implementation of:

"(A) comprehensive plans for implementation of equity programs in state and local educational agencies and institutions of higher education; including community colleges;

"(B) innovative approaches to school-community partnerships for educational equity;

"(C) innovative approaches to equity programs addressing combined bias, stereotyping, and discrimination on the basis of sex and race, ethnic origin, limited English proficiency, and disability.

"(c) APPLICATION; PARTICIPATION.—A grant may be made, and a contract may be entered into, under this part only upon application to the Secretary, at such time, in such form, and containing or accompanied by such information as the Secretary may prescribe. Each such application shall—

"(1) provide that the program or activity for which assistance is sought will be administered by or under the supervision of the applicant and in cooperation with appropriate educational and community leaders, including parent, teacher and student organizations, educational institutions, business leaders, community-based organizations serving women, and other significant groups and individuals;

"(2) describe a program for carrying out the purpose set forth in Section 5203(b) which holds promise of making substantial contribution toward attaining such purposes;

"(3) describe plans for continuation and institutionalization of the program with local support following completion of the grant period and termination of Federal support under this part; and

"(4) establish policies and procedures which ensure adequate documentation and evaluation of the activities intended to be carried out under the application.

"(d) CRITERIA; PRIORITIES; CATEGORIES OF COMPETITION.—The Secretary shall establish criteria, priorities, and categories of competition for awards under this part to ensure that available funds are used for those purposes that most effectively will achieve the purposes of the act.

"(1) The Criteria shall address the extent to which—

"(A) the program addresses the needs of women and girls of color and women and girls with disabilities:

"(B) the program meets locally defined and documented educational equity needs and priorities, including title IX compliance;

"(C) the program is a significant component of a comprehensive plan for educational equity and title IX compliance in the particular school district, institution of higher education, vocational-technical institution, or other educational agency or institution;

"(D) the program implements an institutional change strategy with long-term impact and will continue as a central activity of the applicant agency or institution after the grant is completed.

"(2) The Secretary shall establish no more than four priorities, one of which shall be a priority for compliance with title IX of the Education Amendments of 1972. Not more than 60 percent of funds available in each fiscal year shall be allocated to programs under the four priorities.

"(3) The Secretary shall establish 3 categories of competition, distinguishing among three types of applicants and levels of education that shall include—

"(A) grants to local educational agencies, state education agencies, and other agencies and organizations providing elementary and secondary education;

"(B) grants to institutions of higher education, including community colleges and other agencies and organizations providing postsecondary education, including vocational-technical education, adult education, and other programs;

"(C) grants to non-profit organizations, including community-based organizations groups representing students, parents, and women, including women and girls of color and women and girls with disabilities.

"(e) REQUIREMENT.—Not less than 25 percent of funds used to support activities covered by subsection (b) shall be used for awards under each category of competition in each fiscal year.

"(f) SPECIAL RULE.—The Secretary shall ensure that the total of grants awarded each year address—

"(1) all levels of education, including preschool, elementary and secondary education, higher education, vocational education, and adult education;

"(2) all regions of the United States, including at least one grant in each of the ten federal regions;

"(3) urban, rural, and suburban educational institutions.

"SEC. 5204. RESEARCH AND DEVELOPMENT GRANTS.

"(a) AUTHORITY.—The Secretary is authorized to make grants to, and enter into contracts with, public agencies, private nonprofit agencies, organizations, and institutions, including students, and community groups, for activities designed to achieve the purpose of this part at all levels of education, including preschool, elementary and secondary education, higher education, adult education and vocational-technical education; to develop model policies and programs, and to conduct research to address and ensure educational equities for women and girls, including but not limited to—

"(1) the development and evaluation of gender-equitable curricula, textbooks, software, and other educational material and technology;

"(2) the development of model preservice and inservice training programs for educational personnel with special emphasis on programs and activities designed to provide educational equity;

"(3) the development of guidance and counseling activities, including career education programs, designed to ensure gender equity;

"(4) the development and evaluation of nondiscriminatory assessment systems;

"(5) the development of policies and programs to address and prevent sexual harassment and violence to ensure that educational institutions are free from threats to safety of students and personnel;

"(6) the development and improvement of programs and activities to increase opportunity for women, including continuing educational activities, vocational education, and programs for low income women; including underemployed and unemployed women, and women receiving Aid to Families with Dependent Children.

"(7) the development of instruments and strategies for program evaluation and dissemination of promising or exemplary programs designed to improve local efforts to achieve gender equity;

"(8) the development of instruments and procedures to assess the presence or absence of gender equity in educational settings;

"(9) the development and evaluation of various strategies to institutionalize gender equity in education.

"(b) APPLICATION.—A grant may be made, and a contract may be entered into, under this part only upon application to the Secretary, at such time, in such form, and containing or accompanied by such information as the Secretary may prescribe. Each such application shall—

"(1) provide that the program or activity for which assistance is sought will be administered by or under the supervision of the applicant;

"(2) describe a plan for carrying out 1 or more research and development activities authorized in paragraph (a) above, which holds promise of making a substantial contribution toward attaining the purposes of this act; and

"(3) set forth policies and procedures which insure adequate documentation, data collection, and evaluation of the activities intended to be carried out under the application, including an evaluation or estimate of the potential for continued significance following completion of the grant period.

"(c) CRITERIA AND PRIORITIES.—(1) The Secretary shall establish criteria and priorities to ensure that available funds are used for programs that most effectively will achieve the purposes of this part.

"(2) The criteria and priorities shall be promulgated in accordance with section 431 of the General Education Provisions Act.

"(3) In establishing priorities the Secretary shall establish no more than 4 priorities, 1 of which shall be programs which address the educational needs of women and girls who suffer multiple or compound discrimination based on sex and on race, ethnic origin, disability, or age.

"(d) SPECIAL RULE.—The Secretary shall ensure that the total of grants awarded each year address—

"(1) all levels of education, including preschool, elementary and secondary education, higher education, vocational education, and adult education;

"(2) all regions of the United States;

"(d) COORDINATION.—Research activities supported under this part—

"(1) shall be carried out in consultation with the Office of Educational Research and Improvement to ensure that such activities are coordinated with and enhance the research and development activities supported by the Office; and

"(2) may include collaborative research activities which are jointly funded and carried out by the Office of Women's Equity and the Office of Educational Research and Improvement.

"(f) LIMITATION.—Nothing in this part shall be construed as prohibiting men and boys from participating in any programs or activities assisted under this part.

"SEC. 5205. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated—

"(1) for the purpose of carrying out the provisions of section 5203, there are authorized to be appropriated $3,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999; and

"(2) for the purpose of carrying out the provisions of section 5204, there are authorized to be appropriated $2,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"TITLE VI—INDIAN EDUCATION

"SEC. 6001. FINDINGS.

"The Congress finds that—

"(1) the Federal Government has a special responsibility to ensure that educational programs for all American Indian and Alaska Native children and adults—

"(A) are based on high-quality, internationally competitive content and student performance standards and build on Indian culture and the Indian community;

"(B) assist local educational agencies, Indian tribes, and others in providing Indian students the opportunity to achieve those standards; and

"(C) meet the special educational and culturally related academic needs of American Indian and Alaska Native students;

"(2) since enactment of the original Indian Education Act in 1972, Indian parents have become significantly more involved in the planning, development, and implementation of educational programs that affect them and their children, and schools should continue to foster such involvement;

"(3) although the numbers of Indian teachers, administrators, and university professors have increased since 1972, teacher training programs are not recruiting, training, or retraining sufficient numbers of Indian persons as educators to meet the needs of a growing Indian student population in elementary, secondary, vocational, adult, and higher education;

"(4) the dropout rate for Indian students is unacceptably high; for example, nine percent of Indian students who were eighth graders in 1988 had already dropped out of school by 1990;

"(5) from 1980 to 1990, the percentage of Indian persons living in poverty increased from 24 percent to 31 percent, and the readiness of Indian children to learn is hampered by the high incidence of poverty, unemployment, and health problems among Indian children and families; and

"(6) research related specifically to the education of Indian children and adults is very limited, and much of it is poor in quality or focused on limited local or regional issues.

"SEC. 6002. PURPOSE.

"(a) PURPOSE.—It is the purpose of this title to support the efforts of local educational agencies, Indian tribes and organizations, postsecondary institutions, and other entities to meet the special educational and culturally related academic needs of American Indians and Alaska Natives, so that they can achieve to the same challenging State performance standards expected of all students.

"(b) PROGRAMS AUTHORIZED.—This title carries out the purpose described in subsection (a) by authorizing programs of direct assistance for—

"(1) meeting the special educational and culturally related academic needs of American Indians and Alaska Natives;

"(2) the education of Indian children and adults;

"(3) the training of Indian persons as educators and counselors, and in other professions serving Indian people; and

"(4) research, evaluation, data collection, and technical assistance.

"PART A—FORMULA GRANTS TO LOCAL EDUCATIONAL AGENCIES

"SEC. 6101. PURPOSE.

"It is the purpose of this part to support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students in order to ensure that such programs—

"(1) are based on challenging State content and student performance standards that are used for all students; and

"(2) are designed to assist Indian students meet those standards and assist the Nation in reaching the National Education Goals.

"SEC. 6102. GRANTS TO LOCAL EDUCATIONAL AGENCIES.

"A local educational agency is eligible for a grant under this part for any fiscal year if the number of Indian children who were enrolled in the schools of the agency, and to whom the agency provided free public education, during the preceding fiscal year—

"(1) was at least 20; or

"(2) constituted not less than 25 percent of the agency's total enrollment.

"SEC. 6103. AMOUNT OF GRANTS.

"(a) AMOUNT OF GRANTS.—(1) The Secretary is authorized to allocate to each local educational agency which has an approved application under this part an amount equal to the product of—

"(A) the number of Indian children described in section 6106; and

"(B) the greater of—

"(i) the average per-pupil expenditure of the State in which the agency is located; or

"(ii) 80 percent of the average per-pupil expenditure in the United States.

"(2) The Secretary shall reduce the amount of each allocation determined under paragraph (1) in accordance with subsection (e) of this section.

"(b) MINIMUM GRANT AMOUNT.—The Secretary shall not make a grant to a local educational agency if the amount determined under subsection (a) is less than $4,000, except that the Secretary may make a grant to a consortium of local educational agencies, one or more of which does not qualify for such a minimum award, if—

"(1) the total amount so determined for such agencies is not less than $4,000;

"(2) such agencies, in the aggregate, meet the eligibility requirement of either section 6102(1) or 6102(2); and

"(3) the Secretary determines that such a grant would be effectively used to carry out the purpose of this part.

"(c) DEFINITION.—For the purpose of this section, the average per-pupil expenditure of a State is determined by dividing—

"(1) the aggregate current expenditures of all the local educational agencies in the State, plus any direct current expenditures by the State for the operation of such agencies, without regard to the sources of funds from which such local or State expenditures were made, during the second fiscal year preceding the fiscal year for which the computation is made; by

"(2) the aggregate number of children who were in average daily attendance for whom such agencies provided free public education during such preceding fiscal year.

"(d) SCHOOLS OPERATED OR SUPPORTED BY THE BUREAU OF INDIAN AFFAIRS.—(1) In addition to the grants determined under subsection (a), the Secretary shall allocate to the Secretary of the Interior an amount equal to the product of—

"(A) the total number of Indian children enrolled in schools that are operated by—

"(i) the Bureau of Indian Affairs; or

"(ii) an Indian tribe, or an organization controlled or sanctioned by an Indian tribal government, for the children of that tribe under a contract with, or grant from, the Department of the Interior under the Indian Self-Determination Act (25 U.S.C. 450f et seq.) or the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2501 et seq.); and

"(B) the greater of—

"(i) the average per-pupil expenditure of the State in which the school is located; or

"(ii) 80 percent of the average per-pupil expenditure in the United States.

"(2) The Secretary shall transfer the amount determined under paragraph (1), reduced as may be necessary under subsection (e), to the Secretary of the Interior in accordance with, and subject to, section 9205 of this Act.

"(e) RATABLE REDUCTIONS.—If the sums appropriated for any fiscal year under section 6602(a) are insufficient to pay in full the amounts determined for local educational agencies under subsection (a)(1) and for the Secretary of the Interior under subsection (d), each of those amounts shall be ratably reduced.

"SEC. 6104. APPLICATIONS.

"(a) GENERAL.—Any local educational agency that desires to receive a grant under this part shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

"(b) COMPREHENSIVE PROGRAM REQUIRED.—Each such application shall include a comprehensive program for meeting the needs of Indian children in the local educational agency, including their language and cultural needs, that—

"(1) provides programs and activities to meet the culturally related academic needs of American Indian and Alaska Native students,

"(2)(A) is consistent with, and promotes the goals in, the State and local plans, either approved or being developed, under title III of the Goals 2000: Educate America Act or, if such plans are not approved or being developed, with the State and local plans under sections 1111 and 1112 of this Act; and

"(B) includes academic content and student performance goals for such children, and benchmarks for attaining them, that are based on the challenging State standards adopted under title III of the Goals 2000: Educate America Act or under title I of this Act for all children;

"(3) explains how Federal, State, and local programs, especially under title I of this Act, will meet the needs of such students;

"(4) demonstrates how funds under this part will be used for activities authorized by section 6105;

"(5) describes the professional development to be provided, as needed, to ensure that—

"(A) teachers and other school professionals who are new to the Indian community are prepared to work with Indian children; and

"(B) all teachers who will be involved in the project have been properly trained to carry it out; and

"(6) describes how the agency—

"(A) will periodically assess the progress of all Indian children in its schools, including Indian children who do not participate in programs under this part, in meeting the goals described in paragraph (2);

"(B) will provide the results of that assessment to the parent committee described in subsection (c)(6) and to the community served by the agency; and

"(C) is responding to findings of any previous such assessments.

"(c) ASSURANCES.—Each such application shall also include assurances that—

"(1) the local educational agency will use funds received under this part only to supplement the level of funds that, in the absence of such Federal funds, the agency would make available for the education of Indian children, and not to supplant such funds;

"(2) the local educational agency will submit such reports to the Secretary, in such form and containing such information, as the Secretary may require to—

"(A) carry out the Secretary's functions under this part; and

"(B) determine the extent to which funds provided under this part have been effective in improving the educational achievement of Indian students in the local educational agency;

"(3) the program for which assistance is sought has been based upon a local assessment and prioritization of the special educational and culturally related academic needs of the American Indian and Alaska Native students for which the local educational agency is providing an education;

"(4) the program for which assistance is sought will use the best available talents and resources, including persons from the Indian community;

"(5) the local educational agency has developed the program in open consultation with parents of Indian children, teachers, and, where appropriate, secondary school Indian students, including holding public hearings at which such persons have had a full opportunity to understand the program and to offer recommendations regarding such program;

"(6) the local educational agency has developed the program with the participation and written approval of a committee—

"(A) that is composed of, and selected by, parents of Indian children in the local educational agency's schools, teachers, and, where appropriate, secondary school Indian students and of which at least half the members are such parent;

"(B) that sets forth such policies and procedures, including policies and procedures relating to the hiring of personnel, as will ensure that the program for which assistance is sought will be operated and evaluated in consultation with, and with the involvement of, parents of the children and representatives of the area to be served; and

"(C) that, in the case of an application which includes a schoolwide project (as specified in section 6105(c) of this part) finds that such project will not diminish the availability of culturally related activities for American Indians and Alaskan Native students; and

"(D) that adopts and abides by reasonable bylaws for the conduct of the activities of the committee.

"(d) STATE EDUCATIONAL AGENCY REVIEW.—(1) Before submitting its application to the Secretary, the local educational agency shall obtain comments on the application from the State educational agency.

"(2) The local educational agency shall send the State educational agency's comments to the Secretary with its application.

"SEC. 6105. AUTHORIZED SERVICES AND ACTIVITIES.

"(a) GENERAL REQUIREMENTS.—Each local educational agency that receives a grant under this part shall use the grant funds for services and activities, consistent with the purpose of this part, that—

"(1) are designed to carry out its comprehensive plan for Indian students, described in its application under section 6104(b);

"(2) are designed with special regard for the language and cultural needs of those students; and

"(3) supplement and enrich the regular school program.

"(b) PARTICULAR ACTIVITIES.—Such services and activities include—

"(1) culturally related activities which support the program set out in the application, as required in section 6104;

"(2) early childhood and family programs that emphasize school readiness;

"(3) enrichment programs that focus on problem-solving and cognitive skills development and that directly support the attainment of challenging State content and student performance standards;

"(4) integrated educational services in combination with other programs meeting similar needs;

"(5) school-to-work transition activities to enable Indian students to participate in programs such as those supported by the School-to-Work Opportunities Act of 1993 and the Carl D. Perkins Vocational and Applied Technology Education Act, including tech-prep, mentoring, and apprenticeship programs;

"(6) prevention of, and education about, substance abuse; and

"(7) acquisition of equipment, but only if such acquisition is essential to meet the purpose of this part.

"(c) SCHOOLWIDE PROGRAMS.—Notwithstanding any other provision of this part, a local educational agency may use funds it receives under this part to support a schoolwide program under section 1114 of title I of this Act, in accordance with such section, if the Secretary determines that the local educational agency has made adequate provision for the participation of Indian children in such project and the involvement of Indian parents in the formulation of such project.

"SEC. 6106. STUDENT ELIGIBILITY FORMS.

"(a) The Secretary shall require that each application for a grant under this subpart for each fiscal year be supported by a form, maintained in the files of the applicant, for each eligible Indian child for whom the local educational agency is providing free public education that sets forth information establishing the status of the child as an eligible Indian child.

"(b) The Secretary shall request on the form required under subsection (a) at least the following information:

"(1) either—

"(A) the name of the tribe, band, or other organized group of Indians with which the child claims membership, along with the enrollment number establishing membership (if readily available), and the name and address of the organization which has updated and accurate membership data for such tribe, band, or other organized group of Indians, or

"(B) if the child is not a member of a tribe, band, or other organized group of Indians, the name, the enrollment number (if readily available), and the organization (and address thereof) responsible for maintaining updated and accurate membership rolls of any of the child's parents or grandparents, from whom the child claims eligibility;

"(2) whether the tribe, band, or other organized group of Indians with which the child, his parents, or grandparents claim membership is federally recognized;

"(3) the name and address of the parent or legal guardian;

"(4) the signature of the parent or legal guardian verifying the accuracy of the information supplied; and

"(5) any other information which the Secretary deems necessary to provide an accurate program profile.

"(c) Nothing in the requirements of subsection (b) may be construed as affecting the definition set forth in section 6601. In order for a child to be counted in computing the local educational agency's grant award, the eligibility form for the child must contain at a minimum—

"(1) the child's name;

"(2) the name of the tribe, band, or other organized group of Indians; and

"(3) the parent's dated signature.

The failure of an applicant to furnish any other information listed in subsection (b) with respect to any child shall have no bearing on the determination of whether the child is an eligible Indian child.

"(d) The forms and the standards of proof (including the standard of good faith compliance) that were in use during the 1985–1986 academic year to establish a child's eligibility for entitlement under the Indian Elementary and Secondary School Assistance Act shall be the only forms and standards of proof used to establish such eligibility and to meet the requirements of subsection (a).

"(e) For purposes of determining whether a child is an eligible Indian child, the membership of the child, or any parent or grandparent of the child, in a tribe, band, or other organized group of Indians may be established by proof other than an enrollment number, even if enrollment numbers for members of such tribe, band, or groups are available. Nothing in subsection (b) may be construed as requiring the furnishing of enrollment numbers.

"(f)(1)(A) The Secretary shall establish a method of auditing, on an annual basis, a sample of not less than one-fourth of the total number of local educational agencies receiving funds under this part and shall submit to the Congress an annual report on the findings of the audits.

"(B) For purposes of an audit conducted by the Federal Government with respect to funds provided under this part, all procedures, practices, and policies that are established by—

"(i) the Office of Indian Education of the Department of Education, or

"(ii) a grantee under this subpart who, in establishing such procedures, practices, and policies, was acting under the direction of any employee of such Office that is authorized by the Director of such Office to provide such direction,

shall, with respect to the period beginning on the date of the establishment of such procedures, practices, and policies, and ending on the date (if any) on which the Director of such Office revokes authorization for such procedures, practices, and policies, be considered appropriate and acceptable procedures, practices, and policies which are in conformity with Federal law.

"(C) A local educational agency may not be held liable to the United States, or be otherwise penalized, by reason of the findings of an audit that relate to the date of completion, or the date of submission, of any forms used to establish, before April 28, 1988, a child's eligibility for entitlement under the Indian Elementary and Secondary School Assistance Act.

"(2) Any local educational agency that provides false information in the application for a grant under this subpart shall be ineligible to apply for any other grants under this part and shall be liable to the United States for any funds provided under this part that have not been expended.

"(3) Any student who provides false information on the form required under subsection (d)(1) may not be taken into account in determining the amount of any grant under this part.

"(g) For purposes of distribution of funds under this Act to schools funded by the Bureau of Indian Affairs, the Secretary shall use the count of the number of students in each such school funded under the Indian Student Equalization Formula developed

pursuant to section 1128 of Public Law 95-561, in lieu of the requirements of this section.

"SEC. 6107. PAYMENTS.

"(a) GENERAL.—The Secretary shall pay each local educational agency with an application approved under this part the amount determined under section 6103, subject to subsections (b) and (c) of this section and shall notify such local educational agency of the amount no later than June 1 of the year in which the grant will be paid.

"(b) PAYMENTS TAKEN INTO ACCOUNT BY THE STATE.—The Secretary shall not make a grant under this part for any fiscal year to any local educational agency in a State that has taken into consideration payments under this part (or under subpart 1 of the Indian Education Act of 1988) in determining the eligibility of the local educational agency for State aid, or the amount of that aid, with respect to the free public education of children during that year or the preceding fiscal year.

"(c) REDUCTION OF PAYMENT FOR FAILURE TO MAINTAIN FISCAL EFFORT.—(1) The Secretary shall not pay any local educational agency the full amount determined under section 6103 for any fiscal year unless the State educational agency notifies the Secretary, and the Secretary determines, that the combined fiscal effort of that local agency and the State with respect to the provision of free public education by such local agency for the preceding fiscal year, computed on either a per-student or aggregate expenditure basis, was not less than 90 percent of such combined fiscal effort, computed on the same basis, for the second preceding fiscal year.

"(2) If the Secretary determines for any fiscal year that a local educational agency failed to maintain its fiscal effort at the 90 percent level required by paragraph (1), the Secretary shall—

"(A) reduce the amount of the grant that would otherwise be made to the agency under this part in the exact proportion of such agency's failure to maintain its fiscal effort at such level; and

"(B) not use the reduced amount of the agency's expenditures for the preceding year to determine compliance with paragraph (1) for any succeeding fiscal year, but shall use the amount of expenditures that would have been required to comply with paragraph (1).

"(3)(A) The Secretary may waive the requirement of paragraph (1), for not more than one year at a time, if the Secretary determines that the failure to comply with such requirement is due to exceptional or uncontrollable circumstances, such as a natural disaster or a precipitous and unforeseen decline in the agency's financial resources.

"(B) The Secretary shall not use the reduced amount of such agency's expenditures for the fiscal year preceding the fiscal year for which a waiver is granted to determine compliance with paragraph (1) for any succeeding fiscal year, but shall use the amount of expenditures that would have been required to comply with paragraph (1) in the absence of the waiver.

"(d) REALLOCATIONS.—The Secretary may reallocate, in the manner the Secretary determines will best carry out the purpose of this part, any amounts that—

"(1) based on estimates by local educational agencies or other information, will not be needed by such agencies to carry out their approved projects under this part; or

"(2) otherwise become available for reallocation under this part.

"PART B—SPECIAL PROGRAMS AND PROJECTS TO IMPROVE EDUCATIONAL OPPORTUNITIES FOR INDIAN CHILDREN

"SEC. 6201. IMPROVEMENT OF EDUCATIONAL OPPORTUNITIES FOR INDIAN CHILDREN.

"(a) IN GENERAL.—The Secretary shall carry out a program of making grants for the improvement of educational opportunities for Indian children—

"(1) to support planning, pilot, and demonstration projects, in accordance with subsection (b), which are designed to test and demonstrate the effectiveness of programs for improving educational opportunities for Indian children;

"(2) to assist in the establishment and operation of programs, in accordance with subsection (c), which are designed to stimulate—

"(A) the provision of educational services not available to Indian children in sufficient quantity or quality, and

"(B) the development and establishment of exemplary educational programs to serve as models for regular school programs in which Indian children are educated;

"(3) to assist in the establishment and operation of preservice and inservice training programs, in accordance with subsection (d), for persons serving Indian children as educational personnel; and

"(4) to encourage the dissemination of information and materials relating to, and the evaluation of the effectiveness of, education programs which may offer educational opportunities to Indian children.

"(b) DEMONSTRATION PROJECTS.—The Secretary is authorized to make grants to State and local educational agencies, federally supported elementary and secondary schools for Indian children and to Indian tribes, Indian organizations, and Indian institutions to support planning, pilot, and demonstration projects which are designed to plan for, and test and demonstrate the effectiveness of, programs for improving educational opportunities for Indian children, including—

"(1) innovative programs related to the educational needs of educationally deprived children;

"(2) bilingual and bicultural education programs and projects;

"(3) special health and nutrition services and other related activities which meet the special health, social, and psychological problems of Indian children; and

"(4) coordination of the operation of other federally assisted programs which may be used to assist in meeting the needs of such children.

"(c) SERVICES AND PROGRAMS TO IMPROVE EDUCATIONAL OPPORTUNITIES.—

"(1) The Secretary is authorized to make grants to State and local educational agencies and to tribal and other Indian community organizations to assist them in developing and establishing educational services and programs specifically designed to improve educational opportunities for Indian children. Such grants may be used—

"(A) to provide educational services not available to such children in sufficient quantity or quality, including—

"(i) remedial and compensatory instruction, school health, physical education, psychological, and other services designed to assist and encourage Indian children to enter, remain in, or reenter elementary or secondary school;

"(ii) comprehensive academic and vocational instruction;

"(iii) instructional materials (such as library books, textbooks, and other printed, published, or audiovisual materials) and equipment;

"(iv) comprehensive guidance, counseling, mentoring, and testing services;

"(v) special education programs for disabled and gifted and talented Indian children;

"(vi) early childhood programs, including kindergarten;

"(vii) bilingual and bicultural education programs; and

"(viii) other services which meet the purposes of this subsection; and

"(B) to establish and operate exemplary and innovative educational programs and centers, involving new educational approaches, methods, and techniques designed to enrich programs of elementary and secondary education for Indian children.

"(2) In addition to the grants provided under paragraph (1), the Secretary is authorized to provide grants to consortia of Indian tribes or tribal organizations, local educational agencies, and institutions of higher education for the purpose of developing, improving, and implementing a program of—

"(A) encouraging Indian students to acquire a higher education, and

"(B) reducing the incidence of dropouts among elementary and secondary school students.

"(d) TRAINING.—

"(1) The Secretary is authorized to make grants to institutions of higher education and to State and local educational agencies, in combination with institutions of higher education, for carrying out programs and projects—

"(A) to prepare persons to serve Indian students as teachers, administrators, teacher aides, social workers, and ancillary educational personnel; and

"(B) to improve the qualifications of such persons who are serving Indian students in such capacities.

"(2) Grants made under this subsection may be used for the establishment of fellowship programs leading to an advanced degree, for institutes and, as part of a continuing program, for seminars, symposia, workshops, and conferences.

"(3) In programs funded by grants authorized under this subsection, preference shall be given to the training of Indians.

"(4) In making grants under this subsection, the Secretary shall consider prior performance and may not limit eligibility on the basis of the number of previous grants or the length of time for which the applicant has received grants.

"(d) APPLICATIONS FOR GRANTS.—

"(1) Applications for a grant under this section shall be submitted at such time, in such manner, and shall contain such information, and shall be consistent with such criteria, as may be required under regulations prescribed by the Secretary. Such applications shall—

"(A) set forth a statement describing the activities for which assistance is sought;

"(B) in the case of an application for a grant under subsection (c)—

"(i) subject to such criteria as the Secretary shall prescribe, provide for—

"(I) the use of funds available under this section, and

"(II) the coordination of other resources available to the applicant, in order to ensure that, within the scope of the purpose of the project, there will be a comprehensive program to achieve the purposes of this section, and

"(ii) provide for the training of personnel participating in the project; and

"(C) provide for an evaluation of the effectiveness of the project in achieving its purpose and the purposes of this section.

"(2)(A) The Secretary may approve an application for a grant under subsection (b) or (c) only if the Secretary is satisfied that such application, and any document submitted with respect thereto—

"(i) demonstrate that—

"(I) there has been adequate participation by the parents of the children to be served and tribal communities in the planning and development of the project, and

"(II) there will be such participation in the operation and evaluation of the project, and

"(ii) provide for the participation, on an equitable basis, of eligible Indian children—

"(I) who reside in the area to be served,

"(II) who are enrolled in private nonprofit elementary and secondary schools, and

"(III) whose needs are of the type which the program is intended to meet,to the extent consistent with the number of such children.

"(B) In approving applications under this section, the Secretary shall give priority to applications from Indian educational agencies, organizations, and institutions.

"SEC. 6202. SPECIAL EDUCATIONAL TRAINING PROGRAMS FOR THE TEACHERS OF INDIAN CHILDREN.

"(a) IN GENERAL.—

"(1) The Secretary is authorized to make grants to, and enter into contracts with, institutions of higher education, Indian organizations, and Indian tribes for the purpose of—

"(A) preparing individuals for teaching or administering special programs and projects designed to meet the special educational needs of Indian people, and

"(B) providing in-service training for persons teaching in such programs.

"(2) Priority shall be given in the awarding of grants, and in the entering into of contracts, under subsection (a) to Indian institutions and organizations.

"(b) FELLOWSHIPS AND TRAINEESHIPS.—

"(1) In carrying out the provisions of this section, the Secretary is authorized to award fellowships and traineeships to individuals and to make grants to, and to enter into contracts with, institutions of higher education, Indian organizations, and Indian tribes for the costs of education allowances.

"(2) In awarding fellowships and traineeships under this subsection, the Secretary shall give preference to Indians.

"(3) In the case of traineeships and fellowships, the Secretary is authorized to grant stipends to, and allowances for dependents of, persons receiving traineeships and fellowships.

"SEC. 6203. FELLOWSHIPS FOR INDIAN STUDENTS.

"(a) IN GENERAL.—During each fiscal year ending prior to October 1, 1999, the Secretary is authorized to award fellowships to be used for study in graduate and professional programs at institutions of higher education. Such fellowships shall be awarded to Indian students in order to enable them to pursue a course of study of not more than 4 academic years leading toward a postbaccalaureate degree in medicine, clinical psychology, psychology, law, education, and related fields or leading to an undergraduate or graduate degree in engineering, business administration, natural resources, and related fields.

"(b) STIPENDS.—The Secretary shall pay to persons awarded fellowships under subsection (a) such stipends (including such allowances for subsistence of such persons and their dependents) the Secretary may determine to be consistent with prevailing practices under comparable federally supported programs.

"(c) PAYMENTS TO INSTITUTIONS IN LIEU OF TUITION.—The Secretary shall pay to the institution of higher education at which the holder of a fellowship awarded under subsection (a) is pursuing a course of study, in lieu of tuition charged such holder, such amounts as the Secretary may determine to be necessary to cover the cost of education provided the holder of such a fellowship.

"(d) SPECIAL RULES.—

"(1) The Secretary may, if a fellowship awarded under subsection (a) is vacated prior to the end of the period for which it was awarded, award an additional fellowship for the remainder of such period.

"(2) By no later than the date that is 45 days before the commencement of an academic term, the Secretary shall provide to each individual who is awarded a fellowship under subsection (a) for such academic term written notice of the amount of such fellowship and of any stipends or other payments that will be made under this section to, or for the benefit of, such individual for such academic term.

"(3) Not more than 10 percent of the fellowships awarded under subsection (a) shall be awarded, on a priority basis, to persons receiving training in guidance counseling with a specialty in the area of alcohol and substance abuse counseling and education.

"(e) SERVICE OBLIGATION.—The Secretary shall, by regulation, require that individuals who receive training under this section perform related work and shall notify such local educational agency of the amount no later than June 1 of the year in which the grant will be paid following that training or repay all or part of the cost of the training.

"SEC. 6204. GIFTED AND TALENTED.

"(a) ESTABLISHMENT OF CENTERS.—The Secretary shall establish 2 centers for gifted and talented Indian students at tribally controlled community colleges.

"(b) DEMONSTRATION PROJECTS.—

"(1) The Secretary shall award separate grants to, or enter into contracts with—

"(A) 2 tribally controlled community colleges that—

"(i) are eligible for funding under the Tribally Controlled Community College Assistance Act of 1978, and

"(ii) are fully accredited, or

"(B) if acceptable applications are not submitted to the Secretary by 2 of such colleges, the American Indian Higher Education Consortium,

for the establishment of centers under subsection (a) and for demonstration projects designed to address the special needs of Indian students in elementary and secondary schools who are gifted and talented and to provide such support services to their families that are needed to enable the students to benefit from the project.

"(2) Any person to whom a grant is made, or with whom a contract is entered into, under paragraph (1) may enter into a contract with any other persons, including the Children's Television Workshop, for the purpose of carrying out the demonstration projects for which such grant was awarded or for which the contract was entered into by the Secretary.

"(3) Demonstration projects funded under this section may include—

"(A) the identification of the special needs of gifted and talented students, particularly at the elementary school level, with attention to the emotional and psychosocial needs of these students and to the provision of those support services to their families that are needed to enable these students to benefit from the project;

"(B) the conduct of educational, psychosocial, and developmental activities which hold reasonable promise of resulting in substantial progress toward meeting the educational needs of such gifted and talented children, including, but not limited to, demonstrating and exploring the use of Indian languages and exposure to Indian cultural traditions, and mentoring and apprenticeship programs;

"(C) the provision of technical assistance and the coordination of activities at schools which receive grants under subsection (c) with respect to the activities funded by such grants, the evaluation of programs at such schools funded by such grants, or the dissemination of such evaluations;

"(D) the use of public television in meeting the special educational needs of such gifted and talented children;

"(E) leadership programs designed to replicate programs for such children throughout the United States, including the dissemination of information derived from the demonstration projects conducted under this section; and

"(F) appropriate research, evaluation, and related activities pertaining to the needs of such children and to the provision of such support services to their families that are needed to enable such children to benefit from the project.

"(c) ADDITIONAL GRANTS.—

"(1) The Secretary, in consultation with the Secretary of the Interior, shall provide 5 grants to schools that are Bureau funded schools for program research and development regarding, and the development and dissemination of curriculum and teacher training material regarding—

"(A) gifted and talented students,

"(B) college preparatory studies (including programs for Indian students interested in teaching careers),

"(C) students with special culturally related academic needs, including social, lingual, and cultural needs, and

"(D) math and science education.

"(2) Applications for the grants provided under paragraph (1) shall be submitted to the Secretary in such form and at such time as the Secretary may prescribe. Applications for such grants by Bureau schools, and the administration of any of such grants made to a Bureau school, shall be undertaken jointly by the supervisor of the Bureau school and the local school board.

"(3) Grants may be provided under paragraph (1) for one or more activities described in paragraph (1).

"(4) In providing grants under paragraph (1), the Secretary shall—

"(A) achieve a mixture of programs described in paragraph (1) which ensures that students at all grade levels and in all geographic areas of the United States are able to participate in some programs funded by grants provided under this subsection, and

"(B) ensure that a definition of the term 'gifted and talented student' for purposes of this section and section 1128(c)(3)(A)(i) of the Education Amendments of 1978 is developed as soon as possible.

"(5) Subject to the availability of appropriated funds, grants provided under paragraph (1) shall be made for a 3-year period and may be renewed by the Secretary for additional 3-year periods if performance by the grantee is satisfactory to the Secretary.

"(6)(A) The dissemination of any materials developed from activities funded by grants

provided under paragraph (1) shall be carried out in cooperation with institutions receiving funds under subsection (b).

"(B) The Secretary shall report to the Secretary of the Interior and to the Congress any results from activities described in paragraph (4)(B).

"(7)(A) The costs of evaluating any activities funded by grants made under paragraph (1) shall be divided between the school conducting such activities and the demonstration project recipients under subsection (b).

"(B) If no funds are provided under subsection (b) for—

"(i) the evaluation of activities funded by grants made under paragraph (1),

"(ii) technical assistance and coordination with respect to such activities, or

"(iii) dissemination of such evaluations,

the Secretary shall, by grant or through contract, provide for such evaluations, technical assistance, coordination, and dissemination.

"(d) INFORMATION NETWORK.—The Secretary shall encourage persons to whom a grant is made, or with whom a contract is entered into, under this section to work cooperatively as a national network so that the information developed by such persons is readily available to the entire educational community.

"SEC. 6205. TRIBALLY CONTROLLED SCHOOLS ACT.

"(a) TIMELY PAYMENTS.—Subsection (a) is amended to read as follows:

"'(a)(1) Except as otherwise provided in this subsection, the Secretary shall make payments to grantees under this part in 2 payments:

"'(A) one payment to be made no later than July 1 of each year in an amount equal to one-half of the amount which the grantee was entitled to receive during the preceding academic year, and

"'(B) the second payment, consisting of the remainder to which the grantee is entitled for the academic year, shall be made no later than December 1 of each year.

"'(2) For any school for which no payment was made from Bureau funds in the preceding academic year, full payment of the amount computed for the first academic year of eligibility under this part shall be made no later than December 1 of the academic year.

"'(3) With regard to funds for grantees that become available for obligation on October 1 of the fiscal year for which they are appropriated, the Secretary shall make payments to grantees no later than December 1 of the fiscal year.

"'(4) The provisions of the Prompt Payment Act (31 U.S.C. 3901 et seq.) shall apply to the payments required to be made by paragraphs (1), (2), and (3) of this subsection.'.

"(b) Paragraph (3) is amended by striking 'Paragraphs (1) and (2)' and inserting in lieu thereof 'Paragraphs (1), (2), and (3)', and is renumbered as paragraph '(5)'.

"PART C—SPECIAL PROGRAMS RELATING TO ADULT EDUCATION FOR INDIANS

"SEC. 6301. IMPROVEMENT OF EDUCATIONAL OPPORTUNITIES FOR ADULT INDIANS.

"(a) IN GENERAL.—The Secretary shall carry out a program of awarding grants to State and local educational agencies and to Indian tribes, institutions, and organizations—

"(1) to support planning, pilot, and demonstration projects which are designed to test and demonstrate the effectiveness of programs for improving employment and educational opportunities for adult Indians;

"(2) to assist in the establishment and operation of programs which are designed to stimulate—

"(A) the provision of basic literacy opportunities to all nonliterate Indian adults, and

"(B) the provision of opportunities to all Indian adults to qualify for a high school equivalency certificate in the shortest period of time feasible;

"(3) to support a major research and development program to develop more innovative and effective techniques for achieving the literacy and high school equivalency goals;

"(4) to provide for basic surveys and evaluations to define accurately the extent of the problems of illiteracy and lack of high school completion among Indians; and

"(5) to encourage the dissemination of information and materials relating to, and the evaluation of the effectiveness of, education programs which may offer educational opportunities to Indian adults.

"(b) EDUCATIONAL SERVICES.—The Secretary is authorized to make grants to Indian tribes, Indian institutions, and Indian organizations to develop and establish educational services and programs specifically designed to improve educational opportunities for Indian adults.

"(c) INFORMATION AND EVALUATION.—The Secretary is also authorized to make grants to, and to enter into contracts with, public agencies and institutions and Indian tribes, institutions, and organizations for—

"(1) the dissemination of information concerning educational programs, services, and resources available to Indian adults, including evaluations thereof; and

"(2) the evaluation of federally assisted programs in which Indian adults may participate to determine the effectiveness of such programs in achieving the purposes of such programs with respect to such adults.

"(d) APPLICATIONS.—

"(1) Applications for a grant under this section shall be submitted at such time, in such manner, contain such information, and be consistent with such criteria, as may be required under regulations prescribed by the Secretary. Such applications shall—

"(A) set forth a statement describing the activities for which assistance is sought; and

"(B) provide for an evaluation of the effectiveness of the project in achieving its purposes and the purposes of this section.

"(2) The Secretary shall not approve an application for a grant under subsection (a) unless the Secretary is satisfied that such application, and any documents submitted with respect thereto, indicate that—

"(A) there has been adequate participation by the individuals to be served and tribal communities in the planning and development of the project, and

"(B) there will be such a participation in the operation and evaluation of the project.

"(3) In approving applications under subsection (a), the Secretary shall give priority to applications from Indian educational agencies, organizations, and institutions.

"PART D—NATIONAL ACTIVITIES AND GRANTS TO STATES

"SEC. 6401. NATIONAL ACTIVITIES.

"(a) AUTHORIZED ACTIVITIES.—From funds appropriated for any fiscal year to carry out this section, the Secretary may—

"(1) conduct research related to effective approaches to the education of Indian children and adults;

"(2) evaluate federally assisted education programs from which Indian children and adults may benefit;

"(3) collect and analyze data on the educational status and needs of Indians; and

"(4) carry out other activities consistent with the purpose of this Act.

"(b) ELIGIBILITY.—The Secretary may carry out any of the activities described in subsection (a) directly or through grants to, or contracts or cooperative agreements with, Indian tribes, Indian organizations, State educational agencies, local educational agencies, institutions of higher education, including Indian institutions of higher education, and other public and private agencies and institutions.

"(c) COORDINATION.—Research activities supported under this section—

"(1) shall be carried out in consultation with the Office of Educational Research and Improvement to assure that such activities are coordinated with and enhance the research and development activities supported by the Office; and

"(2) may include collaborative research activities which are jointly funded and carried out by the Office of Indian Education and the Office of Educational Research and Improvement.

"SEC. 6402. STATE EDUCATIONAL AGENCY REVIEW.

(a) Before submitting its application to the Secretary, the local educational agency shall submit its application to the State educational agency.

(b) The State education agency may send to the Secretary comments on each local educational agency application its reviews. The Secretary shall take such comments into consideration in reviewing such application.

"PART E—FEDERAL ADMINISTRATION

"SEC. 6501. OFFICE OF INDIAN EDUCATION.

"(a) OFFICE OF INDIAN EDUCATION.—There shall be an Office of Indian Education (referred to in this section as "the Office") in the Department of Education.

"(b) DIRECTOR.—(1) The Office shall be under the direction of the Director, who shall be appointed by the Secretary and who shall report directly to the Assistant Secretary for Elementary and Secondary Education.

"(2) The Director shall—

"(A) be responsible for administering this title;

"(B) be involved in, and be primarily responsible for, the development of all policies affecting Indian children and adults under programs administered by the Office of Elementary and Secondary Education;

"(C) coordinate the development of policy and practice for all programs in the Department relating to Indian persons; and

"(D) assist the Assistant Secretary of the Office of Educational Research and Improvement in identifying research priorities related to the education of Indian persons.".

"(3) The Director of the Office shall be a member of the career Senior Executive Service.

"(c) INDIAN PREFERENCE IN EMPLOYMENT.—(1) The Secretary shall give a preference to Indian persons in all personnel actions in the Office.

"(2) Such preference shall be implemented in the same fashion as the preference given to any veteran under section 2609 of the Revised Statutes, section 45 of title 25, United States Code.

"SEC. 6502. NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION.

"(a) MEMBERSHIP.—There shall be a National Advisory Council on Indian Education (referred to in this section as "the Council"), which shall—

"(1) consist of 15 Indian members, who shall be appointed by the President from

lists of nominees furnished, from time to time, by Indian tribes and organizations; and

"(2) represent different geographic areas of the country.

"(b) DUTIES.—The Council shall—

"(1) advise the Secretary on the funding and administration, including the development of regulations and of administrative policies and practices, of any program, including programs under this title, for which the Secretary is responsible and in which Indian children or adults participate or from which they can benefit;

"(2) make recommendations to the Secretary for filling the Director's position whenever a vacancy occurs in such position; and

"(3) submit to the Congress, by June 30 of each year, a report on its activities, which shall include—

"(A) any recommendations it finds appropriate for the improvement of Federal education programs in which Indian children or adults participate, or from which they can benefit; and

"(B) its recommendations with respect to the funding of any such programs.

"SEC. 6503. PEER REVIEW.

"In reviewing applications under parts B, C, and D of this title, the Secretary may use a peer review process.

"SEC. 6504. PREFERENCE FOR INDIAN APPLICANTS.

"In making grants under parts B and C of this title, the Secretary shall give a preference to Indian tribes, Indian organizations, and Indian institutions of higher education under any program for which they are eligible to apply.

"SEC. 6505. MINIMUM GRANT CRITERIA.

"In making grants under parts B and C of this title, the Secretary shall approve only projects that are—

"(1) of sufficient size, scope, and quality to achieve the purpose of the section under which assistance is sought; and

"(2) based on relevant research findings.

"PART F—DEFINITIONS; AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 6601. DEFINITIONS.

"The following definitions apply to terms as used in this title:

"(1) The term 'adult' means an individual who is either—

"(A) not less than 16 years old; or

"(B) beyond the age of compulsory school attendance under State law.

"(2) The term 'adult education' has the meaning given such term in section 312(2) of the Adult Education Act.

"(3) The term 'free public education' means education that is—

"(A) provided at public expense, under public supervision and direction, and without tuition charge; and

"(B) provided as elementary or secondary education in the applicable State or to preschool children.

"(4) The term 'Indian' means an individual who is—

"(A) a member of an Indian tribe or band, as membership is defined by the tribe or band, including—

"(i) tribes and bands terminated since 1940; and

"(ii) tribes and bands recognized by the State in which they reside;

"(B) a descendant, in the first or second degree, of an individual described in subparagraph (A);

"(C) considered by the Secretary of the Interior to be an Indian for any purpose; or

"(D) an Eskimo, Aleut, or other Alaska Native.

"SEC. 6602. AUTHORIZATIONS OF APPROPRIATIONS.

"(a) PART A.—For the purpose of carrying out part A of this title, there are authorized to be appropriated $61,300,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"(b) PARTS B THROUGH D.—For the purpose of carrying out parts B, C, and D of this title, there are authorized to be appropriated $20,925,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"(c) PART E.—For the purpose of carrying out part E of this title, including section 6502, there are authorized to be appropriated $3,775,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"PART G—BUREAU OF INDIAN AFFAIRS PROGRAMS

"SEC. 6701. STANDARDS FOR THE BASIC EDUCATION OF INDIAN CHILDREN IN BUREAU OF INDIAN AFFAIRS SCHOOLS.

"(a) The purpose of the standards developed under this section shall be to afford Indian students being served by a Bureau funded school with the same opportunities as all other students to achieve the high goals embodied in the Goals 2000: Educate America Act. Consistent with the provisions of this section and section 6711 of this part, the Secretary shall take such actions as are necessary to coordinate standards developed and implemented under this section with those in the State plans developed and implemented pursuant to the GOALS 2000 Educate America Act for the States in which each Bureau funded school operates. In developing and reviewing these standards and such coordination, the Secretary shall utilize the findings and recommendations of the panel established by the Goals 2000: Educate America Act

"(b) The Secretary, in consultation with the Secretary of Education, and in consultation with Indian organizations and tribes, shall carry out or cause to be carried out by contract with an Indian organization such studies and surveys, making the fullest use possible of other existing studies, surveys, and plans, as are necessary to establish and revise standards for the basic education of Indian children attending Bureau funded schools. Such studies and surveys shall take into account factors such as academic needs, local cultural differences, type and level of language skills, geographic isolation, and appropriate teacher-student ratios for such children, and shall be directed toward the attainment of equal eductional opportunity for such children.

"(c)(1) Within 18 months of the date of enactment of this Act, the Secretary shall revise the minimum academic standards published in the Federal Register of November 1983 for the basic education of Indian chlidren which are consistent with subsections (a) and (b) of this section and section 6711, and shall distribute such revised standards in the Federal Register for the purpose of receiving comments from the tribes and other interested parties. Within 21 months of the date of enactment of the Elementary and Secondary Education Act Amendments of 1993, the Secretary shall establish final standards, distribute such standards to all the tribes and publish such standards in the Federal Register. The Secretary shall revise such standards periodically as necessary. Prior to any revision of such standards, the Secretary shall distribute such proposed revision to all the tribes, and publish such proposed revision in the Federal Register, for the purpose of receiving comments from the tribes and other interested parties.

"(2) Such standards shall apply to Bureau schools, and subject to subsection (f), to contract and grant schools, and may also serve as a model for educational programs for Indian children in public schools. In establishing and revising such standards, the Secretary shall take into account the special needs of Indian students and the support and reinforcement of the specific cultural heritage of each tribe. Such standards shall include a requirement, developed in coordination with Indian tribes, the affected local school boards, the Indian Health Service of the Department of Health and Human Services, the State health departments, and the Centers for Disease Control and Prevention, on immunization for childhood diseases, including provisions for in-school immunization, where necessary.

"(d) The Secretary shall provide alternative or modified standards in lieu of the standards established under subsection (c), where necessary, so that the programs of each school shall be in compliance with the minimum standards required for accreditation of schools in the State where the school is located.

"(e) A tribal governing body, or the local school board so designated by the tribal governing body, shall have the local authority to waive, in part or in whole, the standards established under subsections (c) and (d), where such standards are deemed by such body to be inappropriate or ill-conceived. The tribal governing body or designated school board shall, within 60 days thereafter, submit to the Secretary a proposal for alternative standards that takes into account the specific needs of the tribe's children. Such revised standards shall be established by the Secretary unless specifically rejected by the Secretary for good cause and in writing to the affected tribes or local school board, which rejection shall be final and unreviewable.

"(f)(1) The Secretary, through contracting and grant-making procedures, shall assist school boards of contract and grant schools in the implementation of the standards established under subsection (c) and (d), if the school boards request that such standards, in part or in whole, be implemented. At the request of a contract or grant school board, the Secretary shall provide alternative or modified standards for the standards established under subsections (c) and (d) to take into account the needs of the Indian children and the contract or grant school.

"(2) Within 1 year of the date of the enactment of the Indian Education Technical Amendments Act of 1985, the Bureau shall, either directly or through contract with an Indian organization, establish a consistent system of reporting standards for fiscal control and fund accounting for all contract schools. Such standards shall yield data results comparable to those used by Bureau schools.

"(g) Subject to subsections (e) and (f), the Secretary shall begin to implement the standards established under this section immediately upon the date of their establishment. No later than January 1, 1995, and at each time thereafter that the annual budget request for Bureau educational services is presented, the Secretary shall submit to the appropriate committees of Congress a detailed plan to bring all Bureau and contract and grant schools up to the level required by the applicable standards established under

this section. Such plan shall include, but not be limited to, detailed information on the status of each school's educational program in relation to the applicable standards established under this section, specific cost estimates for meeting such standards at each school, and specific time lines for bringing each school up to the level required by such standards.

"(h)(1) Except as specifically required by statute, no school or peripheral dormitory operated by the Bureau of Indian Affairs on or after January 1, 1992, may be closed or consolidated or have its program substantially curtailed unless done according to the requirements of this subsection, except that, in those cases where the tribal governing body, or the local school board concerned (if so designated by the tribal governing body), requests closure or consolidation, the requirements of this subsection shall not apply. The requirements of this subsection shall not apply when a temporary closure, consolidation, or substantial curtailment is required by plant conditions which constitute an immediate hazard to health and safety.

"(2) The Secretary shall, by regulation, promulgate standards and procedures for the closing, consolidation, or substantial curtailment of Bureau schools in accordance with the requirements of this subsection.

"(3) Whenever closure, transfer to any other authority, consolidation, or substantial curtailment of a school is under active consideration or review by any division of the Bureau or the Department of the Interior, the affected tribe, tribal governing body, and designated local school board, will be notified as soon as such consideration or review begins, kept fully and currently informed, and afforded an opportunity to comment with respect to such consideration or review. When a formal decision is made to close, transfer to any other authority, consolidate, or substantially curtail a school, the affected tribe, tribal governing body, and designated local school board shall be notified at least 6 months prior to the end of the school year preceding the proposed effective date. Copies of any such notices and information shall be transmitted promptly to the Congress and published in the Federal Register.

"(4) The Secretary shall make a report to Congress, the affected tribe, and the designated local school board describing the process of the active consideration or review referred to in paragraph (3). At a minimum, the report shall include a study of the impact of such action on the student population, with every effort to identify those students with particular educational and social needs, and to insure that alternative services are available to such students. Such report shall include the description of the consultation conducted between the potential service provider, current service provider, parents, tribal representative and the tribe or tribes involved, and the Director of the Office of Indian Education Programs within the Bureau regarding such students. No irreversible action may be taken in furtherance of any such proposed school closure, transfer to any other authority, consolidation, or substantial curtailment (including any action which would prejudice the personnel or programs of such school) until the end of the first full academic year after such report is made.

"(5) The Secretary may terminate, contract, transfer to any other authority, or consolidate or substantially curtail the operation or facilities of—

"(A) any Bureau funded school that is operated on or after April 1, 1987,

"(B) any program of such a school that is operated on or after April 1, 1987, or

"(C) any school board of a school operated under a grant under the Tribally Controlled Schools Act of 1988 (Public Law 100-297),

only if the tribal governing body approves such action.

"(i) There are hereby authorized to be appropriated such sums as may be necessary, for academic program costs, in order to bring all Bureau and contract schools up to the level required by the applicable standards established under this section.

"(j)(1) All schools funded by the Bureau of Indian Affairs shall include within their curriculum a program of instruction relating to alcohol and substance abuse prevention and treatment. The Assistant Secretary shall provide the technical assistance necessary to develop and implement such a program for students in kindergarten and grades 1 through 12, at the request of—

"(A) any Bureau of Indian Affairs school (subject to the approval of the school board of such school);

"(B) any school board of a school operating under a contract entered into under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.); or

"(C) any school board of a school operating under a grant under the Tribally Controlled Schools Act of 1988 (Public Law 100-297).

"(2) In schools operated directly by the Bureau of Indian Affairs, the Secretary shall provide for—

"(A) accurate reporting of all incidents relating to alcohol and substance abuse; and

"(B) individual student crisis intervention.

"(3) The programs requested under paragraph (1) shall be developed in consultation with the Indian tribe that is to be served by such program and health personnel in the local community of such tribe.

"(4) Schools requesting program assistance under this subsection are encouraged to involve family units and, where appropriate, tribal elders and Native healers in such instructions.

"(k) For purposes of this section, the term "tribal governing body" means, with respect to any school, the tribal governing body, or tribal governing bodies, that represent at least 90 percent of the students served by such school.

"(l)(1)(A) The Secretary shall only consider the factors described in subparagraphs (B) and (C) in reviewing—

"(i) applications from any tribe for the awarding of a contract or grant for a school that is not a Bureau funded school,

"(ii) applications from any tribe or school board of any Bureau funded school for—

"(I) a school which is not a Bureau funded school; or

"(II) the expansion of a Bureau funded school which would increase the amount of funds received by the Indian tribe or school board under section 6707.

The Secretary shall give consideration to all of such factors, but none of such applications may be denied based primarily upon the geographic proximity of public education.

"(B) The Secretary shall consider the following factors relating to the program that is the subject of an application described in subparagraph (A):

"(i) the adequacy of facilities or the potential to obtain or provide adequate facilities;

"(ii) geographic and demographic factors in the affected areas;

"(iii) adequacy of the applicant's program plans or, in the case of a Bureau funded school, of projected needs analysis done either by a tribe or by Bureau personnel;

"(iv) geographic proximity of comparable public education; and

"(v) the stated needs of all affected parties, including (but not limited to) students, families, tribal governments at both the central and local levels, and school organizations.

"(C) The Secretary shall consider with respect to applications described in subparagraph (A) the following factors relating to all the educational services available at the time the application is considered:

"(i) geographic and demographic factors in the affected areas;

"(ii) adequacy and comparability of programs already available;

"(iii) consistency of available programs with tribal educational codes or tribal legislation on education; and

"(iv) the history and success of these services for the proposed population to be served, as determined from all factors and not just standardized examination performance.

"(2)(A) The Secretary shall make a determination of whether to approve any application described in paragraph (1)(A) by no later than the date that is 180 days after the day on which such application is submitted to the Secretary.

"(B) If the Secretary fails to make the determination described in subparagraph (A) with respect to an application by the date described in subparagraph (A), the application shall be treated as having been approved by the Secretary.

"(3)(A) Any application described in paragraph (1)(A) may be submitted to the Secretary only if—

"(i) the application has been approved by the tribal governing body of the students served by (or to be served by) the school or program that is the subject of the application, and

"(ii) written evidence of such approval is submitted with the application.

"(B) Each application described in paragraph (1)(A)—

"(i) shall provide information concerning each of the factors described in paragraph (1)(B), and

"(ii) may provide information concerning the factors described in paragraph (1)(C).

"(4) Whenever the Secretary makes a determination to deny approval of any application described in paragraph (1)(A), the Secretary shall—

"(A) state the objections in writing to the applicant by no later than the date that is 180 days after the day on which the application is submitted to the Secretary,

"(B) provide assistance to the applicant to overcome stated objections, and

"(C) provide the applicant a hearing, under the same rules and regulations pertaining to the Indian Self-Determination and Education Assistance Act, and an opportunity to appeal the objections raised by the Secretary.

"(5)(A) Except as otherwise provided in this paragraph, the action which is the subject of any application described in paragraph (1)(A) that is approved by the Secretary shall become effective with the commencement of the academic year succeeding the fiscal year in which the application is approved, or at an earlier date determined by the Secretary.

"(B) If an application is treated as having been approved by the Secretary by reason of paragraph (2)(B), the action that is the subject of the application shall become effective on the date that is 18 months after the date on which the application is submitted to the

Secretary, or at an earlier date determined by the Secretary.

"SEC. 6702. NATIONAL CRITERIA FOR DORMITORY SITUATIONS.

"(a) The Secretary, in consultation with the Secretary of the Department of Education, and in consultation with Indian organizations and tribes, shall conduct or cause to be conducted by contract with an Indian organization, a study of the costs applicable to boarding arrangements for Indian students provided in Bureau and contract and grant schools, for the purpose of establishing national criteria for such dormitory situations. Such criteria shall include adult-child ratios, needs for counselors (including special needs related to off-reservation boarding arrangements), space, and privacy.

"(b) No later than January 1, 1996, the Secretary shall propose such criteria, and shall distribute such proposed criteria to the tribes and publish such proposed criteria in the Federal Register for the purpose of receiving comments from the tribes and other interested parties. Within eighteen months of the date of the enactment of this Act, the Secretary shall establish final criteria, distribute such criteria to all the tribes, and publish such criteria in the Federal Register. The Secretary shall revise such criteria periodically as necessary. Any revisions to the standards established under this section shall be developed subject to requirements established under section 6711.

"(c) The Secretary shall begin to implement the criteria established under this section immediately upon the date of their establishment. No later than January 1, 1981, and at each time thereafter that the annual budget request for Bureau educational services is presented, the Secretary shall submit to the appropriate committees of Congress a detailed plan to bring all Bureau and contract boarding schools up to the criteria established under this section. Such plan shall include, but not be limited to, predictions for the relative need for each boarding school in the future, detailed information on the status of each school in relation to the criteria established under this section, specific cost estimates for meeting such criteria at each school, and specific time lines for bringing each school up to the level required by such criteria.

"(d)(1) The criteria established under this section may be waived in the same manner as the standards provided under section 6701(c) may be waived under section 6701(e).

"(2) No school in operation on or before January 1, 1987 (regardless of compliance or noncompliance with the criteria established under this section) may be closed, transferred to another authority, consolidated or have its program substantially curtailed for failure to meet the criteria.

"(3) By no later than May 1, 1996, the Secretary shall submit to the Congress a report detailing the costs associated with, and the actions necessary for, complete compliance with the criteria established under this section.

"(e) There are hereby authorized to be appropriated such sums as may be necessary in order to bring each school up to the level required by the criteria established under this section.

"SEC. 6703. REGULATIONS.

"(a) The provisions of part 32 of title 25 of the Code of Federal Regulations, as in effect on January 1, 1987, are hereby incorporated into this Act and shall be treated as though such provisions are set forth in this subsection. Accordingly, such provisions may be altered only by means of an amendment to this subsection that is contained in an Act or joint resolution which is enacted into law. To the extent that such provisions of part 32 do not conform with this Act or any statutory provision of law enacted before the date of enactment of this Act, the provisions of this Act and the provisions of such other statutory law shall govern.

"(b) The provisions of parts 31, 33, 36, 39, 42, and 43 of title 25 of the Code of Federal Regulations, as in effect on January 1, 1987, shall be applied by the Federal Government and shall not, before July 1, 1989, be amended, revoked, or altered in any manner. No officer or employee of the Executive Branch shall have the authority to issue any other regulations, prior to July 1, 1989, that supersede, supplement, or otherwise affect the provisions of such parts. To the extent that the provisions of such parts do not conform with this Act or any statutory provision of law enacted before the date of enactment of this Act, the provisions of this Act and the provisions of such other statutory law shall govern.

"(c) After June 30, 1989, no regulation prescribed for the application of any program provided under this title shall become effective unless—

"(1) the regulation has been published as a proposed regulation in the Federal Register,

"(2) an opportunity of no less than 90 days has been afforded the public to comment on the published proposed regulation, and

"(3) the regulation has, after such period for public comment, been published in the Federal Register as a final regulation.

"(d) For purposes of this section, the term "regulation" means any rules, regulations, guidelines, interpretations, orders, or requirements of general applicability prescribed by any officer or employee of the Executive Branch.

"SEC. 6704. SCHOOL BOUNDARIES.

"(a) The Secretary shall, in accordance with this section, establish separate geographical attendance areas for each Bureau school.

"(b)(1) Except as provided in paragraph (2), on or after July 1, 1985, no attendance area shall be changed or established with respect to any such school unless the tribal governing body or the local school board concerned (if so designated by the tribal governing body) has been (i) afforded at least six months notice of the intention of the Bureau to change or establish such attendance area, and (ii) given the opportunity to propose alternative boundaries. Any tribe may petition the Secretary for revision of existing attendance area boundaries. The Secretary shall accept such proposed alternative or revised boundaries unless the Secretary finds, after consultation with the affected tribe or tribes, that such revised boundaries do not reflect the needs of the Indian students to be served or do not provide adequate stability to all of the affected programs.

"(2) In any case where there is more than 1 Bureau funded school located on an Indian reservation, at the direction of the tribal governing body, the relevant school boards of the Bureau funded schools on the reservation may, by mutual consent, establish the relevant attendance areas for such schools, subject to the approval of the tribal governing body. Any such boundaries so established shall be accepted by the Secretary.

"(c) In any case where there is only 1 Bureau operated program located on an Indian reservation, the attendance area for the program shall be the boundaries of the reservation served, and those students residing near the reservation shall also receive services from such program.

"(d) The Bureau of Indian Affairs shall include in the final rules the requirement that each appropriate education line officer coordinate and consult with the affected tribes and relevant school boards in the establishment of such geographic boundaries.

"SEC. 6705. FACILITIES CONSTRUCTION.

"(a) The Secretary shall immediately begin to bring all schools, dormitories, and other facilities operated by the Bureau or under contract or grant with the Bureau in connection with the education of Indian children into compliance with all applicable Federal, tribal, or State health and safety standards, whichever provide greater protection (except that the tribal standards to be applied shall be no greater than any otherwise applicable Federal or State standards), and with section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and with the Americans with Disabilities Act of 1990, except that nothing in this section shall require termination of the operations of any facility which does not comply with such provisions and which is in use on the date of enactment of this Act.

"(b) By January 1, 1996, and at each time thereafter that the annual budget request for Bureau educational services is presented, the Secretary shall submit to the appropriate committees of Congress a detailed plan to bring such facilities into compliance with such standards. Such plan shall include, but not be limited to, detailed information on the status of each facility's compliance with such standards, specific cost estimates for meeting such standards at each school, and specific time lines for bringing each school into compliance with such standards.

"(c) Within six months of the date of enactment of this Act, the Secretary shall submit to the appropriate committees of Congress, and publish in the Federal Register, the system used to establish priorities for school construction projects. At the time any budget request for school construction is presented, the Secretary shall publish in the Federal Register and submit with the budget request the current list of all school construction priorities.

"(d)(1) A Bureau school may be closed or consolidated, and the programs of a Bureau school may be substantially curtailed, by reason of plant conditions that constitute an immediate hazard to health and safety only if a health and safety officer of the Bureau determines that such conditions exist at the Bureau school.

"(2)(A) In making determinations described in paragraph (1) before July 1, 1989, health and safety officers of the Bureau shall use the health and safety guidelines of the Bureau that were in effect on January 1, 1988.

"(B)(i) If—

"(I) the Secretary fails to publish in the Federal Register in final form before July 1, 1989, and

"(II) action described in paragraph (1) is taken after June 30, 1989, and before the date on which such regulations are published in final form in the Federal Register by reason of the condition of any plant,

an inspection of the condition of such plant shall be conducted by an appropriate tribal, county, municipal, or State health and safety officer to determine whether conditions at such plant constitute an immediate hazard to health and safety. Such inspection shall be completed by no later than the date that is 30 days after the date on which the action described in paragraph (1) is taken.

"(ii) The inspection required under clause (i) shall be conducted by a health and safety

officer designated jointly by the Secretary and the tribes affected by the action described in paragraph (1). If the Secretary and such tribes are unable to agree on the designation of the health and safety officer, the Secretary shall designate the health and safety officer and shall provide notice of such designation to each of such tribes before the inspection is conducted by such officer.

"(iii) If the health and safety officer conducting an inspection of a plant required under clause (i) determines that conditions at the plant do not constitute an immediate hazard to health and safety, any consolidation or curtailment that was made by reason of conditions at the plant shall immediately cease and any school closed by reason of conditions at the plant shall be reopened immediately.

"(3) If—

"(A) a Bureau school is temporarily closed or consolidated, or the programs of a Bureau school are substantially curtailed, by reason of plant conditions that constitute an immediate hazard to health and safety, and

"(B) the Secretary estimates that the closure, consolidation, or curtailment will be more than 1 year in duration,

the Secretary shall submit to the Congress, by no later than the date that is 6 months after the date on which the closure, consolidation, or curtailment is initiated, a report which sets forth the reasons for such temporary actions and the actions the Secretary is taking to eliminate the conditions that constitute the hazard.

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out subsection (a).

"SEC. 6706. BUREAU OF INDIAN AFFAIRS EDUCATION FUNCTIONS.

"(a) The Secretary shall vest in the Assistant Secretary for Indian Affairs all functions with respect to formulation and establishment of policy and procedure, and supervision of programs and expenditures of Federal funds for the purpose of Indian education administered by the Bureau. The Assistant Secretary shall carry out such functions through the Director of the Office of Indian Education.

"(b) The Director of the Office shall direct and supervise the operations of all personnel directly and substantially involved with provision of education services by the Bureau, including (but not limited to) school or institution custodial or maintenance personnel. The Assistant Secretary for Indian Affairs shall provide for the adequate coordination between the affected Bureau Offices and the Office to facilitate the consideration of all contract functions relating to education. Except as required by section 6709(d), nothing in this Act shall be construed to require the provision of separate support services for Indian education.

"(c) Education personnel who are under the direction and supervision of the Director of the Office in accordance with the first sentence of subsection (b) shall—

"(1) monitor and evaluate Bureau education programs,

"(2) provide all services and support functions for education programs with respect to personnel matters involving staffing actions and functions, and

"(3) provide technical and coordinating assistance in areas such as procurement, contracting, budgeting, personnel, and curriculum.

"(d)(1) The Assistant Secretary shall submit in the annual Budget a plan—

"(A) for school facilities to be constructed under the system required by section 6705(c);

"(B) for establishing priorities among projects and for the improvement and repair of education facilities, which together shall form the basis for the distribution of appropriated funds; and

"(C) including a 5-year plan for capital improvements.

"(2) The Assistant Secretary shall establish a program, including the distribution of appropriated funds, for the operation and maintenance of education facilities. Such program shall include, but not be limited to—

"(A) a method of computing the amount necessary for each education facility;

"(B) similar treatment of all Bureau funded schools;

"(C) a notice of an allocation of appropriated funds from the Director of the Office directly to the appropriate education line officers; and

"(D) a system for the conduct of routine preventive maintenance.

The appropriate education line officers shall make arrangements for the maintenance of education facilities with the local supervisors of the Bureau maintenance personnel who are under the authority of the agency superintendent or area directors, respectively. The local supervisors of Bureau maintenance personnel shall take appropriate action to implement the decisions made in this regard by the appropriate education line officers, except that no funds from this program may be authorized for expenditure unless such appropriate education line officer is assured that the necessary maintenance has been, or will be, provided in a reasonable manner. Subject to the requirements of subsection (b) of this section, nothing in this Act shall be construed to require the provision of separate operations and maintenance personnel for the Office.

"(3) The requirements of this subsection shall be implemented no later than July 1, 1995.

"(e) Any other provision of law notwithstanding, the Director shall promulgate guidelines for the establishment of mechanisms for the acceptance of gifts and bequests for the use of, and benefit of, particular schools or designated Bureau operated education programs, including, where appropriate, the establishment and administration of trust funds. When a Bureau operated program is the beneficiary of such a gift or bequest, the Director shall make provisions for monitoring its use, and shall report to the appropriate committees of Congress the amount and terms of such gift and bequest, the use to which it is put, and any positive results achieved by such action.

"(f) For the purpose of this section the term "functions" includes powers and duties.

"SEC. 6707. ALLOTMENT FORMULA.

"(a) The Secretary shall establish, by regulation adopted in accordance with section 6719, a formula for determining the minimum annual amount of funds necessary to sustain each Bureau funded school. In establishing such formula, the Secretary shall consider—

"(1) the number of eligible Indian students served and size of the school;

"(2) special cost factors, such as—

"(A) isolation of the school;

"(B) need for special staffing, transportation, or educational programs;

"(C) food and housing costs;

"(D) maintenance and repair costs associated with the physical condition of the educational facilities;

"(E) special transportation and other costs of isolated and small schools;

"(F) the costs of boarding arrangements, where determined necessary by a tribal governing body or designated local school board;

"(G) costs associated with greater lengths of service by educational personnel; and

"(H) special programs for gifted and talented students;

"(3) the cost of providing academic services which are at least equivalent to those provided by public schools in the State in which the school is located;

"(4) such other relevant factors as the Secretary determines are appropriate.

Upon the establishment of the standards required by sections 6701 and 6702 of this Act, the Secretary shall revise the formula established under this subsection to reflect the cost and funding standards so established. Prior to January 1, 1995, the Secretary shall review the formula established under this section and shall take such steps as may be necessary to increase the availability of counseling services for students in off-reservation boarding schools and other Bureau operated residential facilities. Concurrent with such action, the Secretary shall review the standards established under section 6701 of this title to be certain that adequate provision is made for parental notification regarding, and consent for, such counseling services.

"(b) Notwithstanding any other provisions of law, Federal funds appropriated for the general local operation of Bureau funded schools, shall be allotted pro rata in accordance with the formula established under subsection (a).

"(c)(1) For fiscal year 1990, and for each subsequent fiscal year, the Secretary shall adjust the formula established under subsection (a) to—

"(A) use a weighted unit of 1.2 for each eligible Indian student enrolled in the seventh and eighth grades of the school in considering the number of eligible Indian students served by the school;

"(B) consider a school with an enrollment of less than 50 eligible Indian students as having an average daily attendance of 50 eligible Indian students for purposes of implementing the adjustment factor for small schools; and

"(C) take into account the provision of residential services on a less than 9-month basis at a school when the school board and supervisor of the school determine that a less than 9-month basis will be implemented for the school year involved.

"(2)(A) The Secretary shall reserve for national school board training 0.2 percent of the funds appropriated for each fiscal year for distribution under this section. Such training shall be conducted through the same organizations through which, and in the same manner in which, the training was conducted in fiscal year 1992. If the contract for such training is not awarded before May 1 of each fiscal year, the contract under which such training was provided for the fiscal year preceding such fiscal year shall be renewed by the Secretary for such fiscal year. The agenda for the training sessions shall be established by the school boards through their regional or national organizations.

"(B) For each year in which the Secretary uses a weighted unit formula established under subsection (a) to fund Bureau schools, a Bureau school which generates less than 168 weighted units shall receive an additional 2 weighted units to defray school board activities.

"(C) From the funds allotted in accordance with the formula established under sub-

section (a) for each Bureau school, the local school board of such school may reserve an amount which does not exceed the greater of—

"(i) $5,000, or

"(ii) the lesser of—

"(I) $15,000, or

"(II) 1 percent of such allotted funds,

for school board activities for such school, including but not limited to, and notwithstanding any other provision of law, meeting expenses and the cost of membership in, and support of, organizations engaged in activities on behalf of Indian education.

"(3)(A) The Secretary shall adjust the formula established under subsection (a) to use a weighted unit of 2.0 for each eligible Indian student that—

"(i) is gifted and talented (as determined pursuant to section 6204 of the Indian Education Act of 1988), and

"(ii) is enrolled in the school on a full-time basis,

in considering the number of eligible Indian students served by the school.

"(B) The adjustment required under subparagraph (A) shall be used for the later of the following fiscal years and for each fiscal year succeeding such later fiscal year:

"(i) the second fiscal year succeeding the fiscal year in which the Secretary of Education makes the report required under section 6204(c)(6)(B) of the Indian Education Act of 1988, or

"(ii) the first fiscal year for which an increase in the amount of funds appropriated for allotment under this section is designated by the law that appropriates such funds as the amount necessary to implement such adjustment without reducing allotments made under this section to any school.

"(d) The Secretary shall reserve from the funds available for distribution for each fiscal year under this section an amount which, in the aggregate, shall equal 1 percent of the funds available for such purpose for that fiscal year. Such funds shall be used, at the discretion of the Director of the Office, to meet emergencies and unforeseen contingencies affecting the education programs funded under this section. Funds reserved under this subsection may only be expended for education services or programs at a schoolsite (as defined in section 5204(c)(2) of the Tribally Controlled Schools Act of 1988). Funds reserved under this subsection shall remain available without fiscal year limitation until expended. However, the aggregate amount available from all fiscal years may not exceed 1 percent of the current year funds. Whenever the Secretary makes funds available under this subsection, the Secretary shall report such action to the appropriate committees of Congress within the annual budget submission.

"(e) Supplemental appropriations enacted to meet increased pay costs attributable to school level personnel shall be distributed under this section.

"(f) In this section 'eligible Indian student' means a student who—

"(1) is a member of or is at least a ¼ degree Indian blood descendant of a member of an Indian tribe which is eligible for the special programs and services provided by the United States through the Bureau of Indian Affairs to Indians because of their status as Indians, and

"(2) resides on or near an Indian reservation or meets the criteria for attendance at a Bureau off-reservation boarding school.

"(g)(1) An eligible Indian student may not be charged tuition for attendance at a Bureau or contract school. A student attending a Bureau school under clause (2)(C) of this subsection may not be charged tuition.

"(2) The Secretary may permit the attendance at a Bureau school of a student who is not an eligible Indian student if—

"(A) the Secretary determines that the student's attendance will not adversely affect the school's program for eligible Indian students because of cost, overcrowding, or violation of standards,

"(B) the school board consents, and

"(C) the student is a dependent of a Bureau, Indian Health Service, or tribal government employee who lives on or near the school site, or

"(D) a tuition is paid for the student that is not more than that charged by the nearest public school district for out-of-district students. The tuition collected is in addition to the school's allocation under this section.

"(3) The school board of a contract school or grant school may permit students who are not eligible Indian students under this subsection to attend its contract school or grant school and any tuition collected for those students is in addition to funding under this section.

"(h)(1) The Secretary shall conduct, through contact or cooperative agreement with an entity having proven expertise in the field of school finance, and after consultation with tribes and national Indian organizations, a study to determine the feasibility and desirability of changing the method of financing for Bureau funded schools from the weighted student unit formula method in effect on the date of enactment of this Act to a school based budget system of financing. The Assistant Secretary shall take such steps as are necessary to immediately implement this provision.

"(2) For the purposes of this study, the term 'school-based budget system' means a system based upon an initial determination, at each school site, of the number of students who shall be served at the site, the needs of those students, the standards which will best meet those needs (including any standards or conditions reflecting local community input and the program developed under this part), the personnel profile necessary to establish such program and the cost (determined on an actual basis) of funding such a program. Such a system would include procedures to aggregate the determinations for each school site to determine the amount needed to fund all Bureau-funded schools, to prepare a budget submission based upon such aggregate and would provide for a mechanism for distributing such sums as may be appropriated based upon the determination at each school site.

"(3) No later than January 20, 1996, the Secretary shall transmit to the Committees on Education and Labor and Appropriations of the House of Representatives and the Committees on Indian Affairs and Appropriations of the Senate of the United States the study required under this subsection, along with any views or comments of the Secretary on such study.

"(i) Any other provision of law notwithstanding, at the election of the school board made at any time during the fiscal year, a portion equal to no more than 15 percent of the funds allocated with respect to a school under this section for any fiscal year shall remain available to the school for expenditure without fiscal year limitation. The Assistant Secretary shall take steps as may be necessary to implement this provision immediately.

"(j) Tuition for the out-of-State students boarding at the Richfield Dormitory in Richfield, Utah, who attend Sevier County high schools in Richfield, Utah, may be paid from the Indian School Equalization Program funds at a rate not to exceed the amount per Weighted Student Unit for that year for instruction. No additional administrative cost funds will be added to the grant.

"SEC. 6708. ADMINISTRATIVE COST GRANTS.

"(a)(1) The Secretary shall, subject to the availability of appropriated funds, provide grants to each tribe or tribal organization operating a contract or grant school in the amount determined under this section with respect to the tribe or tribal organization for the purpose of paying the administrative and indirect costs incurred in operating contract schools in order to—

"(A) enable tribes and tribal organizations operating such schools, without reducing direct program services to the beneficiaries of the program, to provide all related administrative overhead services and operations necessary to meet the requirements of law and prudent management practice, and

"(B) carry out other necessary support functions which would otherwise be provided by the Secretary or other Federal officers or employees, from resources other than direct program funds, in support of comparable Bureau operated programs.

"(2) Amounts appropriated to fund the grants provided under this section shall be in addition to, and shall not reduce, the amounts appropriated for the program being administered by the contract schools.

"(b)(1) The amount of the grant provided to each tribe or tribal organization under this section for each fiscal year shall be determined by applying the administrative cost percentage rate of the tribe or tribal organization to the aggregate of the Bureau elementary and secondary functions operated by the tribe or tribal organization for which funds are received from or through the Bureau. The administrative cost percentage rate determined under subsection (c) does not apply to other programs operated by the tribe or tribal organization.

"(2) The Secretary shall—

"(A) reduce the amount of the grant determined under paragraph (1) to the extent that payments for administrative costs are actually received by an Indian tribe or tribal organization under any Federal education program included in the direct cost base of the tribe or tribal organization, and

"(B) take such actions as may be necessary to be reimbursed by any other department or agency of the Federal Government for the portion of grants made under this section for the costs of administering any program for Indians that is funded by appropriations made to such other department or agency.

"(c) For purposes of this section, the administrative cost percentage rate for a contract or grant school for a fiscal year is equal to the percentage determined by dividing—

"(1) the sum of—

"(A) the amount equal to—

"(i) the direct cost base of the tribe or tribal organization for the fiscal year, multiplied by

"(ii) the minimum base rate, plus

"(B) the amount equal to—

"(i) the standard direct cost base, multiplied by

"(ii) the maximum base rate, by

"(2) the sum of—

"(A) the direct cost base of the tribe or tribal organization for the fiscal year, plus

"(B) the standard direct cost base.

The administrative cost percentage rate shall be determined to the 1/100 of a decimal point.

"(d)(1)(A) Funds received by a tribe or contract or grant school as grants under this section for tribal elementary or secondary educational programs may be combined by the tribe or contract school into a single administrative cost account without the necessity of maintaining separate funding source accounting.

"(B) Indirect cost funds for programs at the school which share common administrative services with tribal elementary or secondary educational programs may be included in the administrative cost account described in subparagraph (A).

"(2) Funds received as grants under this section with respect to tribal elementary or secondary education programs shall remain available to the contract or grant school without fiscal year limitation and without diminishing the amount of any grants otherwise payable to the school under this section for any fiscal year beginning after the fiscal year for which the grant is provided.

"(3) Funds received as grants under this section for Bureau funded programs operated by a tribe or tribal organization under a contract or agreement shall not be taken into consideration for purposes of indirect cost underrecovery and overrecovery determinations by any Federal agency for any other funds, from whatever source derived.

"(4) In applying this section and section 106 of the Indian Self-Determination and Education Assistance Act with respect to an Indian tribe or tribal organization that—

"(A) receives funds under this section for administrative costs incurred in operating a contract school or a school operated under the Tribally Controlled Schools Act of 1988, and

"(B) operates 1 or more other programs under a contract or grant provided under the Indian Self-Determination and Education Assistance Act,

the Secretary shall ensure that the Indian tribe or tribal organization is provided with the full amount of the administrative costs, and of the indirect costs, that are associated with operating the contract school, a school operated under the Tribally Controlled Schools Act of 1988, and all of such other programs, except that funds appropriated for implementation of this section shall be used only to supply the amount of the grant required to be provided by this section.

"(e) For purposes of this section—

"(1)(A) The term 'administrative cost' means the costs of necessary administrative functions which—

"(i) the tribe or tribal organization incurs as a result of operating a tribal elementary or secondary educational program,

"(ii) are not customarily paid by comparable Bureau operated programs out of direct program funds, and

"(iii) are either—

"(I) normally provided for comparable Bureau programs by Federal officials using resources other than Bureau direct program funds, or

"(II) are otherwise required of tribal self-determination program operators by law or prudent management practice.

"(B) The term 'administrative cost' may include, but is not necessarily limited to—

"(i) contract (or other agreement) administration;

"(ii) executive, policy, and corporate leadership and decisionmaking;

"(iii) program planning, development, and management;

"(iv) fiscal, personnel, property, and procurement management;

"(v) related office services and record keeping; and

"(vi) costs of necessary insurance, auditing, legal, safety and security services.

"(2) The term 'Bureau elementary and secondary functions' means—

"(A) all functions funded at Bureau schools by the Office of Indian Education Programs of the Bureau;

"(B) all programs—

"(i) funds for which are appropriated to other agencies of the Federal Government, and

"(ii) which are administered for the benefit of Indians through Bureau schools; and

"(C) all operation, maintenance, and repair funds for facilities and government quarters used in the operation or support of elementary and secondary education functions for the benefit of Indians, from whatever source derived.

"(3) The term 'tribal elementary or secondary educational programs' means all Bureau elementary and secondary functions, together with any other Bureau programs or portions of programs (excluding funds for social services that are appropriated to agencies other than the Bureau and are expended through the Bureau, funds for major subcontracts, construction, and other major capital expenditures, and unexpended funds carried over from prior years) which share common administrative cost functions, that are operated directly by a tribe or tribal organization under a contract or agreement with the Bureau.

"(4)(A) Except as otherwise provided in this paragraph, the direct cost base of a tribe or tribal organization for the fiscal year is the aggregate direct cost program funding for all tribal elementary or secondary educational programs operated by the tribe or tribal organization during—

"(i) the second fiscal year preceding such fiscal year, or

"(ii) if such programs have not been operated by the tribe or tribal organization during the 2 preceding fiscal years, the first fiscal year preceding such fiscal year.

"(B) In the case of Bureau elementary or secondary education functions which have not previously been operated by a tribe or tribal organization under contract or agreement with the Bureau, the direct cost base for the initial year shall be the projected aggregate direct cost program funding for all Bureau elementary and secondary functions to be operated by the tribe or tribal organization during that fiscal year.

"(5) The term 'maximum base rate' means 50 percent.

"(6) The term 'minimum base rate' means 11 percent.

"(7) The term 'standard direct cost base' means $600,000.

"(f)(1) Upon the enactment of the Indian Education Amendments of 1988, the Secretary shall—

"(A) conduct such studies as may be needed to establish an empirical basis for determining relevant factors substantially affecting the required administrative costs of tribal elementary and secondary educational programs, using the formula set forth in subsection (c), and

"(B) a study to determine—

"(i) a maximum base rate which ensures that the amount of the grants provided under this section will provide adequate (but not excessive) funding of the administrative costs of the smallest tribal elementary or secondary educational programs,

"(ii) a minimum base rate which ensures that the amount of the grants provided under this section will provide adequate (but not excessive) funding of the administrative costs of the largest tribal elementary or secondary educational programs, and

"(iii) a standard direct cost base which is the aggregate direct cost funding level for which the percentage determined under subsection (c) will—

"(I) be equal to the median between the maximum base rate and the minimum base rate, and

"(II) ensure that the amount of the grants provided under this section will provide adequate (but not excessive) funding of the administrative costs of tribal elementary or secondary educational programs closest to the size of the program.

"(2) The studies required under paragraph (1) shall—

"(A) be conducted in full consultation (in accordance with section 1130) with—

"(i) the tribes and tribal organizations that are affected by the application of the formula set forth in subsection (c), and

"(ii) all national and regional Indian organizations of which such tribes and tribal organizations are typically members;

"(B) be conducted on-site at a representative statistical sample of the tribal elementary or secondary educational programs under a contract entered into with a nationally reputable public accounting and business consulting firm;

"(C) take into account the availability of skilled labor, commodities, business and automatic data processing services, related Indian preference and Indian control of education requirements, and any other market factors found substantially to affect the administrative costs and efficiency of each such tribal elementary or secondary educational program studied in order to assure that all required administrative activities can reasonably be delivered in a cost effective manner for each such program, given an administrative cost allowance generated by the values, percentages, or other factors found in the studies to be relevant in such formula;

"(D) identify, and quantify in terms of percentages of direct program costs, any general factors arising from geographic isolation, or numbers of programs administered, independent of program size factors used to compute a base administrative cost percentage in such formula; and

"(E) identify any other incremental cost factors substantially affecting the costs of required administrative cost functions at any of the tribal elementary or secondary educational programs studied and determine whether the factors are of general applicability to other such programs, and (if so) how they may effectively be incorporated into such formula.

"(3) In carrying out the studies required under this subsection, the Secretary shall obtain the input of, and afford an opportunity to participate to, the Inspector General of the Department of the Interior.

"(4) Determinations described in paragraph (2)(C) shall be based on what is pragmatically possible to do at each location studied, given prudent management practice, irrespective of whether required administrative services were actually or fully delivered at these sites, or other services were delivered instead, during the period of the study.

"(5) Upon completion of the studies conducted under paragraph (1), but in no case later than October 1, 1989, the Secretary shall submit to the Congress a report on the findings of the studies, together with determinations based upon such findings that would affect the definitions of terms used in the formula that is set forth in subsection (c).

"(6) The Secretary shall include in the Bureau's justification for each appropriations request for each fiscal year beginning after fiscal year 1989, a projection of the overall costs associated with the formula set forth in subsection (c) for all tribal elementary or secondary educational programs which the Secretary expects to be funded in the fiscal year for which the appropriations are sought.

"(7) For purposes of this subsection, the size of tribal elementary or secondary educational programs is determined by the aggregate direct cost program funding level for all Bureau funded programs which share common administrative cost functions.

"(g)(1) There are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section.

"(2) If the total amount of funds necessary to provide grants to tribes and tribal organizations in the amounts determined under subsection (b) for a fiscal year exceeds the amount of funds appropriated to carry out this section for such fiscal year, the Secretary shall reduce the amount of each grant determined under subsection (b) for such fiscal year by an amount that bears the same relationship to such excess as the amount of such grant determined under subsection (b) bears to the total of all grants determined under subsection (b) for all tribes and tribal organizations for such fiscal year.

"(h)(1) Notwithstanding any other provision of this section, the amount of the grants provided under this section for fiscal year 1989 shall—

"(A) in lieu of being determined under subsection (b), be determined for each tribal elementary or secondary educational program on the same basis that indirect costs were determined for such programs for fiscal year 1988, and

"(B) be subject to the provisions of subsection (d).

"(2) Notwithstanding any other provision of this section, the amount of the grant provided under this section for fiscal year 1990 with respect to each tribal elementary and secondary educational program that was operated by a tribe or tribal organization in fiscal year 1989 shall be equal to—

"(A) if the amount of the grant determined under subsection (b) for fiscal year 1990 with respect to such program exceeds the amount received by the tribe or tribal organization with respect to such program for administrative costs for fiscal year 1988 (or fiscal year 1989 if such program was not operated by the tribe or tribal organization during fiscal year 1988), the sum of—

"(i) such amount received, plus

"(ii) ⅓ of the excess of—

"(I) such amount determined under subsection (b), over

"(II) such amount received, or

"(B) if such amount received exceeds such amount determined under subsection (b), the excess of—

"(i) such amount received, over

"(ii) an amount equal to ⅓ of the excess of—

"(I) such amount received over,

"(II) such amount determined under subsection (b).

"(3) Notwithstanding any other provision of this section, the amount of the grants provided under this section for fiscal year 1991 with respect to each tribal elementary and secondary educational program that was operated by a tribe or tribal organization in fiscal year 1989 shall be equal to—

"(A) if the amount of the grant determined under subsection (b) for fiscal year 1991 with respect to such program exceeds the amount received by the tribe or tribal organization with respect to such program for administrative costs for fiscal year 1990, the sum of—

"(i) such amount received, plus

"(ii) ½ of the excess of—

"(I) such amount determined under subsection (b), over

"(II) such amount received, or

"(B) if such amount received exceeds such amount determined under subsection (b), the excess of—

"(i) such amount received, over

"(ii) an amount equal to ½ of the excess of—

"(I) such amount received over,

"(II) such amount determined under subsection (b).

"(i) The provisions of this section shall also apply to those schools operating under the Tribally Controlled Schools Act of 1988.

"SEC. 6709. BUDGET PREPARATION AND SUBMISSION.

"(a) For each fiscal year beginning after October 1, 1994, and ending before October 1, 1998, the Secretary shall enter into an interagency agreement with the Secretary of Education for the purpose of carrying out this section. The Secretary shall take such actions as are necessary to transfer information requested by the Secretary of Education or the entity designated under subsection (b) of this section needed to carry out this section in a timely and accurate fashion.

"(b) The Secretary of Education, through the National Center for Education Statistics, shall prepare and submit to Congress the study set forth in subsection (c) of this section no later than January 20, 1995, and January 20 of each of the next 3 succeeding years. The Secretary of Education shall transmit the report directly and without substantive amendment to the Secretary of the Interior, the Assistant Secretary for Indian Affairs of the Department of the Interior, and the Committees on Education and Labor and Appropriations of the House of Representatives and the Committees on Indian Affairs and Appropriations of the Senate of the United States.

"(c)(1) The National Center for Educational Statistics (hereinafter referred to as the 'Center') shall prepare for each of the fiscal years covered under subsection (a) of this section a report on the amount needed to achieve academic and residential programs set forth in this part for Bureau-funded schools funded under section 6707. Such study shall be based on (A) the standards developed and implemented for Bureau-funded schools under section 6701 and 6702 of this part or such other standards as may apply to Bureau-funded contract schools or schools funded under the Tribally Controlled Schools Act of 1988, (B) the student count and characteristics of such schools, as determined pursuant to the formula developed and implemented pursuant to section 6707 of this part for the preceding academic year, adjusted for any changes in student demographics which the Center may project, (C) the employee statistics with respect to such schools for the preceding fiscal year, and (D) such other factors as the Center may set forth, including but not limited to age or physical condition of the schools and changes in isolation.

"(2) Each study shall include a total projected cost for attaining the standards set forth under paragraph (1), and shall presume compliance with those standards. Such study shall also include a projection of the cost for meeting such standards for each Bureau funded school. Such study shall also include a report on any shortfall in the amount needed to fund Bureau-funded schools, as determined by the study conducted pursuant to this section and the appropriations amount requested and enacted for the period covered by the study.

"(d)(1) Within 24 months of the date of enactment of this Act, the Secretary shall establish within the Office of Indian Education Programs a Division of Budget Analysis (hereinafter referred to as the 'Division'). Such Division shall be under the direct supervision and control of the Director of the Office.

"(2) The Division shall have the capacity to conduct such studies, surveys, or other activities as are necessary to gather demographic information on Bureau-funded schools (current and future) and project the amount necessary to provide Indian students in such schools the educational program set forth in this part.

"(3) The Division shall prepare projections on such amounts, along with such other information as the Director of the Office shall require, for each fiscal year beginning after October 1, 1996. The Director of the Office and the Assistant Secretary for Indian Affairs shall use such reports when preparing their annual budget submissions.

"SEC. 6710. UNIFORM DIRECT FUNDING AND SUPPORT.

"(a)(1) Within six months after the date of enactment of this Act, the Secretary shall establish, by regulation adopted in accordance with section 6719, a system for the direct funding and support of all Bureau-funded schools. Such system shall allot funds, in accordance with section 6707. Amounts appropriated for distribution under this section may be made available under paragraph (2) or under paragraph (3), as provided in the appropriation Act.

"(2)(A) For the purpose of affording adequate notice of funding available pursuant to the allotments made by section 6707, amounts appropriated in an appropriation Act for any fiscal year shall become available for obligation by the affected schools on July 1 of the fiscal year in which they are appropriated without further action by the Secretary, and shall remain available for obligation through the succeeding fiscal year.

"(B) The Secretary shall, on the basis of the amount appropriated in accordance with this paragraph—

"(i) publish, on July 1 preceding the fiscal year for which the funds are appropriated, allotments to each affected school made under section 6707 of 85 percent of such appropriation; and

"(ii) publish, no later than September 30 of such preceding fiscal year, the allotments to be made under section 6707 of the remaining 15 percent of such appropriation, adjusted to reflect actual student attendance.

"(3) Notwithstanding any law or regulation, the supervisor of a Bureau school may expend an aggregate of no more than $35,000 of the amount allotted the school under section 6707 to acquire supplies and equipment for the school without competitive bidding if—

"(A) the cost for any single item purchased does not exceed $10,000;

"(B) the school board approves the procurement;

"(C) the supervisor certifies that the cost is fair and reasonable;

"(D) the documents relating to the procurement executed by the supervisor or other school staff cite this paragraph as authority for the procurement; and

"(E) the transaction is documented in a journal maintained at the school clearly

identifying when the transaction occurred, what was acquired and from whom, the prices paid, the quantities acquired, and any other information the supervisor or school board considers relevant.

The Director shall be responsible for determining the application of this paragraph, including the authorization of specific individuals to carry out this authority, and shall be responsible for the provision of guidelines on the use of this authority and adequate training on such guidelines.

"(4) If a sequestration order issued under the Balanced Budget and Emergency Deficit Control Act of 1985 reduces the amount of funds available for allotment under section 6707 for any fiscal year by more than 7 percent of the amount of funds available for allotment under such section during the preceding fiscal year—

"(A) the Secretary may, notwithstanding any other provision of law, use—

"(i) funds appropriated for the operation of any Bureau school that is closed or consolidated, and

"(ii) funds appropriated for any program that has been curtailed at any Bureau school,

to fund allotments made under section 6707, and

"(B) the Secretary may waive the application of the provisions of section 6701(h) with respect to the closure or consolidation of a school, or the curtailment of a program at a school, during such fiscal year if the funds described in clauses (i) and (ii) of subparagraph (A) with respect to such school are used to fund allotments made under section 6707 for such fiscal year.

"(b) In the case of all Bureau schools, allotted funds shall be expended on the basis of local financial plans which shall be prepared by the local school supervisor in active consultation with the local school board for each school, and the local school board for each school shall have the authority to ratify, reject, or amend such financial plan, and expenditures thereunder, and, on its own determination or in response to the supervisor of the school, to revise such financial plan to meet needs not foreseen at the time of preparation of the financial plan. The supervisor shall provide the appropriate union representative of the education employees with copies of proposed draft financial plans and all amendments or modifications thereto, at the same time they are submitted to the local school board. The supervisor of the school may appeal any such action of the local school board to the appropriate education officer of the Bureau agency by filing a written statement describing the action and the reasons the supervisor believes such action should be overturned. A copy of such statement shall be submitted to the local school board and such board shall be afforded an opportunity to respond, in writing, to such appeal. After reviewing such written appeal and response, the appropriate education officer may, for good cause, overturn the action of the local school board. The appropriate education officer shall transmit the determination of such appeal in the form of a written opinion to such board and to such supervisor identifying the reasons for overturning such action.

"(c) Funds for self-determination grants under section 103(a)(2) of the Indian Self-Determination and Education Assistance Act shall not be used for providing technical assistance and training in the field of education by the Bureau unless such services are provided in accordance with a plan, agreed to by the tribe or tribes affected and the Bureau, under which control of education programs is intended to be transferred to such tribe or tribes within a specific period of time negotiated under such agreement. The Secretary may approve applications for funding tribal divisions of education and the development of tribal codes of education from funds appropriated pursuant to section 104(a) of such Act.

"(d) In the exercise of its authority under this section, a local school board may request technical assistance and training from the Secretary, and he shall, to the greatest extent possible, provide such services, and make appropriate provisions in the budget of the Office for such services.

"(e)(1) A financial plan under subsection (b) for a school may include, at the discretion of the local administrator and the school board of such school, a provision for a summer program of academic and support services for students of the school. Any such program may include activities related to the prevention of alcohol and substance abuse. The Assistant Secretary of Indian Affairs shall provide for the utilization of any such school facility during any summer in which such utilization is requested.

"(2) Notwithstanding any other provision of law, funds authorized under the Act of April 16, 1934 (25 U.S.C. 452 et seq.) and the Indian Education Act may be used to augment the services provided in each summer program at the option, and under the control, of the tribe or Indian controlled school receiving such funds.

"(3) The Assistant Secretary of Indian Affairs, acting through the Director of the Office of Indian Education Programs, shall provide technical assistance and coordination for any program described in paragraph (1) and shall, to the extent possible, encourage the coordination of such programs with any other summer programs that might benefit Indian youth, regardless of the funding source or administrative entity of any such program.

"(f)(1) From funds allotted to a Bureau school under section 6707, the Secretary shall, if specifically requested by the tribal governing body (within the meaning of section 6701(k)), implement any cooperative agreement entered into between the tribe, the Bureau school board, and the local public school district which meets the requirements of paragraph (2) and involves the school. The tribe, the Bureau school board, and the local public school district shall determine the terms of the agreement. Such agreement may encompass coordination of all or any part of the following:

"(A) Academic program and curriculum, unless the Bureau school is currently accredited by a State or regional accrediting entity and would not continue to be so accredited.

"(B) Support services, including procurement and facilities maintenance.

"(C) Transportation.

"(2) Each agreement entered into pursuant to the authority provided in paragraph (1) shall confer a benefit upon the Bureau school commensurate with the burden assumed, though this requirement shall not be construed so as to require equal expenditures or an exchange of similar services.

"(g) Any other provision of law notwithstanding, where there is agreement on such action between the superintendent and school board of a B.I.A. funded school, the product or result of a project conducted in whole or in major part by a student may be given to that student upon the completion of said project.

"(h) Notwithstanding any other provision of law, funds received by Bureau funded schools under this title shall not be considered Federal funds for purposes of meeting a match requirement in any Federal program.

"SEC. 6711. POLICY FOR INDIAN CONTROL OF INDIAN EDUCATION.

"(a) It shall be the policy of the the Secretary and the Bureau, in carrying out the functions of the Bureau, to facilitate Indian control of Indian affairs in all matters relating to education.

"(b)(1) All actions under this Act shall be done with active consultation with tribes.

"(2) The consultation required under paragraph (1) means a process involving the open discussion and joint deliberation of all options with respect to potential issues or changes between the Bureau and all interested parties. During such discussions and joint deliberations, interested parties (including, but not limited to, tribes and school officials) shall be given an opportunity to present issues including proposals regarding changes in current practices or programs which will be considered for future action by the Bureau. All interested parties shall be given an opportunity to participate and discuss the options presented or to present other alternatives, with the views and concerns of the interested parties given effect unless the Secretary determines, from information educed or presented by the interested parties during 1 or more of the discussions and deliberations, that there is a substantial reason for another course of action. The Secretary shall submit to any Member of Congress, within 18 days of the receipt of a written request by such Member, a written explanation of any decision made by the Secretary which is not consistent with the views of the interested parties.

"SEC. 6712. EDUCATION PERSONNEL.

"(a)(1) Chapter 51, subchapter III of chapter 53, and chapter 63 of title 5, United States Code, relating to leave, pay, and classification, and the sections relating to the appointment, promotion and removal of civil service employees, shall not apply to educators or to education positions (as defined in subsection (n)).

"(2) Paragraph (1) shall take effect 1 year after the date of enactment of this Act.

"(b) Not later than the effective date of subsection (a)(2), the Secretary shall prescribe regulations to carry out this section. Such regulations shall govern—

"(1) the establishment of education positions,

"(2) the establishment of qualifications for educators,

"(3) the fixing of basic compensation for educators and education positions,

"(4) the appointment of educators,

"(5) the discharge of educators,

"(6) the entitlement of educators to compensation,

"(7) the payment of compensation to educators,

"(8) the conditions of employment of educators,

"(9) the length of the school year applicable to education positions described in subsection (n)(1)(A),

"(10) the leave system for educators, and

"(11) such other matters as may be appropriate.

"(c)(1) In prescribing regulations to govern the qualifications of educators, the Secretary shall require—

"(A)(i) that lists of qualified and interviewed applicants for education positions be maintained in each agency and area office of the Bureau from among individuals who have applied at the agency or area level for an education position or who have applied at

the national level and have indicated in such application an interest in working in certain areas or agencies; and

"(ii) that a list of qualified and interviewed applicants for education positions be maintained in the Office from among individuals who have applied at the national level for an education position and who have expressed interest in working in an education position anywhere in the United States;

"(B) that a local school board shall have the authority to waive on a case-by-case basis, any formal education or degree qualifications established by regulation pursuant to subsection (b)(2), in order for a tribal member to be hired in an education position to teach courses on tribal culture and language and that subject to subsection (d)(2)(A), a determination by a school board that such a person be hired shall be followed by the supervisor; and

"(C) that it shall not be a prerequisite to the employment of an individual in an education position at the local level that such individual's name appear on the national list maintained pursuant to subsection (c)(1)(A)(ii) or that such individual has applied at the national level for an education position.

"(2) The Secretary may authorize the temporary employment in an education position of an individual who has not met the certification standards established pursuant to regulations, if the Secretary determines that failure to do so would result in that position remaining vacant.

"(d)(1) In prescribing regulations to govern the appointment of educators, the Secretary shall require—

"(A)(i) that educators employed in a school (other than the supervisor of the school) shall be hired by the supervisor of the school unless there are no qualified applicants available, in which case the vacant position shall be filed at the national level from the list maintained pursuant to subsection (c)(1)(A)(ii).

"(ii) each school supervisor shall be hired by the superintendent for education of the agency office of the Bureau in which the school is located, and

"(iii) educators employed in an agency office of the Bureau shall be hired by the superintendent for education of the agency office;

"(B) that before an individual is employed in an education position in a school by the supervisor of a school (or, with respect to the position of supervisor, by the appropriate agency superintendent for education), the local school board for the school shall be consulted, and that subject to subsection (d)(2), a determination by the school board that such individual should or should not be so employed shall be followed by the supervisor (or with respect to the position of supervisor, by the agency superintendent for education); and

"(C) that before an individual may be employed in an education position at the agency level, the appropriate agency school board shall be consulted, and that, subject to subsection (d)(3), a determination by such school board that such individual should or should not be employed shall be followed by the agency superintendent for education.

"(2)(A) The supervisor of a school may appeal to the appropriate agency superintendent for education any determination by the local school board for the school that an individual be employed, or not be employed, in an education position in the school (other than that of supervisor) by filing a written statement describing the determination and the reasons the supervisor believes such determination should be overturned. A copy of such statement shall be submitted to the local school board and such board shall be afforded an opportunity to respond, in writing, to such appeal. After reviewing such written appeal and response, the superintendent may, for good cause, overturn the determination of the local school board. The superintendent shall transmit the determination of such appeal in the form of a written opinion to such board and to such supervisor identifying the reasons for overturning such determination.

"(B) The superintendent for education of an agency office of the Bureau may appeal to the Director of the Office any determination by the local school board for the school that an individual be employed, or not be employed, as the supervisor of a school by filing a written statement describing the determination and the reasons the supervisor believes such determination should be overturned. A copy of such statement shall be submitted to the local school board and such board shall be afforded an opportunity to respond, in writing, to such appeal. After reviewing such written appeal and response, the Director may, for good cause, overturn the determination of the local school board. The Director shall transmit the determination of such appeal in the form of a written opinion to such board and to such superintendent identifying the reasons for overturning such determination.

"(3) The superintendent for education of an agency office of the Bureau may appeal to the Director of the Office any determination by the agency school board that an individual be employed, or not be employed, in an education position in such agency office by filing a written statement describing the determination and the reasons the supervisor believes such determination should be overturned. A copy of such statement shall be submitted to the agency school board and such board shall be afforded an opportunity to respond, in writing, to such appeal. After reviewing such written appeal and response, the Director may, for good cause, overturn the determination of the agency school board. The Director shall transmit the determination of such appeal in the form of a written opinion to such board and to such superintendent identifying the reasons for overturning such determination.

"(4) Any individual who applies at the local level for an education position shall state on such individual's application whether or not such individual has applied at the national level for an education position in the Bureau. If such individual is employed at the local level, such individual's name shall immediately be forwarded to the Secretary, who shall, as soon as possible but in no event in more than thirty days, ascertain the accuracy of the statement made by such individual pursuant to the first sentence of this subparagraph. If the individual's statement is found to have been false, such individual, at the Secretary's discretion, may be disciplined or discharged. If the individual had applied at the national level for an education position in the Bureau, if the appointment of such individual at the local level shall be conditional for a period of ninety days, during which period the Secretary may appoint a more qualified individual (as determined by the Secretary) from the list maintained at the national level pursuant to subsection (c)(1)(A)(ii) to the position to which such individual was appointed.

"(5) Except as expressly provided, nothing in this section shall be construed as conferring upon local school boards, authority over, or control of, educators.

"(e)(1) In prescribing regulations to govern the discharge and conditions of employment of educators, the Secretary shall require—

"(A) that procedures be established for the rapid and equitable resolution of grievances of educators;

"(B) that no educator may be discharged without notice of the reasons therefore and opportunity for a hearing under procedures that comport with the requirements of due process; and

"(C) educators employed in Bureau schools shall be notified sixty days prior to the end of the school year whether their employment contract will be renewed for the coming year.

"(2) The supervisor of a Bureau school may discharge (subject to procedures established under paragraph (1)(B) for cause (as determined under regulations prescribed by the Secretary) any educator employed in such school. Upon giving notice of proposed discharge to an educator, the supervisor involved shall immediately notify the local school board for the school of such action. A determination by the local school board that such educator shall not be discharged shall be followed by the supervisor. The supervisor shall have the right to appeal such action to the superintendent for education of the appropriate agency office of the Bureau. Upon such an appeal, the agency superintendent for education may, for good cause and in writing to the local school board, overturn the determination of the local school board with respect to the employment of such individual.

"(3) Each local school board for a Bureau school shall have the right (A) to recommend to the supervisor of such school that an educator employed in the school be discharged, and (B) to recommend to the superintendent of education of the appropriate agency office of the Bureau and to the Director of the Office, that the supervisor of the school be discharged.

"(f)(1) Notwithstanding any provision of the Indian preference laws, such laws shall not apply in the case of any personnel action within the purview of this section respecting an applicant or employee not entitled to Indian preference if each tribal organization concerned grants, in writing, a waiver of the application of such laws with respect to such personnel action, where such a waiver is in writing deemed to be a necessity by the tribal organization, except that this shall in no way relieve the Bureau of its responsibility to issue timely and adequate announcements and advertisements concerning any such personnel action if it is intended to fill a vacancy (no matter how such vacancy is created).

"(2) For purposes of this subsection, the term 'tribal organization' means—

"(A) the recognized governing body of any Indian tribe, band, nation, pueblo, or other organized community, including a Native village (as defined in section 3(c) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(c); 85 Stat. 688)); or

"(B) in connection with any personnel action referred to in this subsection, any local school board as defined in section 1139, and which has been delegated by such governing body the authority to grant a waiver under such subsection with respect to such personnel action.

"(3) The term 'Indian preference laws' means section 12 of the Act of June 18, 1934 (25 U.S.C. 472; 48 Stat. 986) or any other provision of law granting a preference to Indi-

ans in promotions and other personnel actions, except that such term shall not be considered to include section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e(b); 88 Stat. 2295).

"(g) Subject to the authority of the Civil Service Commission to determine finally the applicability of chapter 51 of title 5, United States Code, to specific positions and employees in the executive branch, the Secretary shall determine in accordance with subsection (a)(1) the applicability or inapplicability of such chapter to positions and employees in the Bureau.

"(h)(1)(A) Except as otherwise provided in this section, the Secretary shall fix the basic compensation or annual salary rate for educators and education positions at rates comparable to the rates in effect under the General Schedule for individuals with comparable qualifications, and holding comparable positions, to whom chapter 51 is applicable or on the basis of the Federal Wage System schedule in effect for the locality.

"(B) By no later than October 28, 1988, the Secretary shall establish, for contracts for the 1991–1992 academic year, and thereafter, the rates of basic compensation, or annual salary rates, for the positions of teachers and counselors (including dormitory counselors and home-living counselors) at the rates of basic compensation applicable (on the date of enactment of such Amendments and thereafter) to comparable positions in overseas schools under the Defense Department Overseas Teachers Pay and Personnel Practices Act, unless the Secretary establishes such rates within such 6-month period through collective bargaining with the appropriate union representative of the education employees that is recognized by the Bureau.

"(C) By no later than October 28, 1988, the Secretary shall establish the rates of basic compensation or annual salary rates for the positions of teachers and counselors (including dormitory and home-living counselors)—

"(i) for contracts for the 1989–1990 academic year, at rates which reflect ⅓ of the changes in the rates applicable to such positions on April 28, 1988, that must be made to conform the rates to the rates established under subparagraph (B) for such positions for contracts for the 1991–1992 academic year, and

"(ii) for contracts for the 1990–1991 academic year, at rates which reflect ⅔ of such changes.

"(D) The establishment of rates of basic compensation and annual salary rates by the Secretary under subparagraphs (B) and (C) shall not preclude the use of regulations and procedures used by the Bureau before the enactment of the Indian Education Amendments of 1988 in making determinations regarding promotions and advancements through levels of pay that are based on the merit, education, experience, or tenure of the educator.

"(E)(i) Except as provided in clause (ii), the establishment of rates of basic compensation and annual salary rates by the Secretary under subparagraphs (B) and (C) shall not affect the continued employment or compensation of an educator who was employed in an education position on October 31, 1979, and who did not make the election under paragraph (2) of subsection (o).

"(ii) Any individual described in clause (i) may, during the 5-year period beginning on the date on which the Secretary establishes rates of basic compensation and annual salary rates under subparagraph (B), make an irrevocable election to have the basic compensation rate or annual salary rate of such individual determined in accordance with this paragraph.

"(iii) If an individual makes the election described in clause (ii), such election shall not affect the application to the individual of the same retirement system and leave system that applies to the individual during the fiscal year preceding the fiscal year in which such election is made, except that the individual must use leave accrued during a contract period by the end of that contract period.

"(F) The President shall include with the budget submitted under section 1105 of title 31, United States Code, for each of the fiscal years 1990, 1991, and 1992 a written statement by the Secretary which specifies—

"(i) the amount of funds the Secretary needs to pay basic compensation and the annual salaries of educators for such fiscal year, and

"(ii) the amount of funds the Secretary estimates would be needed to pay basic compensation and the annual salaries of educators for such fiscal year if the amendments made to this paragraph by the Indian Education Amendments of 1988 had not been enacted.

"(2) Each educator employed in an education position in Alaska shall be paid a cost-of-living allowance equal to 25 per centum of the rate of basic compensation to which such educator is entitled.

"(3)(A) The Secretary may pay a postdifferential not to exceed 25 per centum of the rate of basic compensation, on the basis of conditions of environment or work which warrant additional pay as a recruitment and retention incentive.

"(B)(i) Upon the request of the supervisor and the local school board of a Bureau school, the Secretary shall grant the supervisor of the school authorization to provide 1 or more post differentials under subparagraph (A) unless the Secretary determines for clear and convincing reasons (and advises the board in writing of those reasons) that certain of the requested post differentials should be disapproved or decreased because there is no disparity of compensation for the involved employees or positions in the Bureau school, as compared with the nearest public school, that is either—

"(I) at least 5 percent, or

"(II) less than 5 percent and affects the recruitment or retention of employees at the school.

The request under this subparagraph shall be deemed granted as requested at the end of the 60th day after the request is received in the Central Office of the Bureau unless before that time it is approved, approved with modification, or disapproved by the Secretary.

"(ii) The Secretary or the supervisor of a Bureau school may discontinue or decrease a post differential authorized by reason of this subparagraph at the beginning of a school year after either—

"(I) the local school board requests that it be discontinued or decreased, or

"(II) the Secretary or the supervisor determines for clear and convincing reasons (and advises the board in writing of those reasons) that there is no disparity of compensation that would affect the recruitment or retention of employees at the school after the differential is discontinued or decreased.

"(iii) On or before February 1 of each year, the Secretary shall submit to Congress a report describing the requests and grants of authority under this subparagraph during the previous fiscal year and listing the positions contracted under those grants of authority.

"(i) Any individual—

"(1) who on the date of enactment of this Act is holding a position which is determined under subsection (f) to be an education position and who elects under subsection (o)(2) to be covered under the provisions of this section, or

"(2) who is an employee of the Federal Government or the municipal government of the District of Columbia and is transferred, promoted, or reappointed, without break in service, from a position under a different leave system to an education position,

shall be credited for the purpose of the leave system provided under regulations prescribed pursuant to subsection (b)(10), with the annual and sick leave to his credit immediately before the effective date of such election, transfer, promotion, or reappointment.

"(j) Upon termination of employment with the Bureau, any annual leave remaining to the credit of an individual within the purview of this section shall be liquidated in accordance with sections 5551(a) and 6306 of title 5, United States Code, except that leave earned or accrued under regulations prescribed pursuant to subsection (b)(10) shall not be so liquidated.

"(k) In the case of any educator who is transferred, promoted, or reappointed, without break in service, to a position in the Federal Government under a different leave system, any remaining leave to the credit of such person earned or credited under the regulations prescribed pursuant to subsection (b)(10) shall be transferred to his credit in the employing agency on an adjusted basis in accordance with regulations which shall be prescribed by the Civil Service Commission.

"(l) An educator who voluntarily terminates employment with the Bureau before the expiration of the existing employment contract between such educator and the Bureau shall not be eligible to be employed in another education position in the Bureau during the remainder of the term of such contract.

"(m) In the case of any educator employed in an education position described in subsection (n)(1)(A) who—

"(1) is employed at the close of a school year,

"(2) agrees in writing to serve in such a position for the next school year, and

"(3) is employed in another position during the recess period immediately preceding such next school year, or during such recess period receives additional compensation referred to in subsection (g)(2) or (g)(3), section 5533 of title 5, United States Code, relating to dual compensation, shall not apply to such educator by reason of any such employment during a recess period for any such receipt of additional compensation.

"(n) For the purpose of this section—

"(1) The term "education position" means a position in the Bureau the duties and responsibilities of which—

"(A) are performed on a school-year basis principally in a Bureau school and involve—

"(i) classroom or other instruction or the supervision or direction of classroom or other instruction;

"(ii) any activity (other than teaching) which requires academic credits in educational theory and practice equal to the academic credits in educational theory and practice required for a bachelor's degree in education from an accredited institution of higher education;

"(iii) any activity in or related to the field of education notwithstanding that academic

credits in educational theory and practice are not a formal requirement for the conduct of such activity; or

"(iv) support services at, or associated with, the site of the school; or

"(B) are performed at the agency level of the Bureau and involve the implementation of education-related programs other than the position for agency superintendent for education.

"(2) The term "educator" means an individual whose services are required, or who is employed, in an education position.

"(o)(1) Subsections (a) through (n) of this section apply to an educator hired after November 1, 1979 (and to an educator who elected application under paragraph (2)) and to the position in which such individual is employed. Subject to paragraph (2), the enactment of this Act shall not affect the continued employment of an individual employed on October 31, 1979 in an education position, or such individual's right to receive the compensation attached to such position.

"(2) Any individual employed in an education position on October 31, 1979, may, not later than November 1, 1983, make an irrevocable election to be covered under the provisions of subsection (a) through (n) of this section.

"(p)(1) An educator who was employed in an education position on October 31, 1979, who was eligible to make an election under paragraph (2) of subsection (o) at that time, and who did not make the election under paragraph (2) of subsection (o), may not be placed on furlough (within the meaning of section 7511(a)(5) of title 5, United States Code) without the consent of such educator for an aggregate of more than 4 weeks within the same calendar year, unless—

"(A) the supervisor, with the approval of the local school board (or of the agency superintendent for education upon appeal under paragraph (2)), of the Bureau school at which such educator provides services determines that a longer period of furlough is necessary due to an insufficient amount of funds available for personnel compensation at such school, as determined under the financial plan process as determined under section 1129(b) of this Act, and

"(B) all educators (other than principals and clerical employees) providing services at such Bureau school are placed on furloughs of equal length, except that the supervisor, with the approval of the local school board (or of the agency superintendent for education upon appeal under paragraph (2)), may continue 1 or more educators in pay status if (i) they are needed to operate summer programs, attend summer training sessions, or participate in special activities including (but not limited to) curriculum development committees, and (ii) they are selected based upon their qualifications, after public notice of the minimum qualifications reasonably necessary and without discrimination as to supervisory, nonsupervisory, or other status of the educators who apply.

"(2) The supervisor of a Bureau school may appeal to the appropriate agency superintendent for education any refusal by the local school board to approve any determination of the supervisor that is described in paragraph (1)(A) by filing a written statement describing the determination and the reasons the supervisor believes such determination should be approved. A copy of such statement shall be submitted to the local school board and such board shall be afforded an opportunity to respond, in writing, to such appeal. After reviewing such written appeal and response, the superintendent may, for good cause, approve the determination of the supervisor. The superintendent shall transmit the determination of such appeal in the form of a written opinion to such local school board and to the supervisor identifying the reasons for approving such determination.

"SEC. 6713. MANAGEMENT INFORMATION SYSTEM.

"The Secretary shall establish within the Office, within 1 year after the date of the enactment of the Indian Education Amendments of 1984, a computerized management information system, which shall provide information to the Office. Such information shall include but shall not be limited to—

"(1) student enrollment;

"(2) curriculum;

"(3) staff;

"(4) facilities;

"(5) community demographics;

"(6) student assessment information; and

"(7) information on the administrative and program costs attributable to each Bureau program, divided into discreet elements.

"SEC. 6714. BUREAU EDUCATION POLICIES.

"Within 180 days of the date of enactment of this Act, the Secretary shall develop, publish in the Federal Register, and submit to all agency and area offices of the Bureau, all tribal governments, and the appropriate committees of the Congress, a draft set of education policies, procedures, and practices for education-related action of the Bureau. The Secretary shall, within 1 year of the date of enactment of this Act, provide that such uniform policies, procedures, and practices shall be finalized and promulgated. Thereafter, such policies, procedures, and practices and their periodic revisions, shall serve as the foundation for future Bureau actions in education.

"SEC. 6715. UNIFORM EDUCATION PROCEDURES AND PRACTICES.

"The Secretary shall cause the various divisions of the Bureau to formulate uniform procedures and practices with respect to such concerns of those divisions as relate to education, and shall report such practices and procedures to the Congress.

"SEC. 6716. RECRUITMENT OF INDIAN EDUCATORS.

"The Secretary shall institute a policy for the recruitment of qualified Indian educators and a detailed plan to promote employees from within the Bureau. Such plan shall include opportunities for acquiring work experience prior to actual work assignment.

"SEC. 6717. ANNUAL REPORT.

"(a) The Secretary shall submit to each appropriate committee of the Congress a detailed annual report on the state of education within the Bureau and any problems encountered in the field of education during the year. Such report shall contain suggestions for improving the Bureau educational system and increasing local Indian control of such system. Such report shall also include the current status of tribally controlled community colleges. The annual budget submission for the Bureau's education programs shall, among other things, include (1) information on the funds provided previously private schools under section 208 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 458d; 88 Stat. 2216) and recommendations with respect to the future use of such funds; (2) the needs and costs of operation and maintenance of tribally controlled community colleges eligible for assistance under the Tribally Controlled Community College Assistance Act of 1978 (92 Stat. 1325; 25 U.S.C. 1801 et seq.) and recommendations with respect to meeting such needs and costs; and (3) the plans required by section 1121(f), and 1122(c); and 1125(b) of this Act (25 U.S.C. 2001(f), 2002(c), and 2005(b)).

"(b) The Inspector General of the Department of the Interior shall establish a system to ensure that financial and compliance audits are conducted of each Bureau school at least once in every three years. Audits of Bureau schools shall be based upon the extent to which such school has complied with its local financial plan under section 1129.

"SEC. 6718. RIGHTS OF INDIAN STUDENTS.

"Within six months of the date of enactment of this Act, the Secretary shall prescribe such rules and regulations as are necessary to insure the constitutional and civil rights of Indian students attending Bureau schools, including, but not limited to, their right to privacy under the laws of the United States, their right to freedom of religion and expression and their right to due process in connection with disciplinary actions, suspensions, and expulsions.

"SEC. 6719. REGULATIONS.

"Regulations required to be adopted under sections 6706 through 6718 and any revisions of the standards developed under section 6701 or 6702 of this Act shall be deemed rules of general applicability prescribed for the administration of an applicable program for the purposes of section 431 of the General Education Provisions Act and shall be promulgated, submitted for congressional review, and take effect in accordance with the provisions of such section. Such regulations shall contain, immediately following each substantive provision of such regulations, citations to the particular section or sections of statutory law or other legal authority upon which such provision is based.

"SEC. 6720. DEFINITIONS.

"For the purpose of this part—

"(1) the term 'agency school board' means a body, the members of which are appointed by the school boards of the schools located within such agency, and the number of such members shall be determined by the Secretary in consultation with the affected tribes, except that, in agencies serving a single school, the school board of such school shall fulfill these duties;

"(2) the term 'Bureau' means the Bureau of Indian Affairs of the Department of the Interior;

"(3) the term 'Bureau funded school' means—

"(A) a Bureau school;

"(B) a contract school; or

"(C) a school for which assistance is provided under the Tribally Controlled Schools Act of 1988;

"(4) the term 'Bureau school' means a Bureau operated elementary or secondary day or boarding school or a Bureau operated dormitory for students attending a school other than a Bureau school;

"(5) the term 'contract school' means an elementary or secondary school or a dormitory which receives financial assistance for its operation under a contract or agreement with the Bureau under section 102, 103(a), or 208 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450f, 450h(a), and 458d);

"(6) the term 'education line officer' means education personnel under the supervision of the Director, whether located in central, area, or agency offices;

"(7) the term 'financial plan' means a plan of services to be provided by each Bureau school;

"(8) the term 'grant school' means a school which is provided assistance under the Tribally Controlled Schools Act of 1988;

"(9) the term 'Indian organization' means any group, association, partnership, corporation, or other legal entity owned or controlled by a federally recognized Indian tribe or tribes, or a majority of whose members are members of federally recognized Indian tribes;

"(8) the term 'local educational agency' means a board of education or other legally constituted local school authority having administrative control and direction of free public education in a county, township, independent, or other school district located within a State, and includes any State agency which directly operates and maintains facilities for providing free public education;

"(9) the term 'local school board', when used with respect to a Bureau school, means a body chosen in accordance with the laws of the tribe to be served or, in the absence of such laws, elected by the parents of the Indian children attending the school, except that in schools serving a substantial number of students from different tribes, the members shall be appointed by the governing bodies of the tribes affected; and the number of such members shall be determined by the Secretary in consultation with the affected tribes;

"(10) the term 'Office' means the Office of Indian Education Programs within the Bureau;

"(11) the term 'Secretary' means the Secretary of the Interior;

"(12) the term 'supervisor' means the individual in the position of ultimate authority at a Bureau school; and

"(13) the term 'tribe' means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (85 Stat. 688) which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

"SEC. 6721. VOLUNTARY SERVICES.

"Notwithstanding section 1342 of title 31, United States Code, the Secretary may, subject to the approval of the local school board concerned, accept voluntary services on behalf of Bureau schools. Nothing in this title shall be construed to require Federal employees to work without compensation or to allow the use of volunteer services to displace or replace Federal employees. An individual providing volunteer services under this section is a Federal employee only for purposes of chapter 81 of title 5, United States Code, and chapter 171 of title 28, United States Code.

"SEC. 6722. PRORATION OF PAY.

"(a) Notwithstanding any other provision of law, including laws relating to dual compensation, the Secretary, at the election of the employee, shall prorate the salary of an employee employed in an education position for the academic school-year over the entire twelve month period. Each educator employed for the academic school-year shall annually elect to be paid on a twelve month basis or for those months while school is in session. No educator shall suffer a loss of pay or benefits, including benefits under unemployment or other Federal or federally-assisted programs, because of such election.

"(b) During the course of such year the employee may change election once.

"(c) That portion of the employee's pay which would be paid between academic school years may be paid in lump sum at the election of the employee.

"(d) For the purposes of this section the terms "educator" and "education position" have the meaning contained in section 6712(n)(1) and (n)(2) of this title. This section applies to those individuals employed under the provisions of section 6712 of this title or title 5, United States Code.

"SEC. 6723. EXTRACURRICULAR ACTIVITIES.

"(a) Notwithstanding any other provision of law, the Secretary may provide, for each Bureau area, a stipend in lieu of overtime premium pay or compensatory time off. Any employee of the Bureau who performs additional activities to provide services to students or otherwise support the school's academic and social programs may elect to be compensated for all such work on the basis of the stipend. Such stipend shall be paid as a supplement to the employee's base pay.

"(b) If an employee elects not to be compensated through the stipend established by this section, the appropriate provisions of title 5, United States Code, shall apply.

"(c) This section applies to all Bureau employees, whether employed under section 6712 of this title or title 5, United States Code.

"SEC. 6724. EARLY CHILDHOOD DEVELOPMENT PROGRAM.

"(a) The Secretary shall provide grants to tribes, tribal organizations, and consortia of tribes and tribal organizations to fund early childhood development programs that are operated by such tribes, organizations, or consortia.

"(b)(1) The total amount of the grants provided under subsection (a) with respect to each tribe, tribal organization, or consortium of tribes or tribal organizations for each fiscal year shall be equal to the amount which bears the same relationship to the total amount appropriated under the authority of subsection (f) for such fiscal year (less amounts provided under subsection (e)) as—

"(A) the total number of children under 6 years of age who are members of—

"(i) such tribe,

"(ii) the tribe that authorized such tribal organization, or

"(iii) any tribe that—

"(I) is a member of such consortium, or

"(II) authorizes any tribal organization that is a member of such consortium, bears to

"(B) the total number of all children under 6 years of age who are members of any tribe that—

"(i) is eligible to receive funds under subsection (a),

"(ii) is a member of a consortium that is eligible to receive such funds, or

"(iii) authorizes a tribal organization that is eligible to receive such funds.

"(2) No grant may be provided under subsection (a)—

"(A) to any tribe that has less than 500 members,

"(B) to any tribal organization which is authorized—

"(i) by only 1 tribe that has less than 500 members, or

"(ii) by 1 or more tribes that have a combined total membership of less than 500 members, or

"(C) to any consortium composed of tribes, or tribal organizations authorized by tribes, that have a combined total tribal membership of less than 500 members.

"(c)(1) A grant may be provided under subsection (a) to a tribe, tribal organization, or consortia of tribes and tribal organizations only if the tribe, organization or consortia submits to the Secretary an application for the grant at such time and in such form as the Secretary shall prescribe.

"(2) Applications submitted under paragraph (1) shall set forth the early childhood development program that the applicant desires to operate.

"(d) The early childhood development programs that are funded by grants provided under subsection (a)—

"(1) shall coordinate existing programs and may provide services that meet identified needs of parents and children under 6 years of age which are not being met by existing programs, including—

"(A) prenatal care,

"(B) nutrition education,

"(C) health education and screening,

"(D) educational testing, and

"(E) other educational services,

"(2) may include instruction in the language, art, and culture of the tribe, and

"(3) shall provide for periodic assessment of the program.

"(e) The Secretary shall, out of funds appropriated under the authority of subsection (f), include in the grants provided under subsection (a) amounts for administrative costs incurred by the tribe or tribal organization in establishing and maintaining the early childhood development program.

"(f) For the purpose of carrying out the provisions of this section, there are authorized to be appropriated $5,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"SEC. 6725. TRIBAL DEPARTMENTS OF EDUCATION.

"(a) Subject to the availability of appropriations, the Secretary shall provide grants and technical assistance to tribes for the development and operation of tribal departments of education for the purpose of planning and coordinating all educational programs of the tribe.

"(b) Grants provided under this section shall—

"(1) be based on applications from the governing body of the tribe,

"(2) reflect factors such as geographic and population diversity,

"(3) facilitate tribal control in all matters relating to the education of Indian children on Indian reservations and on former Indian reservations in Oklahoma,

"(4) provide for the development of coordinated educational programs on Indian reservations (including all preschool, elementary, secondary, and higher or vocational educational programs funded by tribal, Federal, or other sources) by encouraging tribal administrative support of all Bureau funded educational programs as well as encouraging tribal cooperation and coordination with all educational programs receiving financial support from State agencies, other Federal agencies, or private entities,

"(5) provide for the development and enforcement of tribal educational codes, including tribal educational policies and tribal standards applicable to curriculum, personnel, students, facilities, and support programs, and

"(6) otherwise comply with regulations for grants under section 103(a) of the Indian Self-Determination and Educational Assistance Act (25 U.S.C. 450h) that are in effect on the date application for such grants are made.

"(c)(1) In approving and funding applications for grants under this section, the Secretary shall give priority to any application that—

"(A) includes assurances from the majority of Bureau funded schools located within the boundaries of the reservation of the applicant that the tribal department of education to be funded under this section will provide

coordinating services and technical assistance to all of such schools, including (but not limited to) the submission to each applicable agency of a unified application for funding for all of such schools which provides that—

"(i) no administrative costs other than those attributable to the individual programs of such schools will be associated with the unified application, and

"(ii) the distribution of all funds received under the unified application will be equal to the amount of funds provided by the applicable agency to which each of such schools is entitled under law,

"(B) includes assurances from the tribal governing body that the tribal department of education funded under this section will administer all contracts or grants (except those covered by the other provisions of this title and the Tribally Controlled Community College Assistance Act of 1978) for education programs administered by the tribe and will coordinate all of the programs to the greatest extent possible,

"(C) includes assurances for the monitoring and auditing by or through the tribal department of education of all education programs for which funds are provided by contract or grant to ensure that the programs meet the requirements of law, and

"(D) provides a plan and schedule for—

"(i) the assumption over the term of the grant by the tribal department of education of all assets and functions of the Bureau agency office associated with the tribe, insofar as those responsibilities relate to education, and

"(ii) the termination by the Bureau of such operations and office at the time of such assumption,

but when mutually agreeable between the tribal governing body and the Assistant Secretary, the period in which such assumption is to occur may be modified, reduced, or extended after the initial year of the grant.

"(2) Subject to the availability of appropriated funds, grants provided under this section shall be provided for a period of 3 years and the grant may, if performance by the grantee is satisfactory to the Secretary, be renewed for additional 3-year terms.

"(d) The Secretary shall not impose any terms, conditions, or requirements on the provision of grants under this section that are not specified in this section.

"(e) For the purpose of carrying out the provisions of this section, there are authorized to be appropriated $2,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"SEC. 6726. PAYMENTS.

"(a)(1) Except as otherwise provided in this subsection, the Secretary shall make payments to grantees under this part in 2 payments:

"(A) one payment to be made no later than July 1 of each year in an amount equal to one-half of the amount which the grantee was entitled to receive during the preceding academic year, and

"(B) the second payment, consisting of the remainder to which the grantee is entitled for the academic year, shall be made no later than December 1 of each year.

"(2) For any school for which no payment was made from Bureau funds in the preceding academic year, full payment of the amount computed for the first academic year of eligibility under this part shall be made no later than December 1 of the academic year.

"(3) With regard to funds for grantees that become available for obligation on October 1 of the fiscal year for which they are appropriated, the Secretary shall make payments to grantees no later than December 1 of the fiscal year.

"(4) The provisions of the Prompt Payment Act (31 U.S.C. 3901 et seq.) shall apply to the payments required to be made by paragraphs (1), (2), and (3) of this subsection.

(b) Paragraph (3) is amended by striking "Paragraphs (1) and (2)" and inserting in lieu thereof "Paragraphs (1), (2), and (3)", and is renumbered as paragraph "(5)".

"TITLE VII—BILINGUAL EDUCATION PROGRAMS

"SEC. 7001. SHORT TITLE.

"This title may be cited as the 'Bilingual Education Act'.

"SEC. 7002. FINDINGS, POLICY, AND PURPOSE.

"(a) FINDINGS.—The Congress finds that—

"(1) language-minority Americans constitute a large and growing proportion of the Nation's population;

"(2) language-minority Americans speak virtually all world languages plus many that are indigenous to the United States;

"(3) the presence of language-minority Americans is related in part to Federal immigration policies;

"(4) many language-minority Americans are limited in their English proficiency, and many have limited education and income;

"(5) limited-English-proficient children and youth, like all other children and youth, have diverse educational needs and strengths and therefore require access to all educational programs and services;

"(6) the Federal Government has a responsibility for the education of American Indians and a special obligation to Native Alaskans, Native Hawaiians and native residents of the territories and freely associated nations to redress the effect of past Federal policies;

"(7) institutions of higher education can assist in preparing teachers, administrators and other school personnel to understand and build upon the educational strengths and needs of language-minority and culturally diverse student enrollments;

"(8) it is the purpose of this title to help ensure that limited-English-proficient students master English and develop high levels of academic attainment in content areas;

"(9) quality bilingual education programs enable children and youth to learn English and meet high academic standards including proficiency in more than one language;

"(10) as the world becomes increasingly interdependent and as international communication becomes a daily occurrence in government, business, commerce, and family life, multilingual skills constitute an important national resource which deserves protection and development;

"(11) educational technology has the potential for improving the education of language-minority and limited-English-proficient students and their families, and the Federal Government should foster this development;

"(12) research, development, implementation and dissemination of effective bilingual education methods, practices, and programs for limited-English-proficient children are essential to systemwide school reform that improves education for all children; and

"(13) a recognized means by which a child learns is through the use of the child's native language, cultural heritage, and instructional programs which use and build upon a child's non-English native language and cultural heritage to promote parent and community involvement in education, student self-esteem, proficiency in English, and subject matter achievement.

"(b) POLICY.—The Congress declares it to be the policy of the United States, in order to ensure equal educational opportunity for all children and youth and to promote educational excellence, to assist State and local educational agencies, institutions of higher education, and community-based organizations to build their capacity to establish, implement, and sustain programs of instruction for language minority and limited-English-proficient children and youth.

"(c) PURPOSE.—The purpose of this title is to educate language minority and limited-English-proficient children and youth to meet the same rigorous standards for academic performance expected of all children and youth, including meeting challenging State performance standards in academic areas by developing—

"(1) systemic improvement and reform of educational programs serving language-minority and limited-English-proficient students through the development and implementation of exemplary bilingual education programs and special alternative instruction programs;

"(2) data collection and dissemination, research, materials development, and technical assistance which is focused on school improvement for language-minority and limited-English-proficient students; and

"(3) programs which strengthen and improve the professional training of educational personnel who work with limited-English-proficient and language-minority students.

"SEC. 7003. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—For the purpose of carrying out the provisions of this title (except part F), there are authorized to be appropriated $215,000,000 for the fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"(b) DISTRIBUTION.—From the sums appropriated under subsection (a) for any fiscal year, the Secretary shall reserve at least 25 percent for part C of this title.

"SEC. 7004. DEFINITIONS; REGULATIONS:

"(a) GENERAL RULE.—For purposes of this title—

"(1) The term 'native language', when used with reference to an individual, means the language normally used by such individuals, or, in the case of a child, the language normally used by the parents of the child.

"(2) The term 'language-minority' means—

"(A) individuals whose native language is other than English;

"(B) individuals who usually speak a language other than English or come from home environments where a language other than English is usually spoken; or

"(C) American Indians, Alaskan Natives, and Native Hawaiians and native residents of the territories and freely associated nations.

"(3) The term 'limited-English-proficient' means a language-minority person who has difficulty understanding, speaking, reading, or writing the English language at a level appropriate to his or her age and grade and is, thereby, academically disadvantaged in programs conducted exclusively in English.

"(4) The term 'bilingual education' refers to educational programs for limited-English-proficient students which make instructional use of both English and a student's native language. Programs of bilingual education must enable limited-English-proficient students to achieve English proficiency and academic mastery of subject matter content and higher order skills, including critical thinking, so as to meet age-appropriate grade-promotion and graduation

standards in concert with national education goals. Bilingual education programs may also develop the native language skills of limited-English-proficient students, or ancestral languages of American Indians, Alaskan Natives, Native Hawaiians and native residents of the territories and freely associated nations. English proficient students may participate in bilingual education programs if the programs are designed to enable all enrolled students to become proficient in English and a second language.

"(5) The term 'special alternative instructional program' refers to educational programs for limited-English-proficient students which utilize specially designed English language curricula and services but do not use the student's native language for instructional purposes. Special alternative instructional programs must enable limited-English-proficient students to achieve English proficiency and academic mastery of subject matter content and higher order skills, including critical thinking so as to meet age-appropriate grade-promotion and graduation standards in concert with national education goals. Special alternative instructional programs are suitable for schools where the diversity of the limited-English-proficient students' native languages and the small number of students speaking each respective language makes bilingual education impractical and where there is a critical shortage of bilingual education teachers.

"(6) The term 'family education programs' refers to bilingual education or special alternative instructional programs designed to help limited-English-proficient adults and out-of-school youths achieve proficiency in the English language and to provide instruction on how parents and family members can facilitate the educational achievement of their children. When feasible, instructional programs such as the model developed under the Even Start Literacy Programs that promote adult literacy and train parents to support the educational growth of their children shall be developed. Programs shall give preference to participation by parents and immediate family members of children attending school. Family education programs may also provide instruction to facilitate higher education and employment outcomes.

"(7) The term 'institution of higher education' has the meaning given such term in section 1201(a) of the Higher Education Act of 1965.

"(8) The term 'Office' means the Office of Bilingual Education and Minority Languages Affairs.

"(9) The term 'community college' has the meaning given such term in section 1201(a) of the Higher Education Act of 1965 for an institution which provides not less than a 2-year program which is acceptable for full credit toward a bachelor's degree, including institutions receiving assistance under the Tribally Controlled Community College Assistance Act of 1978.

"(10) The term 'paraprofessional' means an individual who is employed in preschool or elementary or secondary school under the supervision of a certified or licensed teacher, including individuals employed in bilingual education, special education and migrant education.

"(11) The term 'other programs for persons of limited-English-proficiency' means any programs administered by the Secretary that serve persons of limited-English-proficiency.

"(12) The term 'community-based organization' means a private nonprofit organization or Indian tribe or tribally sanctioned educational authority which is representative of a community or significant segments of a community and which provides educational or related services to individuals in the community. The term 'community-based organization' includes Native Hawaiian organizations (including Native Hawaiian education organizations) as defined in section 4009 of Public Law 100-297).

"(13) The term 'children and youth' means individuals aged 3 through 21.

"(14) The term 'immigrant children and youth' means individuals who—

"(A) are aged 3 through 21;

"(B) were not born in any State; and

"(C) have not been attending 1 or more schools in any 1 or more States for more than 2 full academic years.

"(b) REGULATION RULE.—In developing regulations under this title, the Secretary shall consult with State and local educational agencies, organizations representing limited-English-proficient individuals, and organizations representing teachers and other personnel involved in bilingual education.

"(c) PARENTAL NOTIFICATION.—Parents of children and youth participating in programs assisted under this title shall be informed of—

"(1) a student's level of English proficiency, how it was assessed, the status of a student's academic achievement and the implications of a student's educational strengths and needs for age and grade appropriate academic attainment, promotion, and graduation;

"(2) what programs are available to meet the student's educational strengths and needs and how the programs differ in content and instructional goals, and in the case of a disabled student, how the program meets the objectives of a student's individualized education program;

"(3) the instructional goals of the bilingual education or special alternative instructional program, and how the program will specifically help the limited-English-proficient student acquire English and meet age-appropriate standards for grade-promotion and graduation, including—

"(A) the benefits and nature of the bilingual educational program and of the instructional alternatives; and

"(B) the reasons for the selection of their child as being in need of bilingual education.

"(4)(A) Parents shall also be informed that they have the option of declining enrollment of their children and youth in such programs and shall be given an opportunity to do so if they so choose.

"(B) Local educational agencies are not relieved of any of their obligations under title VI of the Civil Rights Act of 1964 because parents choose not to enroll their children in bilingual education programs.

"(5) Parents must receive, in a manner and form understandable to them, including, if necessary and to the extent feasible, in their native language, the information required by this subsection. At a minimum, parents must receive—

"(A) timely information about projects funded under this part; and

"(B) if the parents of participating children so desire, notice of opportunities for regular meetings for the purpose of formulating and responding to recommendations from such parents.

"(6) no action may involve the admission or exclusion of students to or from any federally assisted education program merely on the basis of the surnames or language-minority status of such students.

"SEC. 7005. INDIAN AND ALASKAN NATIVE CHILDREN IN SCHOOLS.

"(a) ELIGIBLE ENTITIES.—For the purpose of carrying out programs under this title for individuals served by elementary, secondary, or postsecondary schools operated predominately for Indian or Alaska Native children and youth, an Indian tribe, a tribally sanctioned educational authority, or an elementary or secondary school that is operated or funded by the Bureau of Indian Affairs shall be considered to be a local educational agency as such term is used in this title, subject to the following qualifications:

"(1) The term 'Indian tribe' means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), that is recognized for the special programs and services provided by the United States to Indians because of their status as Indians.

"(2) The term 'tribally sanctioned educational authority' means—

"(A) any department or division of education operating within the administrative structure of the duly constituted governing body of an Indian tribe; or

"(B) any nonprofit institution or organization that is—

"(i) chartered by the governing body of an Indian tribe to operate any such school or otherwise to oversee the delivery of educational services to members of that tribe; and

"(ii) approved by the Secretary for the purpose of this section.

"(b) BUREAU OF INDIAN AFFAIRS SCHOOLS.—From the sums appropriated pursuant to section 7003, the Secretary is authorized to make payments to applicants to carry out programs of bilingual education or special alternative instruction for Indian children served by elementary and secondary schools operated or funded by the Bureau of Indian Affairs.

"(c) ANNUAL REPORT.—(1) The Assistant Secretary of the Interior for the Bureau of Indian Affairs in collaboration with the Secretary shall submit to the Congress, the President, and the Secretary, by September 30 of each year, a report which provides—

"(A) an assessment of the educational outcomes and needs of Indian children with respect to the purposes of this title in schools operated or funded by the Department of the Interior, including tribes and local educational agencies receiving assistance under the Johnson-O'Malley Act and the Native American Languages Act; and

"(B) an assessment of the extent to which such needs are being met by funds provided to such schools for educational purposes through the Secretary of the Interior.

"(2) The results presented in this report shall be included in the report under section 7041 of this Act.

"(3) The assessments required under this subsection shall be waived if such assessments duplicate similar assessment requirements under other Federal or tribal laws.

"SEC. 7006. RESIDENTS OF THE TERRITORIES AND FREELY ASSOCIATED NATIONS.

"For the purpose of carrying out programs under this title in Guam and the freely associated nations, the term 'local educational agency' shall include public institutions or agencies whose mission is the preservation and maintenance of native languages.

"PART A—BILINGUAL EDUCATION CAPACITY AND DEMONSTRATION GRANTS

"SEC. 7101. PURPOSE OF GRANTS.

"Grants under this part shall be used to develop the capacity of local educational agencies, institutions of higher education, and community-based organizations which provide educational programs to initiate, develop, enhance or improve bilingual education or special alternative instruction programs for children and youth of limited-English-proficiency.

"SEC. 7102. PROGRAM DEVELOPMENT AND IMPLEMENTATION GRANTS.

"(a) PURPOSE.—The purpose of this section is to develop and implement new comprehensive, coherent, and successful bilingual education or special alternative instructional programs for limited-English-proficient students including programs of early childhood education, K-12 education, gifted and talented education, and vocational and applied technology education.

"(b) PROGRAM AUTHORIZED.—

"(1) The Secretary is authorized to make program development and implementation grants of up to $100,000 annually for 3 years with 1 additional year upon the Secretary's approval.

"(2) Grants approved under this section shall be used to improve the education of limited-English-proficient students and their families by—

"(A) developing and implementing comprehensive preschool, elementary, or secondary bilingual education or special alternative instructional programs that are coordinated with other relevant programs and services to meet the full range of educational needs of limited-English-proficient students; and

"(B) providing in service training to classroom teachers, administrators, and other school or community-based organizational personnel to improve the instruction and assessment of language-minority and limited-English-proficient students.

"(3) Grants approved under this section may be used to improve the education of limited-English-proficient students and their families by—

"(A) implementing family education programs and activities; and

"(B) improving the instructional program for limited-English-proficient students by upgrading curriculum, instructional materials, and assessment procedures and, if appropriate, applying educational technology.

"(c) ELIGIBLE ENTITIES.—A grant may be made under this section only upon application by one or more local educational agencies, applying alone or in collaboration with an institution of higher education, community-based organization or local or State educational agency. A grant may also be made under this section upon application by a community-based organization which is agreed to by the local educational agency to develop and implement early childhood education or family education programs or to conduct an instructional program which supplements the educational services provided by a local educational agency.

"(d) DISTRIBUTION.—The Secretary shall, to the extent practicable, award grants equally among early childhood education, elementary education, and secondary education programs.

"SEC. 7103. PROGRAM ENHANCEMENT PROJECTS.

"(a) PURPOSE.—The purpose of this section is to carry out highly focused, innovative, locally designed projects to expand or enhance existing bilingual education or special alternative instructional programs for limited-English-proficient students.

"(b) PROGRAM AUTHORIZED.—

"(1) The Secretary is authorized to make program enhancement project grants of up to $100,000 for 2 years to eligible applicants.

"(2) Grants approved under this section shall be used for providing in-service training to classroom teachers, administrators, and other school or community-based organization personnel to improve the instruction and assessment of language-minority and limited-English-proficient students.

"(3) Grants approved under this section may be used for—

"(A) improving the instructional program for limited-English-proficient students by upgrading curriculum, instructional materials, and assessment procedures and, if appropriate, applying educational technology;

"(B) implementing family education programs and activities; and

"(C) providing intensified instruction.

"(c) ELIGIBLE ENTITIES.—A grant may be made under this section only upon application by one or more local educational agencies, applying alone or in collaboration with an institution of higher education, community-based organization or local or State educational agency. A grant also may be made under this section upon application by a community-based organization which is agreed to by the local educational agency to enhance early childhood education or family education programs or to conduct an instructional project which supplements the educational services provided by a local educational agency.

"SEC. 7104. WHOLE-SCHOOL PROGRAMS.

"(a) PURPOSE.—The purpose of this section is to provide financial assistance to eligible applicants to reform, restructure, and upgrade all relevant programs and operations within an individual school to fulfill the comprehensive educational needs of all of a school's limited-English-proficient students and their families.

"(b) PROGRAM AUTHORIZED.—

"(1) The Secretary is authorized to make 5-year grants of up to $100,000 for the first year and up to $250,000 for each of the subsequent 4 years to eligible applicants.

"(2) Grants approved under this section shall be used to improve education of limited-English-proficient students and their families by reviewing, restructuring, and upgrading in-service training for all school staff and, if appropriate, for community-based organization personnel.

"(3) Grants approved under this section may be used to improve the education of limited-English-proficient students and their families by reviewing, restructuring, and upgrading—

"(A) the school's instructional program for limited-English-proficient students including curriculum, instructional materials, and assessment systems, and, if appropriate, the application of educational technology;

"(B) family education programs and activities; and

"(C) intensified instruction.

"(4) During the first year of the grant, a priority is established in use of funds for preparatory activities including planning, training, curriculum development, and materials acquisition or development.

"(c) ELIGIBLE ENTITIES.—A grant may be made under this section only upon application by one or more local educational agencies, applying alone or in collaboration with an institution of higher education, community-based organizations or local or State educational agency.

"SEC. 7105. SYSTEM-WIDE IMPROVEMENT GRANTS.

"(a) PURPOSE.—The purpose of this section is to provide financial assistance to improve, reform, and upgrade relevant programs and operations with an entire local educational agency to fulfill the comprehensive educational needs of all the agency's limited-English-proficient students and, to the extent feasible, their families.

"(b) PROGRAM AUTHORIZED.—

"(1) The Secretary is authorized to make 5-year grants of up to $1,000,000 for the first year and up to $5,000,000 for each of the subsequent 4 years to eligible applicants.

"(2) Grants approved under this section may be used during the first 12 months exclusively for activities preparatory to the delivery of services.

"(3) Grants approved under this section may be used to improve education of limited-English-proficient students and their families by reviewing, restructuring, and upgrading—

"(A) educational goals, curriculum guidelines and content, standards and assessments;

"(B) personnel policies and practices including recruitment, certification, staff development, and assignment;

"(C) student grade-promotion and graduation requirements;

"(D) student assignment policies and practices;

"(E) program delivery standards, management information and accountability systems;

"(F) instructional and extracurricular programs and services; and

"(G) application of educational technology.

"(c) ELIGIBLE ENTITIES.—A grant may be made under this section only upon application by one or more local educational agencies, applying alone or in collaboration with an institution of higher education, community-based organization or local or State educational agency.

"(d) PRIORITY.—The Secretary shall give priority to applications from—

"(1) applicants which enroll a large percentage or large number of limited-English-proficient students; and

"(2) consortia of eligible applicants to serve limited-English-proficient students in rural and linguistically isolated settings.

"SEC. 7106. APPLICATIONS.

"(a) SUBMISSION.—To receive a grant under this part, applicants shall submit an application to the Secretary in such form and containing such information as the Secretary may require:

"(1) An application for a grant under this part shall be developed in consultation with, and shall provide for the continuing involvement of, an advisory council which shall be composed of representatives responsible for implementing grant activities and of parents and other relatives of the children to be served in such programs; parents shall comprise a majority of all council members.

"(2) All applicants for grants under this part, except for those applicants identified in section 7005, shall submit a copy of the application to the relevant State educational agency. The State educational agency may submit to the Secretary written comments on the application with respect to how the applications further State education improvement plans including any developed under Goals 2000: Educate America Act (if such plans exist) or title I of this Act. If the State educational agency of a State submits written comments on any application, it

must submit written comment on all applications within that same grant category from within that State. The Secretary shall take comments into consideration when funding applications under this part.

"(b) REQUIRED DOCUMENTATION.—Such application shall include documentation that the applicant has the qualified personnel required to develop, administer, and implement the proposed program.

"(c) CONTENTS.—(1) An application for a grant under this part shall contain the following:

"(A) A description of the need for the proposed program, including data on the number of children and youth of limited-English-proficiency in the school or district to be served and their characteristics, such as language spoken, dropout rates, proficiency in English and the native language, academic standing in relation to their English proficient peers, and, where applicable, the recency of immigration.

"(B) A description of the program to be implemented and how its design—

"(i) relates to the linguistic and academic needs of the children and youth of limited-English-proficiency to be served;

"(ii) is consistent with, and promotes the goals in, the local educational agency plan under title III of the Goals 2000: Educate America Act, if such plan exists, and the local educational agency's plan under title I of this Act, particularly as those plans relate to the education of children and youth of limited-English-proficiency;

"(iii) involves the parents of the children and youth of limited-English-proficiency to be served;

"(iv) ensures accountability in the expected student outcomes; and

"(v) promotes coordination of services for the children and youth of limited-English-proficiency to be served and their families.

"(C) A description, if appropriate, of the applicant's collaborative activities with institutions of higher education, community-based organizations, local or State educational agencies, private schools, nonprofit organizations, or businesses in carrying out the proposed program.

"(D) An assurance that the applicant will not reduce the level of State and local funds that it expends for bilingual education or special alternative instruction programs if it receives an award under this part.

"(E) A budget for grant funds.

"(2) An application for a grant under section 7102 or 7104 shall also contain a description of the instructional program, student services, in-service training, and family education programs to be provided under the grant.

"(3) An application for a grant under section 7103 shall also contain the following:

"(A) A description of the existing bilingual education or special alternative instruction program which the project is designed to enhance.

"(B) A description of the proposed project activities.

"(4) An application for a grant under section 7105 shall also contain a description of the activities which would be carried out under the grant.

"(d) APPROVAL OF APPLICATIONS.—An application for a grant under this part may be approved only if the Secretary determines that—

"(1) the program will use qualified personnel, including those personnel who are proficient in the language or languages used for instruction;

"(2) in designing the program for which application is made, the needs of children in nonprofit private elementary and secondary schools have been taken into account through consultation with appropriate private school officials and, consistent with the number of such children enrolled in such schools in the area to be served whose educational needs are of the type and whose language and grade levels are of a similar type that the program is intended to address, after consultation with appropriate private school officials, provision has been made for the participation of such children on a basis comparable to that provided for public school children;

"(3) student evaluation and assessment procedures in the program are valid, reliable, and fair for limited-English-proficient students, and that limited-English-proficient students who are disabled are identified and served in accordance with the requirements of the Individuals with Disabilities Education Act;

"(4) Federal funds made available for the project or activity will be used so as to supplement the level of State and local funds that, in the absence of such Federal funds, would have been expended for special programs for children of limited-English-proficient individuals and in no case to supplant such State and local funds, except that nothing in this paragraph shall preclude a local educational agency from using funds under this title for activities carried out under an order of a court of the United States or of any State respecting services to be provided such children, or to carry out a plan approved by the Secretary as adequate under title VI of the Civil Rights Act of 1964 with respect to services to be provided such children;

"(5) the assistance provided under the application will contribute toward building the capacity of the applicant to provide a program on a regular basis, similar to that proposed for assistance, which will be of sufficient size, scope, and quality to promise significant improvement in the education of students of limited-English-proficiency, and that the applicant will have the resources and commitment to continue the program when assistance under this title is reduced or no longer available;

"(6) the applicant provides for utilization of the State and national dissemination sources for program design and in dissemination of results and products.

"(e) SPECIAL CONSIDERATION AND PRIORITIES.—

"(1) Students may participate in any program receiving funds under this part for the duration of the program.

"(2) The Secretary shall give priority to applications which provide for the development of bilingual proficiency for all participating students.

"(3) Grants for special alternative instructional programs shall not exceed 25 percent of the funds provided for any type of grant under any section or of total funds provided under this part.

"(4) Notwithstanding paragraph (3), the Secretary may award grants for special alternative instructional programs if an applicant has demonstrated that they cannot develop and implement a bilingual education program for the following reasons:

"(A) Where the diversity of the limited-English proficient students' native languages and the small number of students speaking each respective language makes bilingual education impractical.

"(B) Where, despite documented convincing efforts, the applicant has not been able to hire instructional personnel who are able to communicate in the students' native language.

"(5) In approving applications under this part, the Secretary shall give consideration to the degree to which the program for which assistance is sought involves the collaborative efforts of institutions of higher education, community-based organizations, the appropriate local and State educational agency, or business.

"(6) The Secretary shall ensure that projects funded under this part address the full needs of school systems of all sizes and geographical areas, including rural schools.

"(7) The Secretary shall give priority to applications providing training for personnel participating in or preparing to participate in the program which will assist them in meeting State and local certification requirements and that, to the extent possible, college or university credit will be awarded for such training.

"SEC. 7107. INTENSIFIED INSTRUCTION.

"In carrying out this part, each grant recipient may intensify instruction for limited-English-proficient students by—

"(1) expanding the educational calendar of the school in which such student is enrolled to include programs before and after school and during the summer months;

"(2) expanding the use of professional and volunteer aids;

"(3) applying technology to the course of instruction; and

"(4) providing intensified instruction through supplementary instruction or activities, including educationally enriching extracurricular activities, during times when school is not routinely in session.

"SEC. 7108. CAPACITY BUILDING.

"Each recipient of a grant under this part shall use its grant in ways that will build its capacity to continue to offer high-quality bilingual and special alternative education programs and services to children and youth of limited-English-proficiency once Federal assistance is reduced or eliminated.

"SEC. 7109. SUBGRANTS.

"A local educational agency that receives a grant under this part may, with the approval of the Secretary, make a subgrant to, or enter into a contract with, an institution of higher education, a non-profit organization, or a consortium of such entities to carry out an approved program, including a program to serve out-of-school youth.

"SEC. 7110. GEOGRAPHIC DISTRIBUTION OF FUNDS.

"To the extent possible, the Secretary shall award funds under this part throughout the Nation in a manner that reflects the geographic distribution of children and youth of limited-English-proficiency.

"SEC. 7111. PROGRAMS IN PUERTO RICO.

"Programs authorized under this title in the Commonwealth of Puerto Rico may, notwithstanding any other provision of this title, include programs of instruction, teacher training, curriculum development, evaluation, and testing designed for children and youth of limited-Spanish proficiency.

"SEC. 7112. EVALUATIONS.

"(a) EVALUATION.—Each recipient of funds under this part shall provide the Secretary with an evaluation, in the form prescribed by the Secretary, of its program every two years.

"(b) USE OF EVALUATION.—Such evaluation shall be used by a grantee—

"(1) for program improvement;

"(2) to further define the local program's goals and objectives; and

"(3) to determine program effectiveness.

"(c) EVALUATION COMPONENTS.—Evaluations shall include—

"(1) student outcome indicators that measure progress toward the performance standards set out in the State's plan, either approved or being developed, under title III of the Goals 2000: Educate America Act, or, if the State does not have an approved plan under title III of the Goals 2000: Educate America Act and is not developing such a plan, with the State plan approved or being developed under section 1111 of this Act, including data comparing children and youth of limited-English-proficiency with non-limited-English-proficient children and youth with regard to school retention, academic achievement, and gains in English (and, where applicable, native language) proficiency;

"(2) program implementation indicators that provide information for informing and improving program management and effectiveness, including data on appropriateness of curriculum in relationship to grade and course requirements, appropriateness of program management, appropriateness of the program's staff professional development, and appropriateness of the language of instruction;

"(3) program context indicators that describe the relationship of the activities funded under the grant to the overall school program and other Federal, State, or local programs serving children and youth of limited-English-proficiency; and

"(4) such other information as the Secretary may require.

"PART B—RESEARCH AND DISSEMINATION

"SEC. 7201. USE OF FUNDS.

"The Secretary is authorized to conduct data collection, dissemination, research, and evaluation activities through the Office of Bilingual Education and Minority Languages Affairs for the purpose of improving bilingual education and special alternative instruction programs for children and youth of limited-English-proficiency.

"SEC. 7202. RESEARCH.

"(a) RESEARCH ACTIVITIES.—The Secretary shall support through competitive grants contracts and cooperative agreements to institutions of higher education, nonprofit and for-profit organizations, and local and State educational agencies, funds for research with a practical application to teachers, counselors, paraprofessionals, school administrators, parents, and others involved in improving the education of limited-English-proficient students and their families.

"(b) AUTHORIZED ACTIVITIES.—

"(1) The Secretary may conduct research activities that include—

"(A) identifying criteria for the establishment, use and monitoring of local, State, or national education goals, content, performance and delivery standards, and assessments for all students that provide for appropriate, valid, reliable, and fair participation by limited-English-proficient and language-minority students;

"(B) identifying determinants of appropriate high quality secondary school programs for limited-English-proficient students, and high quality curriculum-related instructional materials; and

"(C) identifying determinants of appropriate high quality early childhood development programs for limited-English-proficient children, including families, and appropriate high quality materials.

"(D) studies to identify models of effective program coordination that support students while in transition to English language classrooms that develop and maintain high levels of proficiency in the native languages and English;

"(E) studies of effective curricula and instructional strategies for the development and maintenance of high levels of student proficiency in both their native language and English, including the role of family, community, and career contexts;

"(F) identification of strategies for effective participation by limited-English-proficient parents in their children's education for attainment of educational excellence;

"(G) identifying methods of improving classification, placement, and services to limited-English-proficient students including, but not limited to their participation in early childhood development programs, title I, special education, foreign language education, and gifted and talented education;

"(H) identification of methods for effective delivery of bilingual education to rural schools and in the less-commonly-taught languages using educational technology and electronic communications networks;

"(I) identification of trends in demand for language skills and of career opportunities for individuals with high levels of proficiency in English and a second language; and

"(J) establishing through the National Center for Education Statistics and in consultation with the Office of Bilingual Education and Minority Languages Affairs, and experts in bilingual education, second language acquisition and English-as-a-second language, a common definition of 'limited-English-proficient student' for purposes of national data collection.

"(c) FIELD-INITIATED RESEARCH.—The Secretary shall reserve at least 5 percent of the funds available under this section for field-initiated research by current or recent recipients of grants under parts A or C of this title. Research must be conducted by current grant recipients or by former recipients who have received such grants within the previous 5 years. Field-initiated research may provide for longitudinal studies of students or teachers in bilingual education, monitoring the education of such students from entry in bilingual education through high school completion. Applicants may submit an application for field-initiated research at the same time as applications are submitted under part A or part C. The Secretary shall complete a review of such applications on a timely basis to allow research and program grants to proceed in coordination where appropriate.

"(d) CONSULTATION.—The Secretary shall consult with agencies and organizations that are engaged in bilingual education research and practice, or related research, and bilingual education researchers and practitioners to identify areas of study and activities to be funded under this section.

"(e) COORDINATION.—Research activities supported under this section—

"(1) shall be carried out in consultation with the Office of Educational Research and Improvement to ensure that such activities are coordinated with and enhance the research and development activities supported by the Office; and

"(2) may include collaborative research activities which are jointly funded and carried out by the Office of Bilingual Education and Minority Language Affairs and the Office of Educational Research and Improvement.

"(f) DATA COLLECTION.—The Secretary shall provide for the continuation of data collection on limited-English-proficient students as part of the data systems operated by the Department.

"SEC. 7203. ACADEMIC EXCELLENCE AWARDS.

"(a) AWARDS.—The Secretary may make grants to, and enter into contracts and cooperative agreements with, State and local educational agencies, nonprofit organizations, and institutions of higher education to promote the adoption and implementation of bilingual education, special alternative instruction programs, and professional development programs that demonstrate great promise of assisting children and youth of limited-English-proficiency to meet challenging State standards.

"(b) APPLICATIONS.—(1) An entity desiring to receive an award under this section shall submit an application to the Secretary in such form, at such time, and containing such information and assurances as the Secretary may require.

"(2) The Secretary shall use a peer review process, using effectiveness criteria that the Secretary shall establish, to review applications under this section.

"(c) USE OF FUNDS.—Funds under this section shall be used to enhance the capacity of States and local education agencies to provide high quality academic programs for children and youth of limited-English-proficiency, which may include—

"(1) completing the development of such programs;

"(2) professional development of staff participating in bilingual education programs;

"(3) sharing strategies and materials; and

"(4) supporting professional networks.

"(d) COORDINATION.—Recipients of funds under this section shall coordinate their activities with those carried out by comprehensive technical assistance centers under title II of this Act.

"SEC. 7204. STATE GRANT PROGRAM.

"(a) STATE GRANT PROGRAM.—The Secretary is authorized to make an award to a State educational agency that demonstrates, to the satisfaction of the Secretary, that its approved plan under title III of the Goals 2000: Educate America Act, if such plan exists, or, if such plan does not exist, its plan under title I of this Act, effectively provides for the education of children and youth of limited-English-proficiency within the State.

"(b) PAYMENTS.—The amount paid to a State educational agency under subsection (a) shall not be less than $100,000 nor greater than 5 percent of the total amount awarded to local educational agencies within the State under part A of this title for the previous fiscal year.

"(c) USE OF FUNDS.—(1) A State educational agency shall use funds for programs authorized by this section to—

"(A) assist local educational agencies in the State with program design, capacity building, assessment of student performance, and program evaluation; and

"(B) collect data on the State's language-minority and limited English-proficient populations and the educational programs and services available to these populations.

"(2) The State educational agency may also use funds for the training of State educational agency personnel in educational issues affecting limited-English-proficient children and youth.

"(3) Recipients of awards under this section shall not restrict the provision of services under this section to federally-funded programs.

"(d) STATE CONSULTATION.—A State educational agency receiving funds under this section shall consult with recipients of grants under this title and other individuals or organizations involved in the development

or operation of programs serving limited-English-proficient children or youth to ensure that funds are used in a manner consistent with the requirements of this title.

"(e) APPLICATIONS.—A State educational agency desiring to receive an award under this section shall submit an application to the Secretary in such form, at such time, containing such information and assurances as the Secretary may require.

"(f) SUPPLEMENT NOT SUPPLANT.—Funds made available under this section for any fiscal year shall be used by the State educational agency to supplement and, to the extent practical, to increase to level of funds that would, in the absence of such funds, be made available by the State for the purposes described in this section, and in no case to supplant such funds.

"(g) REPORT TO THE SECRETARY.—State educational agencies receiving grants under this section shall provide for the annual submission of a summary report to the Secretary containing information on such matters as the Secretary shall, by regulation, determine necessary and proper to achieve the purposes of this title, including information on State capacity and progress in meeting the education needs of all limited-English-proficient children, plans for additional action, the effect of standards and assessments in improving their education. Such reports shall be in such form and shall be submitted on such date as the Secretary shall specify by regulation.

"SEC. 7205. NATIONAL CLEARINGHOUSE FOR BILINGUAL EDUCATION.

"(a) ESTABLISHMENT.—The Secretary shall establish and support the operation of a National Clearinghouse for Bilingual Education, which shall collect, analyze, synthesize, and disseminate information about bilingual education and related programs.

"(b) FUNCTIONS.—The National Clearinghouse for Bilingual Education shall—

"(1) be administered as an adjunct clearinghouse of the ERIC system of clearinghouses supported by the Office of Educational Research and Improvement;

"(2) coordinate its activities with Federal data and information clearinghouses and dissemination networks and systems; and

"(3) develop a data base management and monitoring system for improving the operation and effectiveness of funded programs.

"SEC. 7206. INSTRUCTIONAL MATERIALS DEVELOPMENT.

"The Secretary may provide grants for the development, publication and dissemination of high quality instructional materials in Native American, Native Hawaiian and other languages for which instructional materials are not readily available. The Secretary shall give priority to the development of instructional materials in languages indigenous to the United States, its territories, and freely associated nations. The Secretary shall also accord priority to applications which provide for developing and evaluating materials in collaboration with activities under parts A and C of this title and which are consistent with national and State content standards.

"SEC. 7207. EVALUATION ASSISTANCE CENTERS AND MULTIFUNCTIONAL RESOURCE CENTERS.

"(a) TRANSITION.—The Secretary shall extend grants or contracts for Evaluation Assistance Centers and Multifunctional Resource Centers that are in effect on the date of enactment of the Improving America's School Act through fiscal year 1996.

"(b) CONTINUITY OF SERVICES.—(1) The Secretary shall ensure that the comprehensive regional technical assistance centers authorized under title II of this Act provide services which are at least equal in volume, scope, and quality to those provided by Evaluation Assistance Centers and Multifunctional Resource Centers.

"(2) The Secretary shall ensure that the comprehensive regional technical assistance centers authorized under title II of this Act, as amended by the Improving America's School Act, provide services which enable children and youth of limited-English-proficiency to meet challenging State and National standards.

"(3) The Secretary shall ensure that the comprehensive technical assistance centers authorized under title II of this Act are established with consideration given to the geographic and linguistic distribution of children and youth of limited-English-proficiency.

"(c) GIFTS, BEQUESTS, AND DEVISES.—The entities may accept (but not solicit), use, and dispose of gifts, bequests, or devises of services or property, both real and personal for the purpose of aiding or facilitating the work of entities under this section. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the national clearinghouse on bilingual education, the Evaluation and Assistance Center or Multifunctional Resource Center, respectively.

"PART C—BILINGUAL EDUCATION TEACHER TRAINING

"SEC. 7301. PURPOSE.

"The purpose of this part is to assist in preparing educators to improve the delivery of educational services to language-minority and limited-English-proficient children and youth. This part supports the training of all educational personnel to serve more effectively limited-English-proficient students. The goal of this part is to provide for the training of not less than 50,000 teachers who meet professional preparation and certification standards for bilingual education teachers by the year 2000.

"SEC. 7302. TRAINING FOR ALL TEACHERS PROGRAM.

"(a) PURPOSE.—The purpose of this section is to provide for the incorporation of courses and curricula on appropriate and effective instructional and assessment methodologies, strategies and resources specific to limited-English-proficient and language-minority students into education personnel preparation programs for teachers, counselors, administrators and other education personnel.

"(b) AUTHORIZATION.—The Secretary shall award grants for up to 5 years to institutions of higher education, local educational agencies, and State educational agencies or to nonprofit organizations which have entered into consortia arrangements with one of such institutions, agencies, or organizations.

"(c) PERMISSIBLE ACTIVITIES.—Activities conducted under this section may include the development of training programs in collaboration with training under titles I and II of this Act, the Head Start Act, and other relevant programs.

"(d) PRIORITY.—The Secretary shall give priority to applications from institutions of higher education which currently operate, with full-time tenured faculty, programs to prepare educators and administrators to work with language-minority and limited-English-proficient students in bilingual education settings and from institutions of higher education which are attempting to start bilingual teacher training programs if such institutions demonstrate a significant commitment in financial and human resources, including cash and in-kind. The Secretary shall give special consideration to applications for such programs which provide training of secondary school teachers or early childhood development teachers. Such special consideration would not disallow the funding of applications for exemplary programs for the training of elementary school teachers.

"SEC. 7303. BILINGUAL EDUCATION TEACHERS AND PERSONNEL GRANTS.

"(a) PURPOSE.—The purpose of this section is to provide for degree programs to prepare new bilingual education teachers, administrators, counselors, and other educational personnel to meet high professional standards for bilingual education teachers and to increase the availability of educators to provide high quality education limited-English-proficient students.

"(b) AUTHORIZATION.—The Secretary shall award grants for up to 5 years to institutions of higher education in consortia with local or State educational agencies.

"SEC. 7304. BILINGUAL EDUCATION CAREER LADDER PROGRAM.

"(a) PURPOSE.—The purpose of this section is to upgrade the qualifications and skills of non-certified educational personnel, especially educational paraprofessionals, to meet high professional standards, including certification and licensure as bilingual education teachers and other educational personnel who serve limited-English-proficient students, through collaborative training programs operated by institutions of higher education and local and State educational agencies. Grants for programs under this section may also provide for collaborative programs operated by institutions of higher education and secondary schools which are designed to recruit and train secondary school students as bilingual education teachers and other educational personnel to serve limited-English-proficient students.

"(b) AUTHORIZATION.—The Secretary shall award grants of up to 5 years for bilingual education career ladder programs to institutions of higher education applying in consortia with local or State educational agencies; consortia may include community-based organizations or professional education organizations.

"(c) ACTIVITIES.—Grants funded under this section may—

"(1) include the development of bilingual education career ladder program curricula appropriate to the needs of the consortium participants;

"(2) provide assistance for stipends and costs related to tuition, fees and books for enrolling in courses required to complete degree and certification requirements as bilingual education teachers; and

"(3) include programs to introduce secondary school students to careers in bilingual education teaching that are coordinated with other activities under this program.

"(d) SPECIAL CONSIDERATION.—The Secretary shall give special consideration to applications under this section which provide for—

"(1) participant completion of baccalaureate and masters degree teacher education programs, certification and may include effective employment placement activities;

"(2) development of teacher proficiency in English and a second language, including required demonstration of proficiency in the instructional use of English and a second language in classroom contexts;

"(3) coordination with Trio, the Teacher Corps, National Community and Service Trust Act, Mini Corps, and other programs for the recruitment and retention of bilingual students in secondary and post-secondary programs to train as bilingual educators; and

"(4) the applicant's contribution of additional student financial aid to participating students.

"SEC. 7305. GRADUATE FELLOWSHIPS IN BILINGUAL EDUCATION PROGRAM.

"(a) AUTHORIZATION.—The Secretary may award fellowships for masters, doctoral, and post-doctoral study related to instruction of children and youth of limited-English-proficiency in such areas as teacher training, program administration, research and evaluation, and curriculum development, and for the support of dissertation research related to such study. For fiscal year 1994 not less than 500 fellowships leading to a masters or doctorate degree shall be awarded under this section, rising each subsequent year of this authorization by not less than 50. The Secretary shall include information on the operation and the number of fellowships awarded under the fellowship program in the report required under section 7401 of this title.

"(b) FELLOWSHIP REQUIREMENTS.—(1) Any person receiving a fellowship under this section shall agree to—

"(A) work in an activity related to the program or in an activity such as those authorized under this title, including work as a bilingual education teacher, for a period of time equivalent to the period of time during which such person receives assistance under this title; or

"(B) repay such assistance.

"(2) The Secretary shall establish in regulations such terms and conditions for such agreement as the Secretary deems reasonable and necessary and may waive the requirement of paragraph (1) in extraordinary circumstances.

"(c) The Secretary may give priority to institutions of higher education that demonstrate experience in assisting fellowship recipients find employment in the field of bilingual education.

"SEC. 7306. APPLICATIONS.

"(a) IN GENERAL.—Each applicant or consortium that desires to receive a grant under this part shall submit an application to the Secretary and the State educational agency or State board for higher education as appropriate, at such time and in such manner as the Secretary shall prescribe. The application shall demonstrate integration, where appropriate, with the State and local plans, if such plans exist, for serving limited-English-proficient students. The State and local educational agency, and where applicable the State board for higher education, may comment in writing on the application indicating how the application furthers State education reform activities, including the provision of appropriate high quality education to all language minority students. If the State educational agency or State Board for Higher Education submits comments on any application, it shall submit comments on all. The Secretary shall take any written comments that have been made into consideration when considering applications under this part.

"(b) ELIGIBLE ENTITIES.—

"(1) A grant may be made under this part upon application of an institution of higher education, applying individually or jointly with one or more local educational agencies, nonprofit organizations, or State educational agencies.

"(2) The Secretary shall provide for outreach and technical assistance to institutions of higher education eligible under title III of the Higher Education Act and institutions of higher education that are operated or funded by the Bureau of Indian Affairs to facilitate their participation in activities under this part.

"(3) In making grants under this part, the Secretary shall, consistent with subsection (d), ensure adequate representation of Hispanic serving institutions that demonstrate competence and experience in the programs and activities authorized under this title and are otherwise qualified.

"(c) APPLICATION REQUIREMENTS FOR BILINGUAL TEACHER TRAINING PROGRAMS.—The application shall demonstrate integration, where appropriate, with the State plan, if one exists, for serving limited-English-proficient students.

"(d) PREFERENCE IN ASSISTANCE AND PURPOSE OF TRAINING.—

"(1) In making a grant under this part the Secretary shall give preference to programs which—

"(A) include tenured faculty in bilingual education, and

"(B) and for institutions of higher education which are attempting to start bilingual teacher training programs if such institutions demonstrate a significant commitment in financial and human resources, including cash and in-kind.

"(C) provide additional resources for such training from other sources.

"(2) In making grants under sections 7302, 7303 and 7304, the Secretary shall give special consideration to programs that ensure that individuals completing such programs demonstrate proficiency in English and a second language.

"SEC. 7307. PROGRAM REQUIREMENTS.

"Activities conducted under this part shall assist educational personnel in meeting State and local certification requirements for bilingual education and, wherever possible, shall award college or university credit.

"SEC. 7308. STIPENDS.

"The Secretary shall provide for the payment of such stipends (including allowances for subsistence and other expenses for such persons and their dependents), as the Secretary determines to be appropriate, to persons participating in training programs under this part.

"SEC. 7309. PROGRAM EVALUATIONS UNDER PART C.

Each recipient of funds under part C of this title shall provide the Secretary with an evaluation of its program every two years. Such evaluation shall include data on—

"(1) post-program placement of persons trained;

"(2) how the training relates to the employment of persons served by the program;

"(3) program completion; and

"(4) such other information as the Secretary may require.

"PART D—ADMINISTRATION

"SEC. 7401. OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGE AFFAIRS.

"(a) ESTABLISHMENT.—There shall be, in the Department of Education, an Office of Bilingual Education and Minority Languages Affairs through which the Secretary shall carry out functions relating to bilingual education.

"(b) DIRECTOR.—(1) The Office shall be headed by a Director of Bilingual Education and Minority Languages Affairs, appointed by the Secretary, to whom the Secretary shall delegate all delegable functions relating to bilingual education. The Director shall also be assigned responsibility for recommending improvements and providing technical assistance to other Federal programs serving language-minority and limited-English-proficient students and their families and for assisting the Assistant Secretary of the Office of Educational Research and Improvement in identifying research priorities which reflect the needs of language-minority and limited-English language proficient students.

"(2) The Office shall be organized as the Director determines to be appropriate in order to carry out such functions and responsibilities effectively.

"(3) The Secretary shall ensure that limited-English-proficient and language-minority students are included in ways that are valid, reliable and fair under all standards and assessment development conducted or funded by the Department.

"(c) REPORT.—The Director shall prepare and, not later than February 1 of every other year, shall submit to Congress, the President, the Governors, and the clearinghouse a report on—

"(1) the activities carried out under this title and their effectiveness in improving the education provided to limited-English-proficient children and youth;

"(2) a critical synthesis of data reported by the States pursuant to section 7204;

"(3) an estimate of the number of certified bilingual education personnel in the field and an estimate of the number of bilingual education teachers which will be needed for the succeeding 5 fiscal years;

"(4) the major findings of research carried out under this title; and

"(5) recommendations for further developing the capacity of our Nation's schools to educate effectively limited-English-proficient student.

"(d) ASSESSMENT OF GATEWAY EDUCATION.—The Secretary shall prepare a report on the education of all students who reside near the United States border with Canada and Mexico or areas or communities which serve as a gateway for immigrants to the United States. Gateway communities shall include Hawaii, the Commonwealth of Puerto Rico, as well as the territories and freely associated nations. The report shall identify trends in student and out-of-school youth immigration trends, appropriate procedures for the international transfer of records, the language proficiency of students living in border and gateway areas, and opportunities for teacher exchange. Such efforts shall be coordinated with other ongoing efforts in this area. A preliminary report on these issues shall be provided to the Congress not later than 2 years after the enactment of this Act. The final report including policy proposals for improvements in these areas shall be provided to Congress and the President not later than October 21, 1997.

"(e) COORDINATION WITH RELATED PROGRAMS.—In order to maximize Federal efforts aimed at serving the educational needs of children and youth of limited-English proficiency, the Secretary shall coordinate and ensure close cooperation with other programs serving language-minority and limited-English-proficient students that are administered by the Department of Education and other agencies. The Secretary shall consult with the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Agriculture, Attorney General and other relevant agencies to identify and eliminate barriers to appropriate coordina-

tion of programs that affect language-minority and limited-English-proficient students and their families. The Secretary shall provide for continuing consultation and collaboration between Office and relevant programs operated by the Department, including title I and other programs in this Act, in planning, contracts, providing joint technical assistance, providing joint field monitoring activities and in other relevant activities to ensure effective program coordination to provide high quality education opportunities to all language-minority and limited-English-proficient students. In no case shall such coordination at the local, State or Federal level permit funds under this title to be used in programs that do not provide bilingual education or special alternative instructional programs for the instruction of language-minority or limited-English-proficient students.

"(f) The Secretary shall, to the extent feasible, ensure that all data collected shall include for the collection and reporting of data on limited-English-proficient students in all Departmental data keeping and with respect to all Federal education programs.

"(g) STAFFING REQUIREMENTS.—The Secretary shall ensure that the Office of Bilingual Education and Minority Language Affairs is staffed with sufficient personnel trained or with experience in bilingual education to discharge effectively the provisions of this title.

"(1) Notwithstanding section 403 of the Department of Education Organization Act, the Assistant Secretary may appoint not more than 7 additional employees to serve as staff without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

"(2) The employees appointed under paragraph (1) may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, but shall not be paid a rate that exceeds the minimum rate of basic pay payable for GS–15 of the General Schedule.

"(h) READING APPLICATIONS.—For the purpose of reading applications for competitive grants authorized under this title, the Secretary shall use persons who are not employees of the Federal Government and who are experienced and involved in bilingual education including teachers, researchers, and administrators of educational programs similar to those assisted under this title. Readers of applications for grants involving conservation of Indian languages and other indigenous language which are subject to loss shall include individuals with expertise in such programs. The Secretary shall solicit nominations for application readers from State directors of bilingual education, graduate programs of bilingual education, tribal organizations and professional associations and shall have readers serve for a period of 3 years.

"(i) PUBLICATION OF PROPOSALS.—The Secretary shall publish and disseminate all requests for proposals for programs funded under this title.

"SEC. 7402. RELEASE TIME.

"Professional development programs funded under this Act shall permit use of funds for professional release time to enable participation in programs assisted under this part.

"SEC. 7403. EDUCATION TECHNOLOGY.

"Funds available under this Act may be used to provide for the acquisition or development of education technology or instructional materials, including authentic materials in languages other than English, access to and participation in electronic networks for materials, training and communications, and incorporation of such resources in curricula and programs such as those funded under this title.

"SEC. 7404. NOTIFICATION.

"The State educational agency, when applicable, the State Board for postsecondary education, when applicable, the clearinghouse, the applicable Evaluation and Assistance Center and Multifunctional Resource Center shall be notified within three working days of the date a grant is made to an eligible entity within the State.

"SEC. 7405. CONTINUED ELIGIBILITY.

"Entities receiving grants under this title shall remain eligible for grants for subsequent activities which extend or expand and do not duplicate those activities supported by a previous grant under this title. In considering applications for grants under this title the Secretary shall take into consideration the applicant's record of accomplishments under previous grants.

"SEC. 7406. LIMITATION OF AUTHORITY.

"The Secretary shall not impose restrictions on the availability of funds authorized under this title other than those set out in this title or other applicable Federal statutes and regulations.

"PART E—TRANSITION

"SEC. 7501. TRANSITION PROVISIONS.

"Any grant or contract awarded under this title prior to the date of the enactment of the Improving America's Schools Act of 1994 shall be allowed to continue the term of the original award in accordance with the conditions of the original award but not for a period in excess of 3 years from the date of the grant or contract.

"PART F—EMERGENCY IMMIGRANT EDUCATION PROGRAM

"SEC. 7601. PURPOSE.

"The purpose of this part is to assist eligible local educational agencies that experience unexpectedly large increases in their student population due to immigration to—

"(1) provide high-quality instruction to immigrant children and youth; and

"(2) help such children and youth—

"(A) with their transition into American society; and

"(B) meet the same challenging State performance standards expected of all children and youth.

"SEC. 7602. STATE ADMINISTRATIVE COSTS.

"For any fiscal year, a State educational agency may reserve up to 1.5 percent of the amount allocated to it under section 7604 to pay the costs of performing its administrative functions under this part.

"SEC. 7603. WITHHOLDING.

"Whenever the Secretary, after reasonable notice and opportunity for a hearing to any State educational agency, finds that there is a failure to meet the requirement of any provision of this part, the Secretary shall notify that agency that further payments will not be made to the agency under this part, or in the discretion of the Secretary, that the State educational agency shall not make further payments under this part to specified local educational agencies whose actions cause or are involved in such failure until the Secretary is satisfied that there is no longer any such failure to comply. Until the Secretary is so satisfied, no further payments shall be made to the State educational agency under this part, or payments by the State educational agency under this part shall be limited to local educational agencies whose actions did not cause or were not involved in the failure, as the case may be.

"SEC. 7604. STATE ALLOCATIONS.

"(a) PAYMENTS.—The Secretary shall, in accordance with the provisions of this section, make payments to State educational agencies for each of the fiscal years 1995 through 1999 for the purpose set forth in section 7601.

"(b) ALLOCATIONS.—(1) Except as provided in subsections (c) and (d) of this section, of the amount appropriated for each fiscal year for this part, each State participating in this program shall receive a share equal to the proportion of its number of immigrant children and youth who are enrolled in elementary and secondary public schools under the jurisdiction of each local educational agency described in paragraph (2) within that State, and in elementary and secondary nonpublic schools within the district served by each such local educational agency, relative to the total number of immigrant children and youth so enrolled in all the States participating in this program.

"(2) The local educational agencies referred to in paragraph (1) are those local educational agencies in which the sum of the number of immigrant children and youth who are enrolled in elementary or secondary public schools under the jurisdiction of such agencies, and in elementary or secondary nonpublic schools within the districts served by such agencies, during the fiscal year for which the payments are to be made under this part, is equal to—

"(A) at least 500; or

"(B) at least 3 percent of the total number of students enrolled in such public or nonpublic schools during such fiscal year;

whichever number is less.

"(c) DETERMINATIONS OF NUMBER OF CHILDREN AND YOUTH.—(1) Determinations by the Secretary under this section for any period with respect to the number of immigrant children and youth shall be made on the basis of data or estimates provided to the Secretary by each State educational agency in accordance with criteria established by the Secretary, unless the Secretary determines, after notice and opportunity for a hearing to the affected State educational agency, that such data or estimate are clearly erroneous.

"(2) No such determination with respect to the number of immigrant children and youth shall operate because of an underestimate or overestimate to deprive any State educational agency of the allocation under this section that such agency would otherwise have received had such determination been made on the basis of accurate data.

"(d) REALLOCATION.—Whenever the Secretary determines that any amount of a payment made to a State under this part for a fiscal year will not be used by such State for carrying out the purpose for which the payment was made, the Secretary shall make such amount available for carrying out such purpose to one or more other States to the extent the Secretary determines that such other States will be able to use such additional amount of carrying out such purpose. Any amount made available to a State from any appropriation for a fiscal year in accordance with the preceding sentence shall, for purposes of this part, be regarded as part of such State's payment (as determined under subsection (b)) for such year, but shall remain available until the end of the succeeding fiscal year.

"(e) RESERVATION OF FUNDS.—(1) If appropriations under this part exceed $40,000,000

for a fiscal year, a State educational agency may reserve up to 20 percent of its payment for redistribution through competitive grants to local educational agencies within the State in the following manner:

"(A) At least one-half of such grants shall be made to local educational agencies within the State with the highest numbers and percentages of immigrant children and youth.

"(B) Remaining funds shall be distributed to local educational agencies within the State with a sudden influx of immigrant children and youth which are otherwise not eligible for assistance under this part.

"(2) Local educational agencies with the highest number of immigrant children and youth receiving additional funds under this subsection may make information available on serving immigrant children and youth to areas in the State with sparse numbers of such children.

"SEC. 7605. STATE APPLICATIONS.

"(a) SUBMISSION.—No State educational agency shall receive any payment under this part for any fiscal year unless such agency submits an application to the Secretary at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall—

"(1) provide that the educational programs, services, and activities for which payments under this part are made will be administered by or under the supervision of the agency;

"(2) provide assurances that payments under this part will be used for purposes set forth in section 7601, including a description of how local educational agencies receiving funds under this part will use such funds to meet such purposes, and how the program designs are consistent with other education improvement plans, including any developed under Goals 2000: Educate America Act, if such plan exists, or title I;

"(3) provide assurances that such payments, with the exception of payments reserved under section 7604(e), will be distributed among local educational agencies within that State on the basis of the number of immigrant children and youth counted with respect to each such local educational agency under section 7604(b)(1);

"(4) provide assurances that the State educational agency will not finally disapprove in whole or in part any application for funds received under this part without first affording the local educational agency submitting an application for such funds reasonable notice and opportunity for a hearing;

"(5) provide for making such reports as the Secretary may reasonably require to perform the functions under this part;

"(6) provide assurances—

"(A) that to the extent consistent with the number of immigrant children and youth enrolled in the elementary or secondary nonpublic schools within the district served by a local educational agency, such agency, after consultation with appropriate officials of such schools, shall provide for the benefit of these children and youth secular, neutral, and nonideological services, materials, and equipment necessary for the education of such children and youth;

"(B) that the control of funds provided under this part and title to any materials, equipment, and property repaired, remodeled, or constructed with those funds shall be in a public agency for the uses and purposes provided in this part, and a public agency shall administer such funds and property; and

"(C) that the provision of services pursuant to this paragraph shall be provided by employees of a public agency or through contract by such public agency with a person, association, agency, or corporation who or which, in the provision of such services, is independent of such elementary or secondary nonpublic school and of any religious organization; and such employment or contract shall be under the control and supervision of such public agency, and the funds provided under this paragraph shall not be commingled with State or local funds;

"(7) provide that funds reserved under subsection (e) of section 7604 be awarded on the basis of merit and need consistent with such subsection; and

"(8) provide an assurance that State and local educational agencies receiving funds under this part will comply with the requirements of section 1121(b).

"SEC. 7606. PAYMENTS.

"(a) AMOUNT.—The Secretary shall pay by not later than June 1 of each year to each State educational agency that has its application approved under section 7605 the amount of the State's allocation as determined under section 7604.

"(b) SERVICES TO CHILDREN ENROLLED IN NONPUBLIC SCHOOLS.—If by reason of any provision of law a local educational agency is prohibited from providing educational services for children enrolled in elementary and secondary nonpublic schools, as required by section 7605(a)(6), or if the Secretary determines that a local educational agency has substantially failed or is unwilling to provide for the participation on an equitable basis of children enrolled in such schools, the Secretary may waive such requirement and shall arrange for the provision of services to such children through arrangements which shall be subject to the requirements of this part. Such waivers shall be subject to consultation, withholding, notice, and judicial review requirements in accordance with the provisions of title I.

"SEC. 7607. USES OF FUNDS.

"(a) USE OF FUNDS.—Funds awarded under this part shall be used to pay for enhanced instructional opportunities for immigrant children and youth, which may include—

"(1) family literacy, parent outreach, and training activities designed to assist parents to become active participants in the education of their children;

"(2) salaries of personnel, including teacher aides who have been specifically trained, or are being trained, to provide services to immigrant children and youth;

"(3) tutorials, mentoring, and academic or career counseling for immigrant children and youth;

"(4) identification and acquisition of curricular materials, educational software, and technologies to be used in the program; and

"(5) such other activities, related to the purposes of this part, as the Secretary may authorize.

"(b) CONSORTIA.—A local educational agency that receives a grant under this part may collaborate or form a consortium with one or more local educational agencies, institutions of higher education, and non-profit organizations to carry out the approved program.

"(c) SUBGRANTS.—A local educational agency that receives a grant under this part may, with the approval of the Secretary, make a subgrant to, or enter into a contract with, an institution of higher education, a non-profit organization, or a consortium of such entities to carry out an approved program, including a program to serve out-of-school youth.

"SEC. 7608. REPORTS.

"(a) TRIENNIAL REPORT.—Each State educational agency receiving funds under this part shall submit, once every 3 years, a report to the Secretary concerning the expenditure of funds by local educational agencies under this part. Each local educational agency receiving funds under this part shall submit to the State educational agency such information as may be necessary for such report.

"(b) REPORT TO CONGRESS.—The Secretary shall submit, once every 3 years, a report to the appropriate committees of the Congress concerning programs under this part.

"SEC. 7609. AUTHORIZATION OF APPROPRIATIONS.

"For the purpose of carrying out the provisions of this part, there are authorized to be appropriated $40,000,000 in fiscal year 1995, and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

"TITLE VIII—IMPACT AID

"SEC. 8001. FINDINGS.

"The Congress finds that—

"(1) certain activities of the Federal Government place a financial burden on the local educational agencies serving areas where such activities are carried out; and

"(2) it is the shared responsibility of the Federal Government, the States, and local educational agencies to provide for the education of children connected to those activities.

"SEC. 8002. PURPOSE.

"In order to fulfill the Federal responsibility to assist with the provision of educational services to federally connected children, and to help them meet challenging State standards, it is the purpose of this title to provide financial assistance to local educational agencies that—

"(1) experience a substantial and continuing financial burden due to the acquisition of real property by the United States;

"(2) educate children who reside on Federal property and whose parents are employed on Federal property;

"(3) educate children of parents who are in the military services and children who live in low-rent housing;

"(4) experience sudden and substantial increases in enrollments because of military realignments; or

"(5) need special assistance with capital expenditures for construction activities because of the enrollments of substantial numbers of children who reside on Indian lands.

"SEC. 8003. PAYMENTS RELATING TO FEDERAL ACQUISITION OF REAL PROPERTY.

"(a) IN GENERAL.—Where the Secretary, after consultation with any local educational agency and with the appropriate State educational agency, determines for a fiscal year ending prior to October 1, 1999—

"(1) that the United States owns Federal property in the local educational agency, and that such property—

"(A) has been acquired by the United States since 1938;

"(B) was not acquired by exchange for other Federal property in the local educational agency which the United States owned before 1939; and

"(C) had an assessed value (determined as of the time or times when so acquired) aggregating 10 percent or more of the assessed value of all real property in the local educational agency (similarly determined as of the time or times when such Federal property was so acquired); and

"(2) that such agency is not being substantially compensated for the loss in revenue resulting from such ownership by increases in revenue accruing to the agency from the conduct of Federal activities with respect to such Federal property,

then such agency shall be paid the amount described in subsection (b).

"(b) AMOUNT.—

"(1) IN GENERAL.—(A) The amount that a local educational agency shall be paid under subsection (a) for a fiscal year shall be calculated in accordance with paragraph (2), except that such amount shall be reduced by the Secretary by an amount equal to the amount of revenue, if any, that such agency received from activities conducted on such property during the previous fiscal year.

"(B) If funds appropriated under section 8014(a) are insufficient to pay the amount determined under subparagraph (A), the Secretary shall ratably reduce the payment to each eligible local educational agency.

"(C) Notwithstanding any other provision of this subsection, a local educational agency may not be paid an amount under this section which exceeds the difference of—

"(i) the maximum amount that such agency is eligible to receive for such fiscal year under section 8004(b)(1)(C); and

"(ii) the amount that such agency receives in such fiscal year under section 8004(b)(2).

"(2) APPLICATION OF CURRENT LEVIED REAL PROPERTY TAX RATE.—In making a determination of the amount that would have been derived in such year under paragraph (1)(A)(i), the Secretary shall apply the current levied real property tax rate for current expenditures levied by fiscally independent local educational agencies or imputed, for fiscally dependent local educational agencies, to the current annually determined aggregate assessed value of such acquired Federal property.

"(3) DETERMINATION OF AGGREGATE ASSESSED VALUE.—Such aggregate assessed value of such acquired Federal property shall be determined (on the basis of the highest and best use of property adjacent to such acquired Federal property as of the time such value is determined), and provided to the Secretary, by the local official responsible for assessing the value of real property located in the jurisdiction of such local educational agency for the purpose of levying a property tax.

"(c) APPLICABILITY TO TENNESSEE VALLEY AUTHORITY ACT.—For the purposes of this section, any real property with respect to which payments are being made under section 13 of the Tennessee Valley Authority Act of 1933 shall not be regarded as Federal property.

"(d) OWNERSHIP BY UNITED STATES.—The United States shall be deemed to own Federal property for the purposes of this Act, where—

"(1) prior to the transfer of Federal property, the United States owned Federal property meeting the requirements of subparagraphs (A), (B), and (C) of subsection (a)(1); and

"(2) the United States transfers a portion of the property referred to in paragraph (1) to another nontaxable entity, and the United States—

"(A) restricts some or any construction on such property;

"(B) requires that the property be used in perpetuity for the public purposes for which it was conveyed;

"(C) requires the grantee of the property to report to the Federal government (or its agent) containing information on the use of the property;

"(D) except with the approval of the Federal government (or its agent), prohibits the sale, lease, assignment, or other disposal of the property unless such sale, lease, assignment, or other disposal is to another eligible government agency; and

"(E) reserves to the Federal government a right of reversion at any time the Federal government (or its agent) deems it necessary for the national defense.

"SEC. 8004. PAYMENTS FOR ELIGIBLE FEDERALLY-CONNECTED CHILDREN.

"(a) COMPUTATION OF PAYMENT.—

"(1) IN GENERAL.—For the purpose of computing the amount that a local educational agency is eligible to receive under subsection (b), (d), or (f) for any fiscal year, the Secretary shall determine the number of children who were in average daily attendance in the schools of such agency, and for whom such agency provided free public education, during the preceding school year and who, while in attendance at such schools—

"(A) resided on Federal property with a parent employed on Federal property situated in whole or in part within the boundaries of the school district of such agency;

"(B) resided on Federal property and had a parent on active duty in the uniformed services (as defined in section 101 of title 37, United States Code);

"(C) resided on Indian lands;

"(D) had a parent on active duty in the uniformed services (as defined by section 101 of title 37, United States Code) but did not reside on Federal property; or

"(E) resided in low-rent housing.

"(2) DETERMINATION OF WEIGHTED STUDENT UNITS.—For purposes of computing the basic support payment under subsection (b), the Secretary shall calculate the total number of weighted student units for a local educational agency by adding together the results obtained by the following computations:

"(A) Multiply the number of children described in subparagraphs (A) and (B) of paragraph (1) by a factor of 1.0.

"(B) Multiply the number of children described in paragraph (1)(C) by a factor of 1.25.

"(C) Multiply the number of children described in subparagraphs (A) and (B) of paragraph (1) by a factor of .35 if the local educational agency has—

"(i) a number of such children described in such subparagraphs which exceeds 6,500; and

"(ii) an average daily attendance for all children which exceeds 100,000.

"(D) Multiply the number of children described in subparagraphs (D) and (E) of paragraph (1) by a factor of .20.

"(b) BASIC SUPPORT PAYMENTS AND PAYMENTS WITH RESPECT TO FISCAL YEARS IN WHICH INSUFFICIENT FUNDS ARE APPROPRIATED.—

"(1) BASIC SUPPORT PAYMENTS.—

"(A) IN GENERAL.—From the amount appropriated under section 8014(b) for a fiscal year, the Secretary is authorized to make basic support payments to eligible local educational agencies with children described under subsection (a).

"(B) ELIGIBILITY.—A local educational agency shall be entitled to receive a basic support payment under subparagraph (A) for a fiscal year with respect to a number of children determined under subsection (a) only if the number of children so determined with respect to such agency amounts to the lesser of—

"(i) at least 400 such children, or

"(ii) a number of such children which equals at least 3 percent of the total number of children who were in average daily attendance, during such year, at the schools of such agency and for whom such agency provided free public education.

"(C) MAXIMUM AMOUNT.—The maximum amount that a local educational agency is eligible to receive under this subsection for any fiscal year is the sum of the total weighted student units, as computed under subsection (a)(2), multiplied by—

"(i) the greater of—

"(I) one-half of the average per pupil expenditure of the State in which the local educational agency is located for the 3rd preceding fiscal year, or

"(II) one-half of the average per pupil expenditures of all of the States for the 3rd preceding fiscal year;

"(ii) the comparable local contribution rate certified by the State, as determined under regulations prescribed to carry out the Act of September 30, 1950 (Public Law 874, 81st Congress), as in effect on January 1, 1994; or

"(iii) the average per pupil expenditure of the State in which the local educational agency is located, multiplied by the local contribution percentage.

"(2) PAYMENTS WITH RESPECT TO FISCAL YEARS IN WHICH INSUFFICIENT FUNDS ARE APPROPRIATED.—

"(A) IN GENERAL.—For any fiscal year in which the sums appropriated under section 8014(b) are insufficient to pay to each local educational agency the full amount computed under paragraph (1), the Secretary shall make payments based upon the provisions of this paragraph.

"(B) LEARNING OPPORTUNITY THRESHOLD PAYMENTS.—(i) For fiscal years described in subparagraph (A), the Secretary shall compute a learning opportunity threshold payment (hereinafter 'threshold payment') by multiplying the amount obtained under paragraph (1)(C) by the total percentage obtained by adding—

"(I) the percentage of federally connected children for each local educational agency determined by calculating the fraction, the numerator of which is the total number of children described under subsection (a)(1) and the denominator of which is the total number of children in average daily attendance at the schools served by such agency; and

"(II) the percentage that funds under this paragraph represent of the total budget of the local educational agency, determined by calculating the fraction, the numerator of which is the total amount of funds calculated for each educational agency under this paragraph (not including amounts received under subsection (f)), and the denominator of which is the total current expenditures for such agency.

"(ii) Such total percentage used to calculate threshold payments under paragraph (1) shall not exceed 100.

"(C) RATABLE DISTRIBUTION.—For fiscal years described in subparagraph (A), the Secretary shall make payments as a ratable distribution based upon the computation made under subparagraph (B).

"(c) PRIOR YEAR DATA.—All calculations under this section shall be based upon data for each local educational agency from the fiscal year preceding the fiscal year for which the agency is making application for payment.

"(d) USE OF FUNDS FOR CHILDREN WITH DISABILITIES.—

"(1) IN GENERAL.—From the amount appropriated under section 8014(c) for a fiscal year, the Secretary shall pay to each eligible local educational agency, on a pro rata basis, the amounts determined by—

"(A) multiplying the number of children described in subparagraphs (B) and (C) of subsection (a)(1) who are eligible to receive services under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) by a factor of 1.0; and

"(B) multiplying the number of children described in subparagraph (D) of subsection (a)(1) who are eligible to receive services under such Act by a factor of .5.

"(2) USE OF FUNDS.—A local educational agency that receives funds under paragraph (1) shall use such funds to provide a free appropriate public education to children described in paragraph (1) in accordance with the Individuals with Disabilities Education Act.

"(e) HOLD-HARMLESS AMOUNTS.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, the total amount that the Secretary shall pay to a local educational agency under subsections (b) and (f)—

"(A) for fiscal year 1995, shall not be less than 80 percent of the payment such agency received for fiscal year 1994 under section 3(a) of the Act of September 30 , 1950 (Public Law 81–874, 81st Congress), as in effect for fiscal year 1994;

"(B) for fiscal year 1996, shall not be less than 60 percent of such payment received for fiscal year 1994; and

"(C) for fiscal year 1997, shall not be less than 40 percent of such payment received for fiscal year 1994.

"(2) REDUCTION IN PAYMENTS.—In order to make payments to local educational agencies in accordance with paragraph (1), the Secretary shall reduce payments to other local educational agencies determined under subsection (b).

"(f) ADDITIONAL ASSISTANCE FOR HEAVILY IMPACTED LOCAL EDUCATIONAL AGENCIES.—

"(1) RESERVATION.—From amounts appropriated under section 8014(d) for a fiscal year, the Secretary shall provide additional assistance to meet special circumstances relating to the provision of education in local educational agencies eligible to receive assistance under this section.

"(2) ELIGIBILITY.—A local educational agency shall be eligible to receive additional assistance under this subsection only if such agency—

"(A)(i) has an enrollment of federally connected children described in subsection (a)(1) which constitutes at least 40 percent of the total student enrollment of such agency; and

"(ii) has a tax rate for general fund purposes which is at least 95 percent of the average tax rate for general fund purposes of comparable local educational agencies in the State;

"(B)(i) has an enrollment of federally connected children described in subsection (a)(1) which constitutes at least 35 percent of the total student enrollment of such agency; and

"(ii) has a tax rate for general fund purposes which is at least 125 percent of the average tax rate for general fund purposes of comparable local educational agencies in the State; or

"(C) is a local education agency whose boundaries are the same as a Federal military installation or includes Federal property under exclusive Federal jurisdiction.

"(3) MAXIMUM PAYMENTS.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall determine the maximum amount that a local educational agency may receive under this subsection in accordance with the following computations:

"(i) The Secretary shall first determine the greater of—

"(I) the average per pupil expenditure of the State in which the local educational agency is located or the average per pupil expenditure of all the States;

"(II) the average per pupil expenditure of generally comparable school districts located in the State of the local educational agency, as defined by the Secretary in regulations; or

"(III) the average per pupil expenditure of three generally comparable school districts located in the State of the local educational agency, as defined by the Secretary in regulations.

"(ii) The Secretary shall next subtract from the amount determined under clause (i) the average amount of State aid per pupil received by the local educational agency.

"(iii) The Secretary shall next multiply the amount determined under clause (ii) by the sum of the total weighted units of the local educational agency, as computed under subsection (a)(2).

"(iv) If the tax rate of the local educational agency is greater than 94 percent, but less than 100 percent, of the tax rate of comparable school districts, the Secretary shall next multiply the amount determined under clause (iii) by the percentage that the tax rate of the local educational agency is of—

"(I) the average tax rate of its generally comparable school districts; or

"(II) the average tax rate of all the school districts in the State in which the local educational agency is located.

"(v) The Secretary shall next subtract the total amount of payments received by a local educational agency under subsections (b) and (d) for a fiscal year from the amount determined under clause (iii) or clause (iv), as the case may be.

"(B) SPECIAL RULE.—With respect to payments to local educational agencies described in subparagraphs (B) and (C) of paragraph (2), the maximum amount of such payments shall be equal to the product of the average per pupil expenditure of all the States multiplied by .7, except that such amount may not exceed 125 percent of the average per pupil expenditure of all local educational agencies in the State.

"(4) CURRENT YEAR DATA.—The Secretary shall, for purposes of providing assistance under this subsection, use—

"(A) data from the fiscal year in which the local educational agency is applying for assistance under this subsection; or

"(B) the most recent data available which is adjusted to such fiscal year.

"SEC. 8005. POLICIES AND PROCEDURES RELATING TO CHILDREN RESIDING ON INDIAN LANDS.

"(a) IN GENERAL.—A local educational agency that claims children residing on Indian lands for the purpose of receiving funds under section 8004 shall establish policies and procedures to ensure that—

"(1) such children participate in programs and activities supported by such funds on an equal basis with all other children;

"(2) parents of such children and Indian tribes are afforded an opportunity to present their views on such programs and activities, including an opportunity to make recommendations on the needs of those children and how they may help those children realize the benefits of those programs and activities;

"(3) parents and Indian tribes are consulted and involved in planning and developing such programs and activities;

"(4) relevant applications, evaluations, and program plans are disseminated to the parents and Indian tribes; and

"(5) parents and Indian tribes are afforded an opportunity to present their views on the agency's general educational program to such agency.

"(b) RECORDS.—A local educational agency that claims children residing on Indian lands for the purpose of receiving funds under section 8004 shall maintain records demonstrating its compliance with requirements contained in subsection (a).

"(c) WAIVER.—A local educational agency that claims children residing on Indian lands for the purpose of receiving funds under section 8004 is excused from the requirements contained in subsections (a) and (b) for any year with respect to any Indian tribe from which it has received a written statement that the agency need not comply with those subsections because the tribe is satisfied with the provision of educational services by such agency to such children.

"(d) TECHNICAL ASSISTANCE AND ENFORCEMENT.—The Secretary shall—

"(1) provide technical assistance to local educational agencies, parents, and Indian tribes to enable them to carry out this section; and

"(2) enforce this section through such actions, which may include the withholding of funds, as the Secretary determines to be appropriate, after affording the affected local educational agency, parents, and Indian tribe an opportunity to present their views.

"SEC. 8006. APPLICATION FOR PAYMENTS UNDER SECTIONS 8003 AND 8004.

"(a) IN GENERAL.—A local educational agency desiring to receive a payment under section 8003 or 8004 shall—

"(1) submit an application for such payment to the Secretary; and

"(2) provide a copy of such application to the State educational agency.

"(b) CONTENTS.—Each such application shall be submitted in such form and manner, and shall contain such information, as the Secretary may require, including—

"(1) information to determine the eligibility of the local educational agency for a payment and the amount of such payment; and

"(2) where applicable, an assurance that such agency is in compliance with section 8005 (relating to children residing on Indian lands).

"(c) DEADLINE FOR SUBMISSION.—The Secretaryshall establish deadlines for the submission of applications under this section.

"(d) APPROVAL.—

"(1) IN GENERAL.—The Secretary shall approve an application submitted under this section that—

"(A) is filed by the deadline established under subsection (c); and

"(B) otherwise meets the requirements of this title.

"(2) REDUCTION IN PAYMENT.—The Secretary shall approve an application filed up to 60 days after a deadline established under subsection (c) that otherwise meets the requirements of this title, except that, notwithstanding section 8004(e), the Secretary shall reduce the payment based on such late application by 10 percent of the amount that would otherwise be paid.

"(3) LATE APPLICATIONS.—The Secretary shall not accept or approve any application that is filed more than 60 days after a deadline established under subsection (c).

"SEC. 8007. PAYMENTS FOR SUDDEN AND SUBSTANTIAL INCREASES IN ATTENDANCE OF MILITARY DEPENDENTS.

"(a) ELIGIBILITY.—A local educational agency is eligible for a payment under this section if—

"(1) the number of children in average daily attendance during the current school year is at least ten percent or 100 more than the number of children in average daily attendance in the preceding school year; and

"(2) the number of children in average daily attendance with a parent on active duty (as defined in section 101(18) of title 37, United States Code) in the Armed Forces who are in attendance at such agency because of the assignment of their parent to a new duty station between July 1 and September 30, inclusive, of the current year, as certified by an appropriate local official of the Department of Defense, is at least ten percent or 100 more than the number of children in average daily attendance in the preceding school year.

"(b) APPLICATION.—A local educational agency that wishes to receive a payment under this section shall file an application with the Secretary by October 15 of the current school year, in such manner and containing such information as the Secretary may prescribe, including information demonstrating that it is eligible for such a payment.

"(c) CHILDREN TO BE COUNTED.—For each eligible local educational agency that applies for a payment under this section, the Secretary shall determine the lesser of—

"(1) the increase in the number of children in average daily attendance from the preceding year; and

"(2) the number of children described in subsection (a)(2).

"(d) PAYMENTS.—From the amount appropriated for a fiscal year under section 8014(c), the Secretary shall pay each local educational agency with an approved application an amount, not to exceed $200 per eligible child, equal to—

"(1) the amount available to carry out this section, including any funds carried over from prior years, divided by the number of children determined under subsection (c) for all such local educational agencies; multiplied by

"(2) the number of such children determined for that local educational agency.

"(e) NOTIFICATION PROCESS.—

"(1) ESTABLISHMENT.—The Secretary shall endeavor to establish, with the Secretary of Defense, a notification process relating to the closure of Department of Defense facilities, or the adjustment of personnel levels assigned to such facilities, which may substantially affect the student enrollment levels of local educational agencies which receive or may receive payments under this title.

"(2) INFORMATION.—Such process shall provide timely information regarding such closures and such adjustments—

"(A) by the Secretary of Defense to the Secretary; and

"(B) by the Secretary to the affected local educational agencies.

"SEC. 8008. PAYMENTS FOR CONSTRUCTION.

"(a) PAYMENTS AUTHORIZED.—From the amount appropriated for each fiscal year under section 8014(d), the Secretary shall make payments to each local educational agency—

"(1) that receives a basic payment under section 8004(b); and

"(2) in which the number of children determined under section 8004(a) who resided on Indian lands constituted at least 50 percent of the number of children who were in average daily attendance in the schools of such agency during the preceding school year.

"(b) AMOUNT OF PAYMENTS.—The amount of a payment to each agency described in paragraph (2) of subsection (a) shall be equal to—

"(1) the amount appropriated under section 8014(d); divided by

"(2) the number of children determined under section 8004(a) for all such agencies, but not including any children attending a school assisted or provided by the Secretary under section 8009 or section 10 of the Act of September 23, 1950 (Public Law 815, 81st Congress; 20 U.S.C. 640) as in effect prior to the date of the enactment of the Improving America's Schools Act of 1994; multiplied by

"(3) the number of such children determined for such agency.

"(c) USE OF FUNDS.—Any local educational agency that receives funds under this section shall use such funds for construction, as defined in section 8013(3) of this title.

"SEC. 8009. FACILITIES.

"(a) CURRENT FACILITIES.—From the amount appropriated for any fiscal year under section 8014(e), the Secretary may continue to provide assistance for school facilities that were supported by the Secretary under section 10 of the Act of September 23, 1950 (Public Law 815, 81st Congress; 20 U.S.C. 640) as in effect prior to the date of the enactment of the Improving America's Schools Act of 1994.

"(b) TRANSFER OF FACILITIES.—

"(1) IN GENERAL.—The Secretary shall, as soon as practicable, transfer to the appropriate local educational agency or another appropriate entity all the right, title, and interest of the United States in and to each facility provided under section 10 of the Act of September 23, 1950 (Public Law 815, 81st Congress; 20 U.S.C. 640), or under section 204 or 310 of the Act of September 30, 1950 (Public Law 874, 81st Congress), as in effect on January 1, 1958.

"(2) OTHER REQUIREMENTS.—Any such transfer shall be without charge to such agency or entity, and prior to such transfer, the transfer must be consented to by the local education agency or other appropriate entity, and may be made on such terms and conditions as the Secretary deems appropriate to carry out the purposes of this Act.

"SEC. 8010. STATE CONSIDERATION OF PAYMENTS IN PROVIDING STATE AID.

"(a) GENERAL PROHIBITION.—Except as provided in subsection (b), a State may not—

"(1) consider payments under this title or under the Act of September 30, 1950 (Public Law 874, 81st Congress) in determining for any fiscal year—

"(A) the eligibility of a local educational agency for State aid for free public education; or

"(B) the amount of such aid; or

"(2) make such aid available to local educational agencies in a manner that results in less State aid to any local educational agency that is eligible for such payment than it would receive if it were not so eligible.

"(b) STATE EQUALIZATION PLANS.—

"(1) IN GENERAL.—A State may reduce State aid to a local educational agency that receives a payment under sections 8003 and 8004(a) (except the amount calculated in excess of 1.0 under subparagraph (B) of subsection (a)(2)) or under the Act of September 30, 1950 (Public Law 874, 81st Congress) as such Act existed prior to the enactment of the Improving America's Schools Act of 1994 (other than an increase in payments described in paragraphs (2)(B), (2)(C), (2)(D), or (3)(B)(ii) of section 3(d) of such Act of September 30, 1950) for any fiscal year if the Secretary determines, and certifies under subsection (c)(3)(A), that such State has in effect a program of State aid that equalizes expenditures for free public education among local educational agencies in such State.

"(2) COMPUTATION.—

"(A) IN GENERAL.—For purposes of paragraph (1), a program of State aid equalizes expenditures among local educational agencies if, in the second preceding fiscal year, the amount of per-pupil expenditures made by, or per-pupil revenues available to, the local educational agency in the State with the highest such per-pupil expenditures or revenues did not exceed the amount of such per-pupil expenditures made by, or per-pupil revenues available to, the local educational agency in the State with the lowest such expenditures or revenues by more than 10 percent.

"(B) OTHER FACTORS.—In making a determination under this subsection, the Secretary shall—

"(i) disregard local educational agencies with per-pupil expenditures or revenues above the 95th percentile or below the 5th percentile of such expenditures or revenues in the State; and

"(ii) take into account the extent to which a program of State aid reflects the additional cost of providing free public education in particular types of local educational agencies, such as those that are geographically isolated, or to particular types of students, such as children with disabilities.

"(3) EXCEPTION.—Notwithstanding paragraph (2), if the Secretary determines that the State has substantially revised its program of State aid, the Secretary may certify such program for any fiscal year only if—

"(A) the Secretary determines, on the basis of projected data, that the State's program will meet the 10 percent disparity standard described in paragraph (2) in that fiscal year; and

"(B) the State provides an assurance to the Secretary that, if final data do not demonstrate that the State's program met such standard for that year (or that it met such standard with a greater percentage of disparity than anticipated), the State will pay to each affected local educational agency the amount by which it reduced State aid to the local educational agency on the basis of such certification, or a proportionate share thereof, as the case may be.

"(c) PROCEDURES FOR REVIEW OF STATE EQUALIZATION PLANS.—

"(1) WRITTEN NOTICE.—

"(A) IN GENERAL.—Any State that wishes to consider payments described in subsection (b)(1) in providing State aid to local educational agencies shall submit to the Secretary, not later than 120 days before the beginning of the State's fiscal year, a written notice of its intention to do so.

"(B) CONTENTS.—Such notice shall be in the form and contain the information the Secretary requires, including evidence that the State has notified each local educational agency in the State of its intention to consider such payments in providing State aid.

"(2) OPPORTUNITY TO PRESENT VIEWS.—Before making a determination under subsection (b), the Secretary shall afford the State, and local educational agencies in the State, an opportunity to present their views.

"(3) QUALIFICATION PROCEDURES.—If the Secretary determines that a program of State aid qualifies under subsection (b), the Secretary shall—

"(A) certify the program and so notify the State; and

"(B) afford an opportunity for a hearing, in accordance with section 8012(a), to any local educational agency adversely affected by such certification.

"(4) NON-QUALIFICATION PROCEDURES.—If the Secretary determines that a program of State aid does not qualify under subsection (b), the Secretary shall—

"(A) so notify the State; and

"(B) afford an opportunity for a hearing, in accordance with section 8012(a), to the State,

and to any local educational agency adversely affected by such determination.

"(d) REDUCTIONS OF STATE AID.—

"(1) IN GENERAL.—A State whose program of State aid has been certified by the Secretary under subsection (c)(3) may reduce the amount of such aid provided to a local educational agency that receives a payment under subsection (b) by any amount up to—

"(A) the amount of such payment (excluding amounts provided under subsections (d) and (f)); multiplied by

"(B) 100 percent minus the percentage of disparity determined under subsection (b).

"(2) PROHIBITION.—A State may not make a reduction described in paragraph (1) before its program of State aid has been certified by the Secretary under subsection (c)(3).

"(e) REMEDIES FOR STATE VIOLATIONS.—

"(1) IN GENERAL.—The Secretary or any aggrieved local educational agency may, without exhausting administrative remedies, bring an action in a United States district court against any State that violates subsection (a) or subsection (d)(2) or fails to carry out an assurance provided under subsection (b)(3)(B).

"(2) IMMUNITY.—A State shall not be immune under the eleventh amendment to the Constitution of the United States from an action described in paragraph (1).

"(3) RELIEF.—The court shall grant such relief as it determines is appropriate, which may include attorney's fees to a prevailing local educational agency.

"SEC. 8011. FEDERAL ADMINISTRATION.

"(a) PAYMENTS IN WHOLE DOLLAR AMOUNTS—The Secretary shall round any payments under this title to the nearest whole dollar amount.

"(b) OTHER AGENCIES.—Each Federal agency administering Federal property on which children reside, and each agency principally responsible for an activity that may occasion assistance under this title, shall, to the maximum extent practicable, comply with requests of the Secretary for information the Secretary may require to carry out this title.

"SEC. 8012. ADMINISTRATIVE HEARINGS AND JUDICIAL REVIEW.

"(a) ADMINISTRATIVE HEARINGS.—A local educational agency and a State that is adversely affected by any action of the Secretary under this title shall be entitled to a hearing on such action in the same manner as if such agency were a person under chapter 5 of title 5, United States Code.

"(b) JUDICIAL REVIEW OF SECRETARIAL ACTION.—

"(1) IN GENERAL.—A local educational agency or a State aggrieved by the Secretary's final decision following an agency proceeding under subsection (a) may, within 60 days after receiving notice of such decision, file with the United States court of appeals for the circuit in which such agency or State is located a petition for review of that action. The clerk of the court shall promptly transmit a copy of the petition to the Secretary. The Secretary shall then file in the court the record of the proceedings on which the Secretary's action was based, as provided in section 2112 of title 28, United States Code.

"(2) FINDINGS OF FACT.—The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Secretary to take further evidence. The Secretary may thereupon make new or modified findings of fact and may modify the Secretary's previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(3) REVIEW.—The court shall have exclusive jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

"SEC. 8013. DEFINITIONS.

"For purposes of this title, the following definitions apply:

"(1) ARMED FORCES.—The term 'Armed Forces' means the Army, Navy, Air Force, and Marine Corps.

"(2) AVERAGE PER-PUPIL EXPENDITURE.—The term 'average per-pupil expenditure' means—

"(A) the aggregate current expenditures of all local educational agencies in the State; divided by

"(B) the total number of children in average daily attendance for whom such agencies provided free public education.

"(3) CONSTRUCTION.—The term 'construction' means—

"(A) the preparation of drawings and specifications for school facilities;

"(B) erecting, building, acquiring, altering, remodeling, repairing, or extending school facilities;

"(C) inspecting and supervising the construction of school facilities; and

"(D) debt service for such activities.

"(4) FEDERAL PROPERTY.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) through (F), the term 'Federal property' means real property that is not subject to taxation by any State or any political subdivision of a State due to Federal agreement, law, or policy, and that is—

"(i) owned by the United States or leased by the United States from another entity;

"(ii)(I) held in trust by the United States for individual Indians or Indian tribes;

"(II) held by individual Indians or Indian tribes subject to restrictions on alienation imposed by the United States;

"(III) conveyed at any time under the Alaska Native Claims Settlement Act (Public Law 92–203, 43 U.S.C. 1601 et seq.) to a Native individual, Native group, or Village or Regional corporation;

"(IV) public land owned by the United States that is designated for the sole use and benefit of individual Indians or Indian tribes; or

"(V) used for low-rent housing, as otherwise described in this paragraph, that is located on land described in subclause (I), (II), (III), or (IV) of this clause or on land that met one of those descriptions immediately before its use for such housing;

"(iii)(I) part of a low-rent housing project assisted under the United States Housing Act of 1937; or

"(II) used to provide housing for homeless children at closed military installations pursuant to section 501 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11411); or

"(iv) owned by a foreign government or by an international organization.

"(B) SCHOOLS PROVIDING FLIGHT TRAINING TO MEMBERS OF AIR FORCE.—The term 'Federal property' includes, so long as not subject to taxation by any State or any political subdivision of a State, and whether or not that tax exemption is due to Federal agreement, law, or policy, any school providing flight training to members of the Air Force under contract with the Air Force at an airport owned by a State or political subdivision of a State.

"(C) NON-FEDERAL EASEMENTS, LEASES, LICENSES, PERMITS, IMPROVEMENTS, AND CERTAIN OTHER REAL PROPERTY.—The term 'Federal property' includes, whether or not subject to taxation by a State or a political subdivision of a State—

"(i) any non-Federal easement, lease, license, permit, or other such interest in Federal property as otherwise described in this paragraph, but not including any non-Federal fee-simple interest;

"(ii) any improvement on Federal property as otherwise described in this paragraph; and

"(iii) real property that, immediately before its sale or transfer to a non-Federal party, was owned by the United States and otherwise qualified as Federal property described in this paragraph, but only for one year beyond the end of the fiscal year of such sale or transfer.

"(D) CERTAIN POSTAL SERVICE PROPERTY AND PIPELINES AND UTILITY LINES.—Notwithstanding any other provision of this paragraph, the term 'Federal property' does not include—

"(i) any real property under the jurisdiction of the United States Postal Service that is used primarily for the provision of postal services; or

"(ii) pipelines and utility lines.

"(E) PROPERTY WITH RESPECT TO WHICH STATE OR LOCAL TAX REVENUES MAY NOT BE EXPENDED, ALLOCATED, OR AVAILABLE FOR FREE PUBLIC EDUCATION.—Notwithstanding any other provision of this paragraph, 'Federal property' does not include any property on which children reside that is otherwise described in this paragraph if—

"(i) no tax revenues of the State or of any political subdivision of the State may be expended for the free public education of children who reside on that Federal property; or

"(ii) no tax revenues of the State are allocated or available for the free public education of such children.

"(F) CERTAIN PROPERTY LOCATED IN STATE OF OKLAHOMA OWNED BY INDIAN HOUSING AUTHORITY FOR LOW-INCOME HOUSING.—The term 'Federal property' includes any real property located in the State of Oklahoma that—

"(i) is owned by an Indian housing authority and used for low-income housing (including housing assisted under the mutual help ownership opportunity program under section 202 of the United States Housing Act of 1937); and

"(ii) at any time—

"(I) was designated by treaty as tribal land; or

"(II) satisfied the definition of Federal property under section 403(1)(A) of the Act of September 30, 1950 (Public Law 874, 81st Congress).

"(5) FREE PUBLIC EDUCATION.—The term 'free public education' means education that is provided—

"(A) at public expense, under public supervision and direction, and without tuition charge; and

"(B) as elementary or secondary education, as determined under State law, except that, notwithstanding State law, such term—

"(i) includes preschool education; and

"(ii) does not include any education provided beyond grade 12.

"(6) INDIAN LANDS.—The term 'Indian lands' means any Federal property described in paragraph (4)(A)(ii) or (4)(F).

"(7) LOCAL CONTRIBUTION PERCENTAGE.—

"(A) IN GENERAL.—The term 'local contribution percentage' means the percentage

of current expenditures in the State derived from local and intermediate sources, as reported to and verified by the National Center for Education Statistics.

"(B) HAWAII AND DISTRICT OF COLUMBIA.—Notwithstanding subparagraph (A), the local contribution percentage for Hawaii and for the District of Columbia shall be the local contribution percentage computed for the Nation as a whole.

"(8) LOCAL EDUCATIONAL AGENCY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'local educational agency'—

"(i) means a board of education or other legally constituted local school authority having administrative control and direction of free public education in a county, township, independent school district, or other school district; and

"(ii) includes any State agency that directly operates and maintains facilities for providing free public education.

"(B) EXCEPTION.—The term 'local educational agency' does not include any agency or school authority that the Secretary determines on a case-by-case basis—

"(i) was constituted or reconstituted primarily for the purpose of receiving assistance under this title or the Act of September 30, 1950 (Public Law 874, 81st Congress) or increasing the amount of such assistance; or

"(ii) is not constituted or reconstituted for legitimate educational purposes.

"(9) LOW-RENT HOUSING.—The term 'low-rent housing' means housing located on property that is described paragraph (4)(A)(iii).

"(10) REVENUE DERIVED FROM LOCAL SOURCES.—The term 'revenue derived from local sources' means—

"(A) revenue produced within the boundaries of a local educational agency and available to such agency for its use; or

"(B) funds collected by another governmental unit, but distributed back to a local educational agency in the same proportion as it was collected as a local revenue source.

"(11) SCHOOL FACILITIES.—The term 'school facilities' includes—

"(A) classrooms and related facilities; and

"(B) equipment, machinery, and utilities necessary or appropriate for school purposes.

"SEC. 8014. AUTHORIZATION OF APPROPRIATIONS.

"(a) PAYMENTS FOR FEDERAL ACQUISITION OF REAL PROPERTY.—For the purpose of making payments under section 8003, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(b) BASIC PAYMENTS.—For the purpose of making payments under section 8004(a), there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(c) PAYMENTS FOR CHILDREN WITH DISABILITIES.—For the purpose of making payments under section 8004(d), there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(d) PAYMENTS FOR HEAVILY IMPACTED LOCAL EDUCATIONAL AGENCIES.—

"(1) IN GENERAL.—For the purpose of making payments under section 8004(f), there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(2) AVAILABILITY.—Amounts appropriated pursuant to the authorization of appropriations under paragraph (1) are authorized to remain available until expended.

"(e) PAYMENTS FOR INCREASES IN MILITARY CHILDREN.—For the purpose of making payments under section 8007, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(f) CONSTRUCTION.—For the purpose of making payments under section 8008, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(g) FACILITIES MAINTENANCE.—For the purpose of carrying out section 8009, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

TITLE IX—GENERAL PROVISIONS

"PART A—DEFINITIONS

"SEC. 9101. DEFINITIONS.

"Except as otherwise provided, for the purposes of this Act, the following terms have the following meanings:

"(1)(A) Except as provided otherwise by State law or this paragraph, the term 'average daily attendance' means—

"(i) the aggregate number of days of attendance of all students during a school year; divided by

"(ii) the number of days school is in session during such school year.

"(B) The Secretary shall permit the conversion of average daily membership (or other similar data) to average daily attendance for local educational agencies in States that provide State aid to local educational agencies on the basis of average daily membership or such other data.

"(C) If the local educational agency in which a child resides makes a tuition or other payment for the free public education of the child in a school located in another school district, the Secretary shall, for purposes of this Act—

"(i) consider the child to be in attendance at a school of the agency making such payment; and

"(ii) not consider the child to be in attendance at a school of the agency receiving such payment.

"(D) If a local educational agency makes a tuition payment to a private school or to a public school of another local educational agency for a child with disabilities, as defined in section 602(a)(1) of the Individuals with Disabilities Education Act, the Secretary shall, for the purposes of this Act, consider such child to be in attendance at a school of the agency making such payment.

"(2) The term 'average per-pupil expenditure' means, in the case of a State or of the United States—

"(A) without regard to the source of funds—

"(i) the aggregate current expenditures, during the third preceding fiscal year (or, if satisfactory data for that year are not available, during the most recent preceding fiscal year for which satisfactory data are available) of all local educational agencies in the State or, in the case of the United States for all States (which, for the purpose of this paragraph, means the 50 States and the District of Columbia); plus

"(ii) any direct current expenditures by the State for operation of such agencies; divided by

"(B) the aggregate number of children in average daily attendance to whom such agencies provided free public education during such preceding year.

"(3) The term 'child' means any person within the age limits for which the applicable State provides free public education.

"(4) The term 'community-based organization' means a private nonprofit organization that—

"(A) is representative of a community or significant segments of a community; and

"(B) provides educational or related services to individuals in the community.

"(5) The term 'consolidated State application' means an application submitted by a State educational agency pursuant to section 9302 of this Act.

"(6) The term 'county' means one of those divisions of a State used by the Secretary of Commerce in compiling and reporting data regarding counties.

"(7) The term 'covered program' means each of the programs authorized by—

"(A) part A of title I of this Act;

"(B) part C of title I of this Act;

"(C) part A of title II of this Act; and

"(D) part A of title IV of this Act except section 4104.

"(8) The term 'current expenditures' means expenditures for free public education—

"(A) including expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities; but

"(B) not including expenditures for community services, capital outlay, and debt service, or any expenditures made from funds received under title I and part A of title II of this Act.

"(9) The term 'Department' means the Department of Education.

"(10) The term 'educational service agency' means regional public multiservice agencies authorized by State statute to develop, manage, and provide services and programs to local educational agencies.

"(11) The term 'elementary school' means a nonprofit day or residential school that provides elementary education, as determined under State law.

"(12) The term 'free public education' means education that is provided—

"(A) at public expense, under public supervision and direction, and without tuition charge; and

"(B) as elementary or secondary school education as determined under applicable State law, except that such term does not include any education provided beyond grade 12.

"(13) The term 'institution of higher education' has the meaning given that term in section 1201(a) of the Higher Education Act of 1965.

"(14)(A) The term 'local educational agency' means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or for such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools.

"(B) The term includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.

"(15) The term 'mentoring' means a program in which an adult works with a child or youth on a 1-to-1 basis, establishing a supportive relationship, providing academic assistance, and exposing the child or youth to new experiences that enhance the child or youth's ability to excel in school and become a responsible citizen.

"(16) The term 'other staff' means pupil services personnel, librarians, career guid-

ance and counseling personnel, education aides, and other instructional and administrative personnel.

"(17) The term 'outlying area' means the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and Palau (until the effective date of the Compact of Free Association with the Government of Palau).

"(18) The term 'parent' includes a legal guardian or other person standing in loco parentis.

"(19) The terms 'pupil-services personnel' and 'pupil services' mean, respectively—

"(A) school counselors, school social workers, school psychologists, and other qualified professional personnel involved in providing assessment, diagnosis, counseling, educational, therapeutic, and other necessary services as part of a comprehensive program to meet student needs; and

"(B) the services provided by such individuals.

"(20) The term 'secondary school' means a nonprofit day or residential school that provides secondary education, as determined under State law, except that it does not include any education beyond grade 12. This definition shall not apply to any private, religious, or home school that does not receive funds under this Act.

"(21) The term 'Secretary' means the Secretary of Education.

"(22) The term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and each of the outlying areas.

"(23) The term 'State educational agency' means the agency primarily responsible for the State supervision of public elementary and secondary schools.

"SEC. 9102. APPLICABILITY OF THIS TITLE.

"Parts B through F of this title do not apply to title VIII of this Act.

"SEC. 9103. REFERENCES IN OTHER ACTS.

"References to section 1471 of this Act, as it existed prior to the enactment of the Improving America's Schools Act of 1994, shall be deemed to refer to this section.

"PART B—FLEXIBILITY IN THE USE OF ADMINISTRATIVE AND OTHER FUNDS

"SEC. 9201. CONSOLIDATION OF STATE ADMINISTRATIVE FUNDS FOR ELEMENTARY AND SECONDARY EDUCATION PROGRAMS.

"(a) CONSOLIDATION OF ADMINISTRATIVE FUNDS.—(1) A State educational agency may consolidate the amounts specifically made available to it for State administration under one or more of the programs specified under paragraph (2) if such State educational agency can demonstrate that the majority of such agency's resources come from non-Federal sources.

"(2) This section applies to title I of this Act and the covered programs specified in sections 9101(7)(C) and (D).

"(b) USE OF FUNDS.—(1) A State educational agency shall use the amount available under this section for the administration of the programs included in the consolidation under subsection (a).

"(2) A State educational agency may also use funds available under this section for administrative activities designed to enhance the effective and coordinated use of funds under such programs, such as—

"(A) the coordination of programs specified in subsection (a)(2) with other Federal and non-Federal programs;

"(B) the establishment and operation of peer-review mechanisms under this Act;

"(C) the administration of this title;

"(D) the dissemination of information regarding model programs and practices; and

"(E) technical assistance under programs specified in subsection (a)(2).

"(c) RECORDS.—A State educational agency that consolidates administrative funds under this section shall not be required to keep separate records, by individual program, to account for costs relating to the administration of programs included in the consolidation under subsection (a).

"(d) REVIEW.—To determine the effectiveness of State administration under this section, the Secretary may periodically review the performance of State educational agencies in using consolidated administrative funds under this section and take such steps as the Secretary finds appropriate to ensure the effectiveness of such administration.

"(e) UNUSED ADMINISTRATIVE FUNDS.—If a State educational agency does not use all of the funds available to it under this section for administration, it may use such funds during the applicable period of availability as funds available under one or more programs included in the consolidation under subsection (a).

"SEC. 9202. SINGLE LOCAL EDUCATIONAL AGENCY STATES.

"A State educational agency that also serves as a local educational agency shall, in its applications or State plans under this Act, describe how it will eliminate duplication in the conduct of administrative functions.

"SEC. 9203. CONSOLIDATION OF FUNDS FOR LOCAL ADMINISTRATION.

"(a) GENERAL AUTHORITY.—In accordance with regulations of the Secretary, a local educational agency, with the approval of its State educational agency, may consolidate and use for the administration of one or more covered programs for any fiscal year not more than the percentage, established in each covered program, of the total amount available to that local educational agency under those covered programs.

"(b) STATE PROCEDURES.—Within one year from the date of enactment of the Improving America's Schools Act of 1994, a State educational agency shall, in collaboration with local educational agencies in the State, establish procedures for responding to requests from local educational agencies to consolidate administrative funds under subsection (a) and for establishing limitations on the amount of funds under covered programs that may be used for administration on a consolidated basis.

"(c) CONDITIONS.—A local educational agency that consolidates administrative funds under this section for any fiscal year shall not use any other funds under the programs included in the consolidation for administration for that fiscal year.

"(d) USES OF ADMINISTRATIVE FUNDS.—A local educational agency that consolidates administrative funds under this section may use these consolidated funds for the administration of covered programs and for the purposes described in section 9201(b)(2).

"(e) RECORDS.—A local educational agency that consolidates administrative funds under this section shall not be required to keep separate records, by individual covered program, to account for costs relating to the administration of covered programs included in the consolidation.

"SEC. 9204. ADMINISTRATIVE FUNDS STUDY.

"(a) STUDY.—(1) The Secretary shall conduct a study of the use of funds under this Act for the administration, by State and local educational agencies, of covered programs, including the percentage of grant funds used for such purpose in covered programs.

"(2) Based on the results of such study, the Secretary shall develop a definition of what types of activities constitute the administration of programs under this Act by State and local educational agencies.

"(3) Based on the results of such study, the Secretary may publish regulations or guidelines regarding the use of funds for administration under those programs, including the use of such funds on a consolidated basis and limitations on the amount of such funds that may be used for administration where such limitation is not otherwise specified in law.

"(b) REPORT.—The Secretary shall submit to the President and the appropriate committees of the Congress a report regarding the study conducted under this section within 30 days of its completion.

"SEC. 9205. CONSOLIDATED SET-ASIDE FOR DEPARTMENT OF THE INTERIOR FUNDS.

"(a) GENERAL AUTHORITY.—(1) The Secretary shall transfer to the Department of the Interior, as a consolidated amount for covered programs, the Indian education programs under part A of title VI of this Act, and the education for homeless children and youth program under subtitle B of title VII of the Stewart B. McKinney Homeless Assistance Act, the amounts allotted to the Department of the Interior under those programs.

"(2)(A) The Secretary and the Secretary of the Interior shall enter into an agreement, consistent with the requirements of the programs specified in paragraph (1), for the distribution and use of those funds under terms that the Secretary determines best meet the purposes of those programs.

"(B) The agreement shall—

"(i) set forth the plans of the Secretary of the Interior for the use of the amount transferred, the steps to be taken to achieve the National Education Goals, and performance measures to assess program effectiveness, including measurable goals and objectives; and

"(ii) be developed in consultation with Indian tribes.

"(b) ADMINISTRATION.—The Department of the Interior may use up to 1.5 percent of the funds consolidated under this section for its costs related to the administration of the funds transferred under this section.

"SEC. 9206. AVAILABILITY OF UNNEEDED PROGRAM FUNDS.

"(a) UNNEEDED PROGRAM FUNDS.—With the approval of its State educational agency, a local educational agency that determines for any fiscal year that funds under a covered program other than part A of title I of this Act are not needed for the purpose of that covered program may use such funds, not to exceed five percent of the total amount of its funds under that covered program, for the purpose of another covered program.

"(b) COORDINATION OF SERVICES.—A local educational agency, individual school, or consortium of schools may use a total of up to 5 percent of the funds it receives under this Act for the establishment and implementation of a coordinated services project consistent with the requirements of Title X of this Act.".

"PART C—COORDINATION OF PROGRAMS; CONSOLIDATED STATE AND LOCAL APPLICATIONS

"SEC. 9301. PURPOSE.

"It is the purpose of this part to improve teaching and learning by encouraging greater cross-program coordination, planning, and service delivery under this Act and enhanced integration of programs under this Act with educational activities carried out with State and local funds.

"SEC. 9302. OPTIONAL CONSOLIDATED STATE APPLICATION.

"(a) GENERAL AUTHORITY.—(1) In order to simplify application requirements and reduce burden for State educational agencies under this Act, the Secretary shall, in accordance with subsection (b), establish procedures and criteria under which a State educational agency may submit a consolidated State application meeting the requirements of this section for each of the covered programs in which the State participates.

"(2) A State educational agency may also include in its consolidated application—

"(A) the Even Start program under part B of title I of this Act;

"(B) the education of neglected and delinquent youth program under part D of title I of this Act;

"(C) part A of title II of the Carl D. Perkins Vocational and Applied Technology Education Act;

"(D) Goals 2000: Educate America Act;

"(E) School-to-Work Opportunities Act; and

"(F) such other programs as the Secretary may designate.

"(3) A State educational agency that submits a consolidated State application under this section shall not be required to submit separate State plans or applications under any of the programs to which its consolidated application under this section applies.

"(b) COLLABORATION.—(1) In establishing criteria and procedures under this section, the Secretary shall collaborate with State educational agencies and, as appropriate, with other State agencies, local educational agencies, public and private nonprofit agencies, organizations, and institutions, private schools, and representatives of parents, students, and teachers.

"(2) Through the collaboration process described in subsection (b), the Secretary shall establish, for each program under the Act to which this section applies, the descriptions, information, assurances, and other material required to be included in a consolidated State application.

"(3) The Secretary shall require only descriptions, information, assurances, and other materials that are absolutely necessary for the consideration of the State application.

"SEC. 9303. GENERAL APPLICABILITY OF STATE EDUCATIONAL AGENCY ASSURANCES.

"(a) ASSURANCES.—A State educational agency that submits a State plan or application under this Act, whether separately or under section 9302, shall have on file with the Secretary a single set of assurances, applicable to each program for which a plan or application is submitted, that provides that—

"(1) each such program will be administered in accordance with all applicable statutes, regulations, program plans, and applications;

"(2)(A) the control of funds provided under each such program and title to property acquired with program funds will be in a public agency, in a nonprofit private agency, institution, or organization, or in an Indian tribe if the statute authorizing the program provides for assistance to such entities; and

"(B) the public agency, nonprofit private agency, institution, or organization, or Indian tribe will administer such funds and property to the extent required by the authorizing statutes;

"(3) the State will adopt and use proper methods of administering each such program, including—

"(A) the enforcement of any obligations imposed by law on agencies, institutions, organizations and other recipients responsible for carrying out each program;

"(B) the correction of deficiencies in program operations that are identified through audits, monitoring, or evaluation; and

"(C) the adoption of written procedures for the receipt and resolution of complaints alleging violations of law in the administration of such programs;

"(4) the State will cooperate in carrying out any evaluation of each such program conducted by or for the Secretary or other Federal officials;

"(5) the State will use such fiscal control and fund accounting procedures as will ensure proper disbursement of, and accounting for, Federal funds paid to the State under each such program;

"(6) the State will—

"(A) make reports to the Secretary as may be necessary to enable the Secretary to perform the Secretary's duties under each such program; and

"(B) maintain such records, provide such information to the Secretary, and afford access to the records as the Secretary may find necessary to carry out the Secretary's duties; and

"(7) before the application was submitted to the Secretary, the State has afforded a reasonable opportunity for public comment on the application and has considered such comment.

"(b) GEPA PROVISION.—Section 440 of the General Education Provisions Act does not apply to programs under this Act.

"SEC. 9304. CONSOLIDATED LOCAL APPLICATIONS.

"(a) GENERAL AUTHORITY.—A local educational agency receiving funds under more than one covered program may submit applications to the State educational agency under such programs on a consolidated basis.

"(b) REQUIRED CONSOLIDATED APPLICATIONS.—A State educational agency that has submitted and had approved a consolidated State application under section 9302 may require local educational agencies in the State receiving funds under more than one program included in the consolidated State application to submit consolidated local applications under such programs.

"(c) COLLABORATION.—A State educational agency shall collaborate with local educational agencies in the State in establishing procedures for the submission of the consolidated applications under this section.

"(d) The State educational agency shall require only descriptions, information, assurances, and other material that are absolutely necessary for the consideration of the application of the local educational agency.

"SEC. 9305. OTHER GENERAL ASSURANCES.

"(a) ASSURANCES.—Any applicant other than a State educational agency that submits an application under this Act, whether separately or pursuant to section 9304, shall have on file with the State educational agency a single set of assurances, applicable to each program for which an application is submitted, that provides that—

"(1) each such program will be administered in accordance with all applicable statutes, regulations, program plans, and applications;

"(2)(A) the control of funds provided under each such program and title to property acquired with program funds will be in a public agency or in a nonprofit private agency, institution, organization, or Indian tribe, if the statute authorizing the program provides for assistance to such entities; and

"(B) the public agency, nonprofit private agency, institution, or organization, or Indian tribe will administer such funds and property to the extent required by the authorizing statutes;

"(3) the applicant will adopt and use proper methods of administering each such program, including—

"(A) the enforcement of any obligations imposed by law on agencies, institutions, organizations, and other recipients responsible for carrying out each program; and

"(B) the correction of deficiencies in program operations that are identified through audits, monitoring, or evaluation;

"(4) the applicant will cooperate in carrying out any evaluation of each such program conducted by or for the State educational agency or the Secretary or other Federal officials;

"(5) the applicant will use such fiscal control and fund accounting procedures as will ensure proper disbursement of, and accounting for, Federal funds paid to such applicant under each such program;

"(6) the applicant will—

"(A) make reports to the State educational agency and the Secretary as may be necessary to enable such agency and the Secretary to perform their duties under each such program; and

"(B) maintain such records, provide such information, and afford access to the records as the State educational agency or the Secretary may find necessary to carry out the State educational agency's or the Secretary's duties; and

"(7) before the application was submitted, the applicant afforded a reasonable opportunity for public comment on the application and has considered such comment.

"(b) GEPA PROVISION.—Section 442 of the General Education Provisions Act does not apply to programs under this Act.

"PART D—WAIVERS

"SEC. 9401. WAIVERS OF STATUTORY AND REGULATORY REQUIREMENTS.

"(a) Except as provided in subsection (c), the Secretary may waive any requirement of this Act or of the General Education Provisions Act, or of the regulations issued under such Acts, for a State educational agency, Indian tribe, or other agency, organization, or institution that receives funds under a program authorized by this Act from the Department and that requests such a waiver the Secretary determines that such requirement impedes the ability of the State educational agency or other recipient to achieve more effectively the purposes of this Act.

"SEC. 9402. APPLICATIONS.

"(a) GENERAL REQUIREMENTS.—A school, local educational agency, or State that desires to receive a waiver under this Act shall—

"(1) indicate which Federal requirements are to be waived and how waiving such requirements will improve educational achievement among all students;

"(2) describe educational programs and goals being proposed and how such programs will meet the needs of all students;

"(3) identify the Federal programs to be included in the project;

"(4) indicate which State and local requirements to be waived;

"(5) describe specific, measurable educational improvement goals and expected outcomes for all affected students;

"(6) describe methods to be used to measure progress toward meeting such goals;

"(7) describe how programs will continue to focus on the same populations served by programs for which waivers are requested;

"(8) describe how students not now eligible for programs for which waivers are granted

can be served without weakening the program benefits for eligible populations; and

"(9) describe the student population at proposed schools, including—

"(A) current data regarding the achievement levels of students, particularly disadvantaged students;

"(B) the number of students who—

"(i) are of limited English proficiency, as defined in section 7003(a)(1) of the Bilingual Education Act;

"(ii) are children with disabilities, as defined in section 602(a)(1) of the Individuals with Disabilities Education Act;

"(iii) are currently or were, within the past 5 years, migratory;

"(iv) are educationally disadvantaged for the purposes of title I of the Elementary and Secondary Education Act of 1965; and

"(v) are eligible for a free or reduced-price lunch.

"(b) ADDITIONAL REQUIREMENTS.—The Secretary of Education may include additional requirements as may reasonably be required.

"(c) INDIVIDUAL SCHOOL APPLICATIONS.—A local school that desires to receive a waiver under this Act shall submit an application to the local educational agency, which, after review, shall submit such application to the State educational agency.

"(d) LOCAL APPLICATIONS.—(1) A local educational agency that desires to receive a waiver under this Act shall submit an application to the State educational agency for review.

"(2) A State educational agency that approves an application submitted by a local educational agency shall forward such application to the Secretary of Education for consideration.

"(3) If an application requests a waiver for a program other than an education program, the State educational agency shall submit such application to the chief executive of the State for review before forwarding such application to the Secretary of Education.

"(e) STATE APPLICATIONS.—(1) A State educational agency that desires to receive a waiver under this Act shall—

"(1) submit an application to the Secretary of Education for consideration; and

"(2) provide all interested local education agencies in the State with notice and an opportunity to comment on the proposal.

"(f) WAIVERS NOT AUTHORIZED.—The Secretary may not waive, under this section, any statutory or regulatory requirement relating to—

"(1) comparability of services;

"(2) maintenance of effort;

"(3) the equitable participation of students attending private schools;

"(4) parental participation and involvement;

"(5) the distribution of funds to States or to local educational agencies or other recipients of funds under this Act;

"(6) maintenance of records;

"(7) applicable civil rights requirements; or

"(8) the requirements of sections 444 and 445 of the General Education Provisions Act.

"SEC. 9403. EVALUATIONS AND TECHNICAL ASSISTANCE.

"(a) WAIVERS.—Three years after a waiver is provided to a school or local educational agency, the Secretary of Education shall evaluate the effectiveness of such waiver, based on reports and evaluations conducted by the State educational agency, in meeting the goals outlined in their application, in achieving educational reform, in raising student achievement for all students, including students with disabilities, students who are disadvantaged, and students who are limited English proficient, and in meeting the National Education Goals.

"(b) TECHNICAL ASSISTANCE.—If the Secretary determines that progress in achieving education reform is not satisfactory, the Secretary may provide technical assistance to a school or local educational agency.

"(c) TERMINATION.—If the Secretary determines that the technical assistance does not improve education reform efforts, the Secretary may immediately terminate any waivers previously granted.

"(d) NATIONAL EVALUATION.—Three years after the flexibility program is implemented and at the end of every succeeding 3-year period, the Secretary shall evaluate the effectiveness of the flexibility program nationwide. The findings of such evaluation shall be submitted to the Congress not later than 120 days after such evaluation is completed.

"SEC. 9404. REPORTS.

"(a) LOCAL REPORTS.—A local educational agency or school that participates in a flexibility project under this Act shall submit an annual report to the State educational agency that—

"(1) describes project activities;

"(2) evaluates the progress in achieving the goals stated in the application; and

"(3) evaluates the effectiveness of coordinating services for students and their families.

"(b) STATE REPORTS.—(1) A State that participates in a flexibility project under this Act shall submit an annual report to the Secretary of Education which evaluates the progress in achieving goals stated in the application.

"(2) The State Educational Agency, upon receipt of reports of local educational agencies or schools participating in a flexibility project, shall review such documents and evaluate the progress of such programs in elevating academic achievement for all students, accomplishing education reform and meeting the National Education Goals. Such reports and evaluations shall be submitted to the Secretary of Education on an annual basis.

"(c) SECRETARY REPORTS.—The Secretary of Education shall submit to the Congress a biennial report, based on State reports, regarding the national progress of flexibility programs and the effect of such programs on improving educational achievement for all students and meeting the National Education Goals.

"SEC. 9405. GENERAL PROVISION REGARDING NON-RECIPIENT NONPUBLIC SCHOOLS.

"Nothing in this Act shall be construed to permit, allow, encourage, or authorize any Federal involvement with or control over any aspect of any private, religious, or home school that does not receive funds under the Act.

"TITLE X—COORDINATED SERVICES PROJECTS

"SEC. 10001. FINDINGS AND PURPOSE.

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

"(1) Growing numbers of children are negatively affected by influences outside of the classroom which increase their risk of academic failure.

"(2) Factors such as poor nutrition, unsafe living conditions, physical and sexual abuse, family and gang violence, inadequate health care, unemployment, lack of child care and substance abuse adversely affect family relationships and the ability of a child to learn.

"(3) Parents and other caregivers in today's high pressure society often face demands which place restraints on their time and affect their ability to adequately provide for the needs of their families.

"(4) Access to health and social service programs can address the basic physical and emotional needs of children so that they can fully participate in the learning experiences offered them in school.

"(5) Services for at-risk students need to be more convenient, less fragmented, regulated and duplicative in order to meet the needs of children and their families.

"(6) School personnel, parents, and support service providers often lack knowledge of, and access to, available services for at-risk students and their families in the community, and have few resources to coordinate services and make them accessible.

"(7) Service providers, such as teachers, social workers, health care and child care providers, juvenile justice workers and others, are often trained in separate disciplines that provide little support for the coordination of services.

"(8) Coordination of services is more cost effective because it substitutes prevention for expensive crisis intervention.

"(9) Coordinating health and social services with education can help the Nation meet the National Education Goals by ensuring better outcomes for children.

"(b) PURPOSE OF COORDINATING SERVICES.—The purpose of this section is to provide elementary and secondary school students and their families better access to the social, health and education services necessary for students to succeed in school and for their families to take an active role in ensuring that children receive the best possible education.

"SEC. 10002. DEFINITIONS.

"(a) The term 'coordinated services project' refers to a comprehensive approach to meeting the educational, health, social service, and other needs of children and their families, including foster children and their foster families, through a communitywide partnership that links public and private agencies providing such services or access to such services through a coordination site at or near a school.

"(b) An 'eligible entity' is a local educational agency, individual school, or consortium of schools.

"SEC. 10003. PROJECT DEVELOPMENT AND IMPLEMENTATION.

"(a) PROJECT PLANS.—Eligible entities exercising their authority under section 9206(b) shall submit to the Secretary an application for the development of a plan or a plan for the implementation of a coordinated services project.

"(b) PROJECT DEVELOPMENT.—The application for the development of the coordinated services project, which can last for up to one year, shall:

"(1) demonstrate that an assessment will be performed of the economic, social, and health barriers to educational achievement experienced by children and families, including foster children and their foster families, in the community, and the local, State, federal, and privately funded services available to meet such needs;

"(2) identify the measures that will be taken to establish a communitywide partnership that links public and private agencies providing services to children and families; and

"(3) identify any other measures that will be taken to develop a comprehensive plan for the implementation of a coordinated services project or projects.

"(c) PROJECT IMPLEMENTATION.—Eligible entities shall submit to the Secretary a plan

for the implementation or expansion of a coordinated services project. Such plan shall include—

"(1) the results of a children and families needs assessment, which will include an assessment of the needs of foster children;

"(2) the membership of the coordinated services project partnership;

"(3) a description of the proposed coordinated services project, its objectives, where it will be located, and the staff that will be used to carry out the purposes of the project;

"(4) a description of how the success of the coordinated services project will be evaluated;

"(5) a description of the training to be provided to teachers and appropriate personnel; and

"(6) information regarding whether or not a sliding scale fee for services will be employed, and if not, an explanation of why such scale is not feasible.

"SEC. 10004. USES OF FUNDS.

"(a) Funds utilized under the authority of section 9206(b) may be used for activities under this title which include—

"(1) hiring a services coordinator;

"(2) making minor renovations to existing buildings;

"(3) purchasing basic operating equipment;

"(4) improving communications and information-sharing between members of the coordinated services project partnership;

"(5) providing training to teachers and appropriate personnel concerning their role in a coordinated services project; and

"(6) conducting the needs assessment required in section 10003(b)(1).

"(b) Projects operating under the authority of this title shall comply with the requirements of section 1121(b).

"SEC. 10005. CONTINUING AUTHORITY.

"The Secretary shall not approve the plan of any project which fails to demonstrate that it is achieving effective coordination after 2 years of implementation.

"SEC. 10006. FEDERAL AGENCY COORDINATION.

"(a) AGENCY COORDINATION.—The Secretaries of Education, Health and Human Services, Labor, Housing and Urban Development, Treasury, and Agriculture, and the Attorney General shall review the programs administered by their agencies to identify barriers to service coordination.

"(b) REPORT TO CONGRESS.—Such Secretaries and the Attorney General shall submit jointly a report to the Congress not later than 2 years after the date of the enactment of the Improving America's Schools Act, based on the review required under paragraph (a) recommending legislative and regulatory action to address such barriers, and during this time, shall use waiver authorities authorized under this and other Acts.

"SEC. 10007. LIMITATION ON USE OF FUNDS FOR COORDINATION OF SERVICES.

"None of the funds authorized under this Act which are used for projects which include the coordination of health and social services with education may be used to provide family planning or reproductive health services.".

TITLE II—AMENDMENTS TO THE GENERAL EDUCATION PROVISIONS ACT

PART A—APPLICABILITY OF THE GENERAL EDUCATION PROVISIONS ACT

SEC. 211. TITLE; APPLICABILITY; DEFINITIONS.

Section 400 of the General Education Provisions Act (20 U.S.C. 1221 et seq.; referred to in this title as "the Act") is amended to read as follows:

"TITLE; APPLICABILITY; DEFINITIONS

"SEC. 400. (a) This title may be cited as the 'General Education Provisions Act'.

"(b)(1) Except as otherwise provided, this title applies to each applicable program of the Department of Education.

"(2) Except as otherwise provided, this title does not apply to any contract made by the Department of Education.

"(c) As used in this title, the following terms have the following meanings:

"(1) The term 'applicable program' means any program for which the Secretary or the Department has administrative responsibility as provided by law or by delegation of authority pursuant to law. The term includes each program for which the Secretary or the Department has administrative responsibility under the Department of Education Organization Act or under statutes effective after the effective date of that Act.

"(2) The term 'applicable statute' means—

"(A) the Act or the title, part, section, or any other subdivision of an Act, as the case may be, that authorizes the appropriation for an applicable program;

"(B) this title; and

"(C) any other statute that by its terms expressly controls the administration of an applicable program.

"(3) The term 'Department' means the Department of Education.

"(4) The term 'Secretary' means the Secretary of Education.

"(d) Nothing in this title shall be construed to affect the applicability of title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, title V of the Rehabilitation Act of 1973, the Age Discrimination Act, or other statutes prohibiting discrimination, to any applicable program.".

SEC. 212. REPEAL AND REDESIGNATION.

(a) The following provisions of the Act are repealed:

(1) Sections 400A, 401, 402, 405, 406, 406A, 406B, 406C, 407, 413, 416, 419, 421, 423, 424, 426A, and 429; and

(2) part D.

(b) Sections 403, 408, 409, 411, 412, 414, 415, 417, 420, 421A, 422, 425, 426, 427, 428, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, and 440 are redesignated as 401, 410, 411, 420, 421, 422, 423, 425, 426, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, and 446 respectively.

(c) Part E is redesignated as Part D.

PART B—THE DEPARTMENT OF EDUCATION

SEC. 221. NEW HEADING FOR PART A.

The heading for Part A of the Act is amended to read as follows:

"PART A—FUNCTIONS OF THE DEPARTMENT OF EDUCATION".

SEC. 222. OFFICE OF NON-PUBLIC EDUCATION.

Section 401 of the Act (as redesignated) is amended by—

(1) striking the heading of such section and inserting the following new heading:

"OFFICE OF NON-PUBLIC EDUCATION".

(2) striking subsections (a), (b), and (c); and

(3) striking "(d)(1) There" and inserting "SEC. 401 (1) There".

SEC. 223. GENERAL AUTHORITY OF THE SECRETARY.

Section 410 of the Act (as redesignated) is amended to read as follows:

"GENERAL AUTHORITY OF THE SECRETARY

"SEC. 410. The Secretary, in order to carry out functions otherwise vested by law or by delegation of authority pursuant to law, and subject to limitations as may be otherwise imposed by law, is authorized to make, promulgate, issue, rescind, and amend rules and regulations governing the manner of operation of, and governing the applicable programs administered by, the Department.".

SEC. 224. COORDINATION.

The Act is amended by inserting the following new section 412:

"COORDINATION

"SEC. 412. The Advisory Council on Education Statistics, the National Education Goals Panel, the National Education Statistics and Improvement Council, and any other Board established to analyze, address, or approve standards and assessments shall coordinate and interact with one another in order to ensure that each entity does not duplicate activities to assist States in their efforts to reform their educational systems.".

PART C—APPROPRIATIONS AND EVALUATIONS

SEC. 230. FORWARD FUNDING.

Section 420 of the Act (as redesignated) is amended to read as follows:

"FORWARD FUNDING

"SEC. 420. (a) To the end of affording the responsible State, local, and Federal officers adequate notice of available Federal financial assistance for carrying out ongoing education activities and projects, appropriations for grants, contracts, or other payments under any applicable program are authorized to be included in the appropriations Act for the fiscal year preceding the fiscal year during which such activities and projects shall be carried out.

"(b) In order to effect a transition to the timing of appropriation action authorized by subsection (a), the application of this section may result in the enactment, in a fiscal year, of separate appropriations for an applicable program (whether in the same appropriations Act or otherwise) for 2 consecutive fiscal years.".

SEC. 231. AVAILABILITY OF APPROPRIATIONS.

(a) The heading for section 421 of the Act (as redesignated) is amended to read as follows: "AVAILABILITY OF APPROPRIATIONS ON ACADEMIC OR SCHOOL-YEAR BASIS; ADDITIONAL PERIOD FOR EXPENDITURE OF FUNDS".

(b) Section 421 of the Act (as redesignated) is further amended—

(1) in subsection (b) by striking "(b) Notwithstanding" and inserting "(b)(1) Notwithstanding"; and

(2) in subsection (c) by striking "section 3679(d)(2) of the Revised Statutes" and inserting "section 1341(a) of title 31 of the United States Code".

SEC. 232. CONTINGENT EXTENSION OF PROGRAMS.

Section 422 of the Act (as redesignated) of the Act is amended to read as follows:

"CONTINGENT EXTENSION OF PROGRAMS

"SEC. 422. (a) The authorization of appropriations for, or duration of, an applicable program shall be automatically extended for one additional fiscal year unless Congress, in the regular session that ends prior to the beginning of the terminal fiscal year of such authorization or duration, has passed legislation that becomes law and extends or repeals the authorization or duration of such program.

"(b) The amount authorized to be appropriated for the period of automatic extension of an applicable program under subsection (a) shall be the amount that was authorized to be appropriated for that program during its terminal fiscal year.

"(c) During the period of automatic extension of an applicable program under subsection (a), the Secretary shall administer such program, including the performance of all required acts and determinations, in the same manner required in the termination fiscal year by the applicable statute.

"(d) This section shall not apply to the authorization of appropriations for a commis-

sion, council or committee which is required by an applicable statute to terminate on a date certain.".

SEC. 233. STATE REPORTS.

Subpart 2 of part B of the Act is amended by inserting the following new section 424 at the beginning of such subpart.

"RESPONSIBILITY OF STATES TO FURNISH INFORMATION

"SEC. 424. (a) Each State educational agency shall submit to the Secretary a report on or before March 15 of every second year. Each such report shall include—

"(1) information with respect to the uses of Federal funds in such State in the 2 preceding fiscal years under any applicable program under the jurisdiction of the State educational agency; and

"(2) information with respect to the uses of Federal funds in such State in the 2 preceding fiscal years under any Federal program administered by the State that provided grants or contracts to a local educational agency in the State.

"(b) Each report submitted as required by subsection (a) shall—

"(1) list, with respect to each program for which information is provided, all grants made to and contracts entered into with local educational agencies and other public and private agencies and institutions within the State during each fiscal year concerned;

"(2) analyze the information included in the report by local educational agency and by program;

"(3) include the total amount of funds available to the State under each such program for each fiscal year concerned; and

"(4) be made readily available by the State to local educational agencies and institutions within the State and to the public.

"(c) If the Secretary does not receive a report by the date required under subsection (a), or receives an incomplete report, the Secretary, not later than 30 days after such report is required to be submitted, shall take all reasonable measures to obtain the delinquent or incomplete information from the State educational agency.

"(d) When the Secretary receives a report required under subsection (a), the Secretary shall provide such information to the National Center for Education Statistics, and shall make such information available, at a reasonable cost, to any individual who requests it.

"(e) The Secretary shall consult with the Speaker and Minority Leader of the House of Representatives and the Majority and Minority Leaders of the Senate regarding the costs and feasibility of making the information described in subsection (a) available as part of a telecommunications network that is readily accessible to every member of Congress and other interested parties.

"(f) On or before August 15th of each year in which reports are submitted under subsection (a), the Secretary shall submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Such report shall include—

"(1) an analysis of the content and data quality of such reports;

"(2) a compilation of statistical data derived from such reports; and

"(3) information obtained by the Secretary with respect to—

"(A) direct grants made to local educational agencies by the Federal Government; and

"(B) contracts entered into between such agencies and the Federal Government.".

SEC. 234. BIENNIAL EVALUATION REPORT.

Section 425 of the Act (as redesignated) is amended to read as follows:

"BIENNIAL EVALUATION REPORT

"SEC. 425. Not later than March 31 of each second year beginning with 1995, the Secretary shall transmit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate an evaluation report on the effectiveness of applicable programs during the two preceding fiscal years in achieving their legislated purposes. Such report shall—

"(1) contain program profiles that include legislative citations, multi-year funding histories, and legislated purposes;

"(2) contain recent evaluation information on the progress being made toward the achievement of program objectives, including listings of program performance indicators, data from performance measurement based on the indicators, evaluation information on the costs and benefits of the applicable programs being evaluated.

"(3) contain selected significant program activities, such as initiatives for program improvement, regulations, and program monitoring and evaluation;

"(4) list the principal analyses and studies supporting the major conclusions in such report; and

"(5) be prepared in concise summary form with necessary detailed data and appendices, including available data to indicate the effectiveness of the programs and projects by the race, sex, disability and age of their beneficiaries.".

SEC. 235. TECHNICAL AMENDMENT.

(a) Section 423 of the Act (as redesignated) is amended by striking "Commissioner" and inserting "Secretary".

(b) Section 426 of the Act (as redesignated) is amended by—

(1) striking "title I of" and all that follows through "Congress)" and inserting "title VIII of the Elementary and Secondary Education Act of 1965"; and

(2) striking "subparagraph (C) of section 3(d)(2) or section 403(1)(C)" and inserting in lieu thereof "sections 8003(c) or residing on property described in section 8012(4)(B)(ii)".

SEC. 236. COORDINATION.

The National Assessment Governing Board, the Advisory Council on Statistics, the National Education Goals Panel, the National Education Statistics and Improvement Council, and any other Board established to analyze, address, or approve standards and assessments shall coordinate and interact with one another in order to ensure that each entity does not duplicate activities to assist States in their efforts to reform their educational systems.

PART D—ADMINISTRATION OF EDUCATION PROGRAMS

SEC. 241. RACE-NORMING.

The Act is amended by inserting after section 426 (as redesignated) the following new section:

"PROHIBITION AGAINST DISCRIMINATORY USE OF TEST SCORES

"SEC. 426A. No funds appropriated for the purpose of carrying out any applicable program may be used to adjust the scores of, use different scores for, or otherwise alter the results of educational tests on the basis of race, color, religion, sex, or national origin.".

SEC. 242. JOINT FUNDING OF PROGRAMS.

Section 430 of the Act (as redesignated) is amended to read as follows:

"JOINT FUNDING OF PROGRAMS

"SEC. 430. (a)(1) The Secretary is authorized to enter into arrangements with other Federal agencies to jointly carry out projects of common interest, to transfer to such agencies funds appropriated under any applicable program, and to receive and use funds from such agencies, for projects of common interest.

"(2) Funds so transferred or received shall be used only in accordance with the statutes authorizing the appropriation of such funds, and shall be made available by contract or grant only to recipients eligible to receive such funds under such statutes.

"(3) If the Secretary enters into an agreement under this subsection for the administration of a project, the agency administering the project shall use its procedures to award contracts or grants and to administer such awards, unless the parties to the agreement specify the use of procedures of another agency that is a party to the agreement.

"(4) If the Secretary has entered into an agreement authorized under subsection (a) of this section and the Secretary and the heads of the other agencies participating in the agreement determine that joint funding is necessary to address a special need consistent with the purposes and authorized activities of each program that provides funding, the Secretary and the heads of the other participating agencies may develop a single set of criteria for jointly funded projects and require each applicant for those projects to submit a single application for review by the participating agencies.

"(b) The Secretary may develop the criteria for, and require the submission of, joint applications under two or more applicable programs under which awards are made on a competitive basis, and may jointly review and approve such applications separately from other applications under such programs, when the Secretary determines that such joint awards are necessary to address a special need consistent with the purposes and authorized activities of each such program. An applicant for such a joint award must meet the eligibility requirements of each such program.

"(c) The Secretary may not construe the provisions of this section to take precedence over a limitation on joint funding contained in an applicable statute.

"(d)(1) The Secretary shall provide notice to the Committee on Education and Labor of the House of Representatives and to the Committee on Labor and Human Resources of the Senate of each joint funding agreement made with other Federal agencies not later than 60 days following the making of such agreements.

"(2) Such notice shall include—

"(A) a description of the purpose and objectives of the joint funding arrangement;

"(B) the amounts and sources, by program, of the funds dedicated to such arrangement; and

"(C) the criteria developed to govern the award of contracts and grants.".

SEC. 243. COLLECTION AND DISSEMINATION OF INFORMATION.

Section 431 of the Act (as redesignated) is amended by—

(1) striking "(a) The Commissioner" and inserting "The Secretary";

(2) inserting "and" at the end of paragraph (2);

(3) striking "; and" at the end of paragraph (3) and inserting "."; and

(4) striking paragraph (4) and subsections (b) and (c).

SEC. 244. REVIEW OF APPLICATIONS.

(a) Section 432 of the Act (as redesignated) is amended—

(1) in subsection (a)—

(A) by striking "Commissioner" and inserting "Secretary";

(B) by striking "and in the case of the program provided for in title I of the Elementary and Secondary Education Act of 1965,";

(C) in the third sentence thereof, by inserting a comma after "the hearing"; and

(D) in the fourth sentence thereof—

(i) by striking the comma after "guidelines"; and

(ii) by inserting a comma after "program";

(2) in subsection (b), by striking "Commissioner" each place it appears and inserting "Secretary"; and

(3) in subsection (d), by striking "Commissioner" each time it appears and inserting "Secretary" and by inserting before the period "or issue such other orders as the Secretary may deem appropriate to achieve such compliance".

(b) All statistics and other data collection and analysis reported under this section shall, whenever feasible, be collected cross-tabulated, analyzed, and reported by sex within race or ethnicity and socioeconomic status. In the event that the Secretary determines that such statistics or data collection and analysis reveals no significant differences among such categories, the Secretary shall include in the relevant report incorporating such statistics or data an explanation of such determination.

SEC. 245. TECHNICAL AMENDMENT.

Section 434 of the Act (as redesignated) is amended in the first sentence by striking "the Commissioner" and "he" and inserting "the Secretary" in lieu of each.

SEC. 246. USE OF FUNDS WITHHELD.

Section 435 of the Act (as redesignated) is amended to read as follows:

"USE OF FUNDS WITHHELD

"SEC. 435. (a) At any time that the Secretary makes an allotment or reallotment to any State under any applicable program, the Secretary shall reduce such allotment or reallotment by such amount as the Secretary determines such allotment or reallotment would have been reduced, had the data on which the allotment or reallotment is based excluded all data relating to local educational agencies of the State that, on the date of the Secretary's action, are ineligible to receive the Federal financial assistance involved because of failure to comply with title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, or the Age Discrimination Act of 1975.

"(b) The Secretary may use any funds withheld under subsection (a)—

"(1) to increase the allotments of other local educational agencies within the State, or the allotments of all States, in accordance with the statutes governing the program; or

"(2) for grants to local educational agencies of that State in accordance with section 405 of the Civil Rights Act of 1964, or for any other program administered by the Department that is designed to enhance equity in education or redress discrimination on the basis of race, color, national origin, sex, age, or disability.".

SEC. 247. APPLICATIONS.

Section 436 of the Act (as redesignated) is amended by striking "for three fiscal years" and inserting "for more than one fiscal year".

SEC. 248. REGULATIONS.

Section 437 of the Act (as redesignated) is amended—

(1) in the heading by striking ": REQUIREMENTS AND ENFORCEMENT";

(2) in subsection (a) by—

(A) striking, in paragraph (1), "Commissioner" and inserting "Secretary"; and

(B) striking, in paragraph (2), "Department of Health, Education, and Welfare or the Office of Education, or by an official of such agencies" and inserting "Secretary";

(3) in subsection (b) by—

(A) striking "Commissioner" each place it appears and inserting "Secretary"; and

(B) striking the last sentence of paragraph (2)(B);

(4) in subsection (d) by—

(A) striking, in paragraph (1)—

(i) in the second sentence, "transmission unless the Congress shall, by concurrent resolution, find that the final regulation is inconsistent with the Act from which it derives its authority, and disapprove such final regulation, in whole or in part" and insert "transmission";

(ii) the last sentence; and

(iii) "(1)";

(B) striking paragraph (2);

(5) by striking subsections (e) and (f); and

(6) in subsection (g), by striking "Commissioner" each place it appears and inserting "Secretary".

SEC. 249. RECORDS; REDUCTION IN RETENTION REQUIREMENTS.

Section 443 of the Act (as redesignated) is amended—

(1) in subsection (a)—

(A) by striking out "grant, subgrant, contract, subcontract, loan, or other arrangement (other than procurement contracts awarded by an administrative head of an educational agency)" and inserting in lieu thereof "grant, subgrant, cooperative agreement, loan or other agreement";

(B) by inserting "financial or programmatic" immediately before "audit."; and

(C) by striking "five" in the last sentence and inserting "three"; and

(2) in subsection (b), by striking out "to any records of a recipient which may be related, or pertinent to, the grants, subgrants, contracts, subcontracts, loans, or other arrangements" and inserting in lieu thereof "to any records currently maintained by a recipient that may be related, or pertinent to, grants, subgrants, cooperative agreements, loans, or other arrangements".

SEC. 250. RELEASE OF RECORDS.

Section 444(b)(1)(E) of the Act (as redesignated) is amended to read as follows:

"(E) State and local officials or authorities to whom such information is specifically allowed to be reported or disclosed pursuant to State statute adopted—

"(i) before November 19, 1974, if the allowed reporting or disclosure concerns the juvenile justice system and its ability to effectively serve the student whose records are released, or

"(ii) after November 19, 1974, if—

"(I) the allowed reporting or disclosure concerns the juvenile justice system and its ability to effectively serve the student whose records are released, and

"(II) the officials and authorities to whom such information is disclosed certify in writing to the educational agency or institution that the information will not be disclosed to any other party except as provided under State law without the prior written consent of the parent.".

SEC. 251. PROTECTION OF PUPIL RIGHTS.

Section 445 of the Act (as redesignated) is amended to read as follows:

"PROTECTION OF PUPIL RIGHTS

"SEC. 445. (a) All instructional materials, including teacher's manuals, films, tapes, or other supplementary material which will be used in connection with any survey, analysis, or evaluation as part of any applicable program shall be available for inspection by the parents or guardians of the children.

"(b) No student shall be required, as part of any applicable program, to submit to a survey, analysis, or evaluation that reveals information concerning—

"(1) political affiliations;

"(2) mental and psychological problems potentially embarrassing to the student or his family;

"(3) sex behavior and attitudes;

"(4) illegal, antisocial, self-incriminating, and demeaning behavior;

"(5) critical appraisals of other individuals with whom respondents have close family relationships;

"(6) legally recognized privileged or analogous relationships, such as those of lawyers, physicians, and ministers; or

"(7) income (other than that required by law to determine eligibility for participation in a program or for receiving financial assistance under such program),

without the prior consent of the student (if the student is an adult or emancipated minor), or in the case of an unemancipated minor, without the prior written consent of the parent.

"(c) Educational agencies and institutions shall give parents and students effective notice of their rights under this section.

"(d) The Secretary shall take such action as the Secretary determines appropriate to enforce this section, except that action to terminate assistance provided under an applicable program shall be taken only if the Secretary determines that—

"(1) there has been a failure to comply with such section; and

"(2) compliance with such section cannot be secured by voluntary means.

"(e) The Secretary shall establish or designate an office and review board within the Department of Education to investigate, process, review, and adjudicate violations of the rights established under this section.".

SEC. 252. ENFORCEMENT.

(a) Section 452 of the Act is amended—

(1) in the first sentence of paragraph (2) of subsection (a), by striking "stating" and all that follows through the end of such sentence and inserting "establishing a prima facia case for the recovery of funds, including an analysis reflecting the value of the program services actually obtained in a determination of harm to the federal interest.";

(2) in the first sentence of paragraph (1) of subsection (b), by striking "30" and inserting "60"; and

(3) in subsection (d) by—

(A) striking "(d) Upon" and inserting "(d)(1) Upon";

(B) adding a new paragraph (2) as follows:

"(2) During the conduct of such review, there shall not be any ex parte contact between the Secretary and individuals representing the Department or the recipient.".

(b) Section 459 of the Act is amended—

(1) in paragraph (1) of subsection (a) by striking ", and that the recipient is in all other respects in compliance with the requirements of that program"; and

(2) subsection (c) is amended to read as follows:

"(c) Notwithstanding any other provisions of law, the funds made available under this section shall remain available for expendi-

ture for a period of time deemed reasonable by the Secretary, but in no case to exceed more than 3 fiscal years following the later of—

"(1) the fiscal year in which final agency action under section 452(e) is taken; or

"(2) if such recipient files a petition for judicial review, the fiscal year in which final judical action under section 458 is taken.".

SEC. 253. TECHNICAL AMENDMENTS.

(a) The heading for Part C of the Act is amended by striking "COMMISSIONER OF EDUCATION" and inserting "SECRETARY".

(b) Section 434 of the Act (as redesignated) is amended in the second sentence thereof, by inserting "is made" after "such determination".

(c) Section 436 of the Act (as redesignated) is amended by striking "Commissioner" each place it appears and inserting "Secretary".

(d)(1) The heading of section 440 of the Act (as redesignated) is amended by striking "EDUCATIONAL".

(2) Section 440 of the Act (as redesignated) is amended—

(A) by striking "Commissioner" each place it appears and inserting "Secretary"; and

(B) by inserting "(c)" before the last sentence and by deleting "paragraph (3)" in such sentence and inserting "subsection (b)(3)".

(e) Section 441 of the Act (as redesignated) is amended—

(1) by striking "Commissioner" each place it appears and inserting "Secretary"; and

(2) in subsection (a)—

(A) by striking the comma after "submits a plan"; and

(B) by striking "(subject, in the case of programs under chapter 1 and chapter 2 of title I of the Elementary and Secondary Education Act of 1965, to the provisions of title V of such Act)".

(f) Section 442 of the Act (as redesignated) is amended—

(1) in subsection (a), by striking "that local education agency" and inserting "that local educational agency"; and

(2) in subsection (b)—

(A) in paragraph (2), by inserting a comma after "program";

(B) in paragraph (4), by striking "Commissioner" each place it appears and inserting "Secretary"; and

(C) in paragraph (7), by striking "handicapped individuals" and inserting "individuals with disabilities".

(g) Section 444 of the Act (as redesignated) is amended—

(1) in subsection (a)(4)(B)(ii), by striking the period at the end thereof and inserting a semicolon;

(2) in subsection (b)—

(A) in paragraph (1)(C), by striking "(iii) an administrative head of an education agency (as defined in section 408(c)), or (iv)" and inserting "or (iii)";

(B) in paragraph (1)(H), by striking "1954" and inserting "1986"; and

(C) in paragraph (3)—

(i) by striking "(C) an administrative head of an education agency or (D)" and inserting "or (C)"; and

(ii) by striking "education program" and inserting "education programs";

(3) in subsection (d), by inserting a comma after "education";

(4) in subsection (f)—

(A) by striking "The Secretary, or an administrative head of an education agency," and inserting "The Secretary";

(B) by striking "provisions of" after "enforce";

(C) by striking "according to the provisions of" and inserting "in accordance with"; and

(D) by striking "the provisions of" after "with"; and

(5) in subsection (g)—

(A) by striking "Health, Education, and Welfare" and inserting "Education"; and

(B) by striking "the provisions of".

SEC. 254. EQUITY FOR STUDENTS, TEACHERS, AND OTHER PROGRAM BENEFICIARIES.

The Act is further amended by inserting after section 426 (as redesignated) a new section 427 to read as follows:

"EQUITY FOR STUDENTS, TEACHERS, AND OTHER PROGRAM BENEFICIARIES

"SEC. 427. (a) The purpose of this section is to assist the Department in implementing its mission to ensure equal access to education and to promote educational excellence throughout the Nation, by ensuring equal opportunities to participate for all eligible students, teachers, and other program beneficiaries in any project or activity carried out under an applicable program and promoting their ability to meet high standards.

"(b) The Secretary shall require each applicant for assistance under an applicable program (other than an individual) to develop and describe in its application the steps it proposes to take to ensure equitable access to, and equitable participation in, the project or activity to be conducted with such assistance, by addressing the special needs of students, teachers, and other program beneficiaries in order to overcome barriers to equitable participation, including barriers based on gender, race, color, national origin, disability, and age.

"(c) The Secretary may establish criteria and provide technical assistance for meeting the requirements of this section.

"(d) Nothing in this section is intended to alter in any way the rights or responsibilities established under the statutes cited in section 400(d) of this Act.".

PART E—RELATED AMENDMENTS TO OTHER ACTS

SEC. 261. DEPARTMENT OF EDUCATION ORGANIZATION ACT

The Department of Education Organization Act is amended—

(1) by repealing sections 414 and 427;

(2) by redesignating sections 209, 210, 211, 212, 214, 215, 303, 304, 305, 306, 307, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, and 428 as sections 208, 209, 210, 211, 212, 213, 302, 303, 304, 305, 306, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, and 426;

(3) the table of contents is amended to read as follows:

"TABLE OF CONTENTS

"Sec. 1. Short title; table of contents.

"TITLE I—GENERAL PROVISIONS

"Sec. 101. Findings.
"Sec. 102. Purposes.
"Sec. 103. Federal-State Relationships.
"Sec. 104. Definitions.

"TITLE II—ESTABLISHMENT OF THE DEPARTMENT

"Sec. 201. Establishment.
"Sec. 202. Principal officers.
"Sec. 203. Office for Civil Rights.
"Sec. 204. Office of Elementary and Secondary Education.
"Sec. 205. Office of Postsecondary Education.
"Sec. 206. Office of Vocational and Adult Education.
"Sec. 207. Office of Special Education and Rehabilitative Services.
"Sec. 208. Office of Educational Research and Improvement.
"Sec. 209. Office of Bilingual Education and Minority Languages Affairs.
"Sec. 210. Office of General Counsel.
"Sec. 211. Office of Inspector General.
"Sec. 212. Office of Correctional Education.
"Sec. 213. Federal Interagency Committee on Education.

"TITLE III—TRANSFERS OF AGENCIES AND FUNCTIONS

"Sec. 301. Transfers from the Department of Health, Education, and Welfare.
"Sec. 302. Transfers from the Department of Labor.
"Sec. 303. Transfers of programs from the National Science Foundation.
"Sec. 304. Transfers from the Department of Justice.
"Sec. 305. Transfers from the Department of Housing and Urban Development.
"Sec. 306. Effect of transfers.

"TITLE IV—ADMINISTRATIVE PROVISIONS

"PART A—PERSONNEL PROVISIONS

"Sec. 401. Officers and employees.
"Sec. 402. Experts and consultants.
"Sec. 403. Personnel reduction and annual limitations.

"PART B—GENERAL ADMINISTRATIVE PROVISIONS

"Sec. 411. General authority.
"Sec. 412. Delegation.
"Sec. 413. Reorganization.
"Sec. 414. Contracts.
"Sec. 415. Regional and field offices.
"Sec. 416. Acquisition and maintenance of property.
"Sec. 417. Facilities at remote locations.
"Sec. 418. Use of facilities.
"Sec. 419. Copyrights and patents.
"Sec. 420. Gifts and bequests.
"Sec. 421. Technical advice.
"Sec. 422. Working capital fund.
"Sec. 423. Funds transfer.
"Sec. 424. Seal of department.
"Sec. 425. Annual report.
"Sec. 426. Authorization of appropriations.

"TITLE V—TRANSITIONAL, SAVINGS, AND CONFORMING PROVISIONS

"Sec. 501. Transfer and allocation of appropriations and personnel.
"Sec. 502. Effect on personnel.
"Sec. 503. Agency terminations.
"Sec. 504. Incidental transfers.
"Sec. 505. Savings provisions.
"Sec. 506. Separability.
"Sec. 507. Reference.
"Sec. 508. Amendments.
"Sec. 509. Redesignation.
"Sec. 510. Coordination of programs affecting handicapped individuals.
"Sec. 511. Transition.

"TITLE VI—EFFECTIVE DATE AND INTERIM APPOINTMENTS

"Sec. 601. Effective date.
"Sec. 602. Interim appointments.".

(4) in section 202(b), by inserting after paragraph (2) the following:

"(3) There shall be in the Department, a Special Assistant for Gender Equity who shall be appointed by the Secretary. The Special Assistant shall promote, coordinate, and evaluate gender equity programs, including the dissemination of information, technical assistance, coordination of research activities, and the administration of grant programs. The Special Assistant shall report directly to the Secretary, and shall perform

such additional functions as the Secretary shall prescribe.".

TITLE III—AMENDMENTS TO OTHER ACTS

PART A—AMENDMENTS TO THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT

SEC. 311. ALLOCATIONS UNDER SECTION 611 OF THE IDEA.

(a) GRANT AMOUNTS.—Section 611(a) of the Individuals with Disabilities Education Act (referred to in this title as the "IDEA") is amended—

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

"(1) Except as provided in paragraph (5), the maximum amount of the grant for which a State is eligible under this section for any fiscal year is—

"(A) the sum of—

"(i) the number of children with disabilities in the State, aged six through 21, who are receiving special education and related services, as determined under paragraph (3); and

"(ii) the number of such children in the State, aged three through five, if the State is eligible for a grant under section 619; multiplied by

"(B) 40 percent of the average per-pupil expenditure in public elementary and secondary schools in the United States.";

(2) by amending paragraph (2) to read as follows:

"(2) For the purpose of this section, the term 'State' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico."; and

(3) in paragraph (5)(A)—

(A) in clause (i)—

(i) by striking "and the State" and inserting "or the combined percentage of such children counted by the Secretary for the purpose of making fiscal year 199— allocations under this section and under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965, as in effect the day before the date of the enactment of the Improving America's Schools Act of 1994, whichever is greater, if the State"; and

(ii) by inserting "and" at the end therof;

(B) in clause (ii)—

(i) by striking "and the State" and inserting "or the combined percentage of such children counted by the Secretary for the purpose of making fiscal year 1994 allocations under this section and under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965, as in effect the day before the date of the enactment of the Improving America's Schools Act of 1994, whichever is greater, if the State"; and

(ii) by striking out the semicolon and "and" at the end thereof and inserting in lieu thereof a period; and

(C) by striking out clause (iii).

(b) AMOUNT RECEIVED.—Section 611(b) of the IDEA is amended to read as follows:

"(b)(1) Notwithstanding subsections (a) and (g) of this section, no State shall receive an amount under this section for any of the fiscal years 1995 through 1999 that is less than the combined amount it received for fiscal year 1994 under—

"(A) this section; and

"(B) subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 as in effect the day before the date of the enactment of the Improving America's Schools Act of 1994, for children with disabilities aged three through 21.

"(2) If, for fiscal year 1998 or 1999, the number of children determined under subsection (a)(3) for any State is less than the total number of children with disabilities, aged three through 21, counted for such State's fiscal year 1994 grants under this section and under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965, as in effect the day before the date of the enactment of the Improving America's Schools Act of 1994, the amount determined under paragraph (1) for such State shall be reduced by the same percentage by which the number of such children so declined.

"(3) In any fiscal year in which the amount appropriated for grants under this section is less, in real dollar terms, than the amount appropriated in the immediate preceding fiscal year, the amount for each State under this subsection will be reduced proportionately.".

(c) USES OF FUNDS.—Section 611(c) of the IDEA is amended—

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

"(1) Of the funds received under subsection (a) by any State for any fiscal year—

"(A) the State may use up to 25 percent in accordance with paragraph (2); and

"(B) except as provided in paragraph (4), the State shall distribute at least 75 percent to local educational agencies and intermediate educational units, in accordance with subsection (d), for use in accordance with priorities established under section 612(3).";

(2) in paragraph (2), by amending subparagraph (A) to read as follows:

"(A) From the funds that any State may use under paragraph (1)(A) for any fiscal year, the State—

"(i) may use 5 percent of the funds received under this section or $450,000, whichever is greater, for administrative costs related to carrying out sections 612 and 613; and

"(ii) shall use the remainder—

"(I) to provide support services and direct services, subject to subparagraph (B), in accordance with priorities established under section 612(3); and

"(II) for the administrative costs of monitoring and complaint investigation, but only to the extent that such costs exceed the costs of administration incurred during fiscal year 1985.".

(d) STATE FUNDS.—Section 611(d) of the IDEA is amended to read as follows:

"(d)(1) From the total amount of funds available for any fiscal year under subsection (c)(1)(B), the State shall provide to each local educational agency or intermediate educational unit an amount that bears the same ratio to such total amount as the number of children, aged 3 through 21, determined under subsection (a)(3) for such agency or unit bears to the total number of such children determined for all such agencies and units that apply for such funds.

"(2)(A) To the extent necessary, the State—

"(i) shall use funds available under subsection (c)(2)(A)(ii) to ensure that each State-owned or State-operated school or program or State-supported school or program that received fiscal year 1994 funds under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 receives, from the combination of such funds and funds provided under paragraph (1), an amount equal to—

"(I) the number of children, aged 6 through 21, determined under subsection (a)(3) for such agency; multiplied by

"(II) the per-child amount provided under such subpart for fiscal year 1994; and

"(ii) may use such funds to ensure that each local educational agency that received fiscal year 1994 funds under such subpart for children who had transferred from a State-owned, State-operated, or State-supported school or program assisted under such subpart receives, from the combination of such funds and funds provided under paragraph (1), an amount for each such child, aged 3 through 21, determined under subsection (a)(3) for such agency, equal to the per-child amount the agency received under such subpart for fiscal year 1994.

"(B) For the purpose of subparagraph (A), the number of children determined under subsection (a)(3) for any State agency or local educational agency shall not exceed the number of children aged 3 through 21 for whom such agency received funds under such subpart for such fiscal year.

"(3) In any fiscal year in which the amount appropriated for grants under this section is less, in real dollar terms, than the amount appropriated in the preceding fiscal year, the amount for each State under this subsection will be reduced proportionately.".

(e) JURISDICTION.—Section 611(e)(1) of the IDEA is amended to read as follows:

"(1) The jurisdictions to which this subsection applies are Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and Palau (until the effective date of the Compact of Free Association with the Government of Palau).".

(f) POSSIBLE RATABLE REDUCTION.—Section 611(g) of the IDEA is amended to read as follows:

"(g)(1)(A) If the sums appropriated under subsection (h) for any fiscal year are not sufficient to pay in full the total of the amounts that all States are eligible to receive under subsection (a), each such amount shall be ratably reduced.

"(B) If additional funds become available for making such payments for any fiscal year, such reduced amounts shall be increased on the same basis as they were reduced.

"(C) Any State that receives any such additional funds shall distribute them in accordance with this section, except that any State that has used funds available under subsection (c)(2)(A)(ii) for the purposes described in subsection (d)(2) may—

"(i) deduct, from the amount that it would otherwise be required to make available to local educational agencies and intermediate educational units, the same amount of such additional funds as it so used; and

"(ii) use such funds in accordance with subsection (c)(2)(A)(ii).

"(2)(A) In any fiscal year for which payments have been reduced and additional funds have not been made available under paragraph (1) to pay in full the amounts for which all States are eligible under this section, each State educational agency shall fix dates by which each local educational agency or intermediate educational unit shall report to the State agency the amount of funds available to it under this section that it estimates it will expend.

"(B) The State educational agency shall, in accordance with this section, reallocate any funds that it determines will not be used during the period of availability by such local educational agencies and intermediate educational units, and by any such agency or unit to which such funds would be available if it applied for them under this part, to such local educational agencies and intermediate educational units that the State educational agency determines will need, and be able to use, additional funds to carry out approved programs.".

SEC. 312. TREATMENT OF CHAPTER 1 STATE AGENCIES.

Part B of the IDEA is further amended by inserting after section 614 the following new section:

"TREATMENT OF CHAPTER 1 STATE AGENCIES

"SEC. 614A. (a) For the purpose of making payments under sections 611 and 619 of this Act, any State agency that received funds for fiscal year 1994 under subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 shall be treated as if it were a local educational agency.

"(b) The State educational agency shall ensure that each State agency that owns or operates or supports a program or school for children with disabilities with funds under this part—

"(1) provides each child with a disability in such school or program a free appropriate public education in accordance with this part, including the due process protections of section 615, as if it were a local educational agency; and

"(2) has on file with the State educational agency an application that meets the requirements of section 614 that the Secretary finds appropriate.

"(c) Section 611(c)(4) shall not apply with respect to a State agency that is eligible for a payment under this part by virtue of this section.".

SEC. 313. INFANTS AND TODDLERS WITH DISABILITIES.

(a) ALLOTMENTS.—Section 684(c) of the IDEA is amended—

(1) by redesignating paragraph (2) as paragraph (5); and

(2) by striking paragraph (1) and inserting paragraphs (1) through (4) to read as follows:

"(1) Except as provided in paragraphs (3) and (4), from the funds remaining for each fiscal year after the reservation and payments under subsections (a) and (b), the Secretary shall first allot to each State an amount that bears the same ratio to the amount of such remainder as the number of infants and toddlers in the State bears to the number of infants and toddlers in all States.

"(2) For fiscal year 1995 only, the Secretary shall allot $34,000,000 of the remaining funds described in paragraph (1) among the States in proportion to the relative numbers of infants and toddlers who—

"(A) are counted on December 1, 1994; and

"(B) would have been eligible to be counted under section 1221(c)(1) of the Elementary and Secondary Education Act of 1965 as in effect before the enactment of the Improving America's Schools Act of 1994.

"(3) Except as provided in paragraph (4), no State shall receive an amount under this section for any fiscal year that is less than the greater of—

"(A) one-half of one percent of the remaining amount described in paragraph (1), not including any amounts allotted under paragraph (2); or

"(B) $500,000.

"(4)(A) No State shall receive an amount under this section for any of the fiscal years 1995 through 1999 that is less than the combined amount it received for fiscal year 1994 under—

"(i) this part; and

"(ii) subpart 2 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 for children with disabilities from birth through age two.

"(B) If, for fiscal year 1998 or 1999, the number of infants and toddlers in any State, as determined under paragraph (1), is less than the number of infants and toddlers so determined for fiscal year 1994, the amount determined under subparagraph (A) for that State shall be reduced by the same percentage by which the number of those infants and toddlers so declined.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect beginning in fiscal year 1995.

PART B—EDUCATION FOR HOMELESS CHILDREN AND YOUTH

SEC. 320. AMENDMENTS TO TABLE OF CONTENTS.

Section 101 of the Stewart B. McKinney Homeless Assistance Act is amended by striking subtitles A and B of title VII and inserting the following:

"Subtitle A—Adult Education for the Homeless

"Sec. 701. State literacy initiatives

"Subtitle B—Education for Homeless Children and Youth

"Sec. 721. Statement of policy.

"Sec. 722. Grants for state and local activities for the education of homeless children and youth.

"Sec. 723. Local educational agency grants for the education of homeless children and youth.

"Sec. 724. Secretarial responsibilities.

"Sec. 725. Definitions.

"Sec. 726. Authorization of appropriations.".

SEC. 321. STATEMENT OF POLICY.

Subtitle A of title VII of the Stewart B. McKinney Homeless Assistance Act is amended to read as follows:

"Subtitle A—Adult Education for the Homeless

"SEC. 701. STATE LITERACY INITIATIVES.

"(a) GENERAL AUTHORITY.—(1) The Secretary of Education is authorized to make grants to State educational agencies to enable each such agency to implement, either directly or through contracts and grants, a program of literacy training and academic remediation for adult homeless individuals within the State, which program shall—

"(A) include outreach activities; and

"(B) be coordinated with other agencies or organizations, such as community-based organizations, nonprofit literacy-action organizations, and funding recipients under the Adult Education Act, title II of the Job Training Partnership Act, the Youth Fair Chance program under title IV of the Job Training Partnership Act, the Volunteers in Service to America program under the Domestic Volunteers Service Act, part C of this title, or the Job Opportunity and Basic Skills program under the Social Security Act.

"(2) The Secretary of Education shall, in awarding grants under this section, give special consideration to the estimates submitted in the application submitted under subsection (b) and make such awards in whatever amounts he or she determines would best serve the purposes of this section.

"(b) APPLICATION.—Each State educational agency desiring to receive a grant under this section shall submit to the Secretary of Education an application at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall include an estimate of the number of homeless individuals in the State and the number of such individuals expected to be served.

"(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out the adult literacy and academic remediation programs authorized by this section, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1999.

"(d) DEFINITION.—As used in this section, the term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and Palau (until the effective date of the Compact of Free Association with the Government of Palau).".

SEC. 322. EDUCATION FOR HOMELESS CHILDREN AND YOUTH.

Subtitle B of title VII of the Stewart B. McKinney Homeless Assistance Act is amended to read as follows:

"Subtitle B—Education for Homeless Children and Youth

"SEC. 721. STATEMENT OF POLICY.

"It is the policy of the Congress that—

"(1) each State educational agency shall ensure that each child of a homeless individual and each homeless youth has equal access to the same free, appropriate public education, including a public preschool education, as provided to other children and youth;

"(2) in any State that has a compulsory residency requirement as a component of its compulsory school attendance laws or other laws, regulations, practices, or policies that may act as a barrier to the enrollment, attendance, or success in school of homeless children and youth, the State will review and undertake steps to revise such laws, regulations, practices, or policies to ensure that homeless children and youth are afforded the same free, appropriate public education as provided to other children and youth;

"(3) homelessness alone should not be sufficient reason to separate students from the mainstream school environment; and

"(4) homeless children and youth should have access to the education and other services that they need to ensure that they have an opportunity to meet the same challenging State performance standards to which all students are held.

"SEC. 722. GRANTS FOR STATE AND LOCAL ACTIVITIES FOR THE EDUCATION OF HOMELESS CHILDREN AND YOUTH.

"(a) GENERAL AUTHORITY.—The Secretary is, in accordance with the provisions of this section, authorized to make grants to States to carry out the activities described in subsections (d), (e), (f), and (g).

"(b) APPLICATION.—No State may receive a grant under this section unless the State educational agency submits an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

"(c) ALLOCATION AND RESERVATIONS.—(1) Subject to paragraph (2) and section 724(c), from the amounts appropriated for each fiscal year pursuant to section 726, the Secretary is authorized to allot to each State an amount that bears the same ratio to the amount appropriated in each such year as the amount allocated under section 1122 of the Elementary and Secondary Education Act of 1965 to the State in that year bears to the total amount allocated to all States, except that no State shall receive less than $100,000.

"(2)(A) The Secretary is authorized to reserve 0.1 percent of the amount appropriated for each fiscal year pursuant to section 726 to be allocated by the Secretary among the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and Palau (until the effective date of the Compact of Free Association with the Government of Palau), according to their respective need, as determined by the Secretary.

"(B)(i) The Secretary is authorized to transfer one percent of the amount appropriated for each fiscal year under section 726 to the Department of the Interior for programs for Indian students served by schools funded by the Secretary of the Interior, as determined under the Indian Self-Determination and Education Assistance Act, that are consistent with the purposes of this Act.

"(ii) The Secretary and the Secretary of the Interior shall enter into an agreement, consistent with the requirements of this part, for the distribution and use of these funds under terms that the Secretary determines best meet the purposes of the covered programs. Such agreement shall set forth the plans of the Secretary of the Interior for the use of the amounts transferred, including appropriate goals, objectives, and milestones.

"(3) As used in this subsection, the term 'State' shall not include the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or Palau.

"(d) ACTIVITIES.—Grants under this section shall be used—

"(1) to carry out the policies set forth in section 721 in the State;

"(2) to provide activities for, and services to, homeless children, including preschool-aged children, and homeless youth that enable such children and youth to enroll in, attend, and succeed in school, or, if appropriate, in preschool programs;

"(3) to establish or designate an Office of Coordinator of Education of Homeless Children and Youth in the State educational agency in accordance with subsection (f);

"(4) to prepare and carry out the State plan described in subsection (g); and

"(5) to develop and implement professional development programs for school personnel to heighten their awareness of, and capacity to respond to, specific problems in the education of homeless children and youth.

"(e) STATE AND LOCAL GRANTS.—(1)(A) Subject to subparagraph (B), if the amount allotted to the State educational agency for any fiscal year under this subtitle exceeds the amount such agency received for fiscal year 1990 under this subtitle, such agency shall provide grants to local educational agencies for purposes of section 723.

"(B) The State educational agency may reserve not more than the greater of five percent of the amount it receives under this subtitle for any fiscal year, or the amount such agency received under this subtitle for fiscal year 1990, to conduct activities under subsection (f) directly or through grants or contracts.

"(2) If the amount allotted to a State educational agency for any fiscal year under this subtitle is less than the amount such agency received for fiscal year 1990 under this subtitle, such agency, at its discretion, may provide such grants or may conduct activities under subsection (f) directly or through grants or contracts.

"(f) FUNCTIONS OF THE OFFICE OF COORDINATOR.—The Coordinator of Education of Homeless Children and Youth established in each State shall—

"(1) estimate the number of homeless children and youth in the State and the number of such children and youth served with assistance provided under the grants under this subtitle;

"(2) gather, to the extent possible, reliable, valid, and comprehensive information on the nature and extent of the problems homeless children and youth have in gaining access to public preschool programs and to public elementary and secondary schools, the difficulties in identifying the special needs of such children and youth, any progress made by the State educational agency and local educational agencies in the State in addressing such problems and difficulties, and the success of the program under this subtitle in allowing homeless children and youth to enroll in, attend, and succeed in school;

"(3) develop and carry out the State plan described in subsection (g);

"(4) prepare and submit to the Secretary not later than October 1, 1997, and on October 1 of every third year thereafter, a report on the information gathered pursuant to paragraphs (1) and (2) and such additional information as the Secretary may require to carry out responsibilities under this subtitle;

"(5) facilitate coordination between the State educational agency, the State social services agency, and other agencies providing services to homeless children and youth and their families, including children who are preschool age; and

"(6) develop relationships and coordinate with other relevant education, child development, or preschool programs and providers of services to homeless children, homeless families, and runaway and homeless youth (including domestic violence agencies, shelter operators, transitional housing facilities, runaway and homeless youth centers, and transitional living programs for homeless youth), to improve the provision of comprehensive services to homeless children and youth and their families.

"(g) STATE PLAN.—(1) Each State shall submit to the Secretary a plan to provide for the education of homeless children and youth within the State, which plan shall describe how such children and youth are or will be given the opportunity to meet the same challenging State performance standards all students are expected to meet, shall describe the procedures the State educational agency will use to identify such children and youth in the State and to assess their special needs, and shall—

"(A) describe procedures for the prompt resolution of disputes regarding the educational placement of homeless children and youth;

"(B) describe programs for school personnel (including principals, attendance officers, teachers and enrollment personnel), to heighten the awareness of such personnel of the specific needs of runaway and homeless youth;

"(C) describe procedures that ensure that homeless children and youth who meet the relevant eligibility criteria are able to participate in Federal, State, or local food programs;

"(D) describe procedures that ensure that—

"(i) homeless children have equal access to the same public preschool programs, administered by the State agency, as provided to other children; and

"(ii) homeless children and youth who meet the relevant eligibility criteria are able to participate in Federal, State, or local before- and after-school care programs;

"(E) address problems set forth in the report provided to the Secretary under subsection (f)(4);

"(F) address other problems with respect to the education of homeless children and youth, including problems caused by—

"(i) transportation issues; and

"(ii) enrollment delays that are caused by—

"(I) immunization requirements;

"(II) residency requirements;

"(III) lack of birth certificates, school records, or other documentation; or

"(IV) guardianship issues;

"(G) demonstrate that the State and local educational agencies in the State have developed, and will review and revise, policies to remove barriers to the enrollment and retention of homeless children and youth in schools in the State; and

"(H) contain an assurance that the State educational agency and local educational agencies in the State will adopt policies and practices to ensure that homeless children and youth are not isolated or stigmatized.

"(2) Each plan adopted under this subsection shall also show how the State will ensure that local educational agencies in the State will comply with the requirements of paragraphs (3) through (9).

"(3)(A) The local educational agency that serves each homeless child and youth shall, according to the child's or youth's best interest, either—

"(i) continue the child's or youth's education in the school of origin—

"(I) for the remainder of the academic year; or

"(II) in any case in which a family becomes homeless between academic years, for the following academic year; or

"(ii) enroll the child or youth in any public school that nonhomeless students who live in the attendance area in which the child or youth is actually living are eligible to attend.

"(B) In determining the best interests of the child or youth under subparagraph (A), the local educational agency shall comply, to the extent possible, with the request made by a parent or guardian regarding school selection.

"(C) For purposes of this paragraph, the term 'school of origin' means the school that the child or youth attended when permanently housed, or the school in which the child or youth was last enrolled.

"(D) The choice regarding placement shall be made regardless of whether the child or youth lives with the homeless parents or has been temporarily placed elsewhere by the parents.

"(4) Each homeless child or youth shall be provided services comparable to services offered to other students in the school selected according to the provisions of paragraph (3), including—

"(A) transportation services;

"(B) educational services for which the child or youth meets the eligibility criteria, such as services provided under title I of the Elementary and Secondary Education Act of 1965 or similar State or local programs, educational programs for children with disabilities, and educational programs for students with limited-English proficiency;

"(C) programs in vocational education;

"(D) programs for gifted and talented students; and

"(E) school meals programs.

"(5) Any record ordinarily kept by the school, including immunization records, academic records, birth certificates, guardianship records, and evaluations for special services or programs, of each homeless child or youth shall be maintained—

"(A) so that the records are available, in a timely fashion, when a child or youth enters a new school district; and

"(B) in a manner consistent with section 438 of the General Education Provisions Act.

"(6) Each local educational agency serving homeless children and youth that receives assistance under this subtitle shall coordinate with local social services agencies and other agencies or programs providing services to such children or youth and their fam-

ilies, including services and programs funded under the Runaway and Homeless Youth Act.

"(7)(A) Each local educational agency in a State that receives a grant under this subtitle shall designate a homelessness liaison to ensure that—

"(i) homeless children and youth enroll and succeed in the schools of such agency; and

"(ii) homeless families, children, and youth receive educational services for which they are eligible, including preschool programs administered by the local educational agency, and referrals to health care services, dental services, mental health services, and other appropriate services.

"(B) State coordinators and local educational agencies shall inform school personnel, service providers, and advocates working with homeless families of the duties of the liaisons.

"(8) Each State and local educational agency shall review and revise any policies that may act as barriers to the enrollment of homeless children and youth in schools selected in accordance with paragraph (3). In reviewing and revising such policies, consideration shall be given to issues concerning transportation, immunization, residency, birth certificates, school records, and other documentation, and guardianship. Special attention shall be given to ensuring the enrollment and attendance of homeless children and youth who are not currently attending school.

"SEC. 723. LOCAL EDUCATIONAL AGENCY GRANTS FOR THE EDUCATION OF HOMELESS CHILDREN AND YOUTH.

"(a) GENERAL AUTHORITY.—(1) The State educational agency shall, in accordance with section 722(e) and with amounts made available to such agency under section 726, make grants to local educational agencies for the purpose of facilitating the enrollment, attendance, and success in school of homeless children and youth.

"(2) Unless otherwise specified, services under paragraph (1) may be provided through programs on school grounds or at other facilities. Where services are provided through programs to homeless students on school grounds, schools may provide services to other children and youth who are determined by the local educational agency to be at risk of failing in, or dropping out of, schools, on an incidental basis. To the maximum extent practicable, services shall be provided through existing programs and mechanisms that integrate homeless individuals with nonhomeless individuals.

"(3) Services provided under this section are not intended to replace the regular academic program and shall be designed to expand upon or improve services provided as part of the school's regular academic program.

"(b) APPLICATION.—A local educational agency that desires to receive a grant under this section shall submit an application to the State educational agency at such time, in such manner, and containing or accompanied by such information as the State educational agency may reasonably require according to guidelines issued by the Secretary. Each such application shall include—

"(1) a description of the services and programs for which assistance is sought and the problems to be addressed through the provision of such services and programs;

"(2) an assurance that the local educational agency's combined fiscal effort per student or the aggregate expenditures of that agency and the State with respect to the provision of free public education by such agency for the preceding fiscal year was not less than 90 percent of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year;

"(3) an assurance that the applicant complies with, or will use requested funds to come into compliance with, paragraphs (3) through (9) of section 722(g); and

"(4) a description of policies and procedures that the agency will implement to ensure that activities carried out by the agency will not isolate or stigmatize homeless children and youth.

"(c) AWARDS.—(1) The State educational agency shall, in accordance with section 722(g) and with amounts made available to such agency under section 726, award grants under this section to local educational agencies submitting an application under subsection (b) on the basis of the need of such agencies.

"(2) In determining need under paragraph (1), the State educational agency may consider the number of homeless children and youth enrolled in preschool, elementary, and secondary schools within the area served by the agency, and shall consider the needs of such children and youth and the ability of the agency to meet such needs. Such agency may also consider—

"(A) the extent to which the proposed use of funds would facilitate the enrollment, retention, and educational success of homeless children and youth;

"(B) the extent to which the application reflects coordination with other local and State agencies that serve homeless children and youth, as well as the State plan required by section 722(g);

"(C) the extent to which the applicant exhibits in the application and in current practice a commitment to education for all homeless children and youth; and

"(D) such other criteria as the agency determines appropriate.

"(3) Grants awarded under this section shall be for terms not to exceed three years.

"(d) AUTHORIZED ACTIVITIES.—(1) A local educational agency may use funds awarded under this section for activities to carry out the purpose of this subtitle, including—

"(A) the provision of tutoring and accelerated instruction and enriched educational services that are linked to the achievement of the same challenging standards the State establishes for other children or youth;

"(B) the provision of expedited evaluations of the strengths and needs of homeless children and youth, including needs and eligibility for programs and services (such as educational programs for gifted and talented students, children with disabilities, and students with limited-English proficiency, services provided under title I of the Elementary and Secondary Education Act of 1965 or similar State or local programs, programs in vocational education, and school meals programs);

"(C) professional development and other activities for educators and other school personnel that is designed to heighten the understanding and sensitivity of such personnel to the needs of homeless children and youth, the rights of such children and youth under this Act, and the specific educational needs of runaway and homeless youth;

"(D) the provision of referral services to homeless children and youth for medical, dental, mental, and other health services;

"(E) the provision of assistance to defray the excess cost of transportation for students pursuant to sections 722(g)(4) or 722(g)(9), not otherwise provided through Federal, State, or local funding, where necessary to enable students to attend the school selected under section 722(g)(3);

"(F) the provision of developmentally appropriate early childhood education programs, not otherwise provided through Federal, State, or local funding, for preschool-aged children;

"(G) the provision of before- and after-school, mentoring, and summer programs for homeless children and youth in which a teacher or other qualified individual provides tutoring, homework assistance, and supervision of educational activities;

"(H) where necessary, the payment of fees and other costs associated with tracking, obtaining, and transferring records necessary to enroll homeless children and youth in school, including birth certificates, immunization records, academic records, guardianship records, and evaluations for special programs or services;

"(I) the provision of education and training to the parents of homeless children and youth about the rights of, and resources available to, such children and youth;

"(J) the development of coordination between schools and agencies providing services to homeless children and youth, including programs funded under the Runaway and Homeless Youth Act;

"(K) the provision of counseling (including violence prevention counseling), social work, and psychological services, and referrals for such services;

"(L) activities to address the particular needs of homeless children and youth that may arise from domestic violence;

"(M) the adaptation of space and purchase of supplies for nonschool facilities made available under subsection (a)(2) to provide services under this subsection;

"(N) the provision of school supplies; and

"(O) the provision of other extraordinary or emergency assistance needed to enable homeless children and youth to attend school.

"SEC. 724. SECRETARIAL RESPONSIBILITIES.

"(a) REVIEW OF PLANS.—In reviewing the State plans submitted by the State educational agencies under section 722(g), the Secretary shall use a peer review process and shall evaluate whether State laws, policies, and practices described in such plans adequately address the problems of homeless children and youth relating to access to education and placement as described in such plans.

"(b) TECHNICAL ASSISTANCE.—The Secretary shall provide support and technical assistance to the State educational agencies to assist such agencies to carry out their responsibilities under this subtitle.

"(c) EVALUATION AND DISSEMINATION.—The Secretary shall conduct evaluation and dissemination activities of programs designed to meet the educational needs of homeless elementary and secondary school students, and may use funds appropriated under section 726 to conduct such activities.

"(d) SUBMISSION AND DISTRIBUTION.—The Secretary shall require applications for grants under this subtitle to be submitted to the Secretary not later than the expiration of the 60-day period beginning on the date that funds are available for purposes of making such grants and shall make such grants not later than the expiration of the 120-day period beginning on such date.

"(e) DETERMINATION BY SECRETARY.—The Secretary, based on the information received from the States and information gathered by the Secretary under subsection (d), shall determine the extent to which State educational agencies are ensuring that each

homeless child and homeless youth has access to a free appropriate public education as described in section 721(1).

"(f) REPORTS.—The Secretary shall prepare and submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate on the programs and activities authorized by this subtitle by December 31, 1997, and every third year thereafter.

"SEC. 725. DEFINITIONS.

"For the purpose of this subtitle, unless otherwise stated—

"(1) The term 'Secretary' means the Secretary of Education.

"(2) The term 'State' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 726. AUTHORIZATION OF APPROPRIATIONS.

"For the purpose of carrying out this subtitle, there are authorized to be appropriate $30,000,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.".

PART C—IMPACT AID STATUTES

SEC. 331. AMENDMENTS TO PUBLIC LAW 815.

(a) SECTION 2.—Section 2 of the Act of September 23, 1950 (Public Law 815, 81st Congress; 20 U.S.C. 632) is amended to read as follows:

"SEC. 2. PORTION OF APPROPRIATIONS AVAILABLE FOR PAYMENTS.

"For each fiscal year the Secretary shall distribute the funds appropriated in accordance with section 1 which shall be available for carrying out the provisions of sections 5, 9, 10, and 14. The funds provided under section 1 for the schools serving military dependents and Indian lands shall be divided equally between section 5 and section 14 of this Act. Funds provided under section 5 of this Act shall be divided equally between the priority categories of section 1(a)(1) and 1(a)(2) of this Act.".

(b) SECTION 3.—Section 3 of such Act (20 U.S.C. 633) is amended to read as follows:

"SEC. 3. ESTABLISHMENT OF PRIORITIES.

"Applications for construction or modification projects provided for under this Act must be filed by June 30 of the fiscal year prior to the year in which funds are first requested. The Secretary shall use the following order of priority in approving applications under section 5 and funded in accordance with section 1(a)(1) and section 1(a)(2) of this Act. The priority of payment of application under section 1(a)(1) shall be based on the highest percentage of number of children in need of minimum school facilities. The priority of payment of applications under section 1(a)(2) shall be based on the highest percentage of federally connected students eligible for payment. The Secretary shall use the priorities stated in this section in approving applications in the event the funds appropriated under section 1 of this title and remaining available on any such date for payment to local educational agencies are less than the Federal share of the cost of the projects with respect to which applications have been filed prior to such date (and for which funds under section 1 have not already been obligated). Only applications meeting the conditions for approval under this Act (other than section 6(b)(2)(C)) shall be considered applications for purposes of the preceding sentence. Such order of priority shall provide that applications payments based upon increases in the number of children residing on, or residing with a parent employed on property which is party of a low-rent housing project assisted under the United States Housing Act of 1937 shall not be approved for any fiscal year until all other applications under paragraph (2) of subsection (a) of section 5 have been approved for the fiscal year.".

(c) SECTION 5.—Section 5 of such Act (20 U.S.C. 635) is amended to read as follows:

"SEC. 5. LIMITATION ON TOTAL PAYMENTS TO ANY LOCAL EDUCATIONAL AGENCY.

"(a) Subject to the limitations in subsection (c) the total of the payments to a local educational agency under this Act may not exceed the sum of—

"(1) the estimated increase, since the base year, in the number of children determined with respect to such agency who live on Federal property and have a parent who works on Federal property multiplied by 100 percent of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated;

"(2) the estimated increase, since the base year, in the number of children determined with respect to such agency who have a parent who lives on or works on Federal property multiplied by 50 percent of such cost;

"(3) In computing for any local educational agency the number of children in an increase under paragraph (1) or (2), the estimated number of children described in such paragraph who will be in the membership of the schools of such agency at the close of the increase period shall be compared with the estimated number of such children in average daily membership of the schools of such agency during the base year. However, the base year average daily membership shall be adjusted to exclude the number of children that formed the basis for previous payments on applications approved 30 or more years prior to the close of the increased period for the current application.

"(b) If two of the paragraphs of subsection (a) apply to a child, the local educational agency shall elect which of such paragraphs shall apply to such child, except that, notwithstanding the election of a local educational agency to have paragraph (2) apply to a child instead of paragraph (1), the determination of the maximum amount for such agency under subsection (a) shall be made without regard to such election.

"(c) A local educational agency shall not be eligible to have any amount included in its maximum by reason of paragraphs (1), (2), and (3) of subsection (a) unless the increase in children referred to in such paragraph is at least 20, and in the case of paragraphs (1), (2), and (3) of subsection (a), is—

"(1) equal to at least 6 percent of the number of federally connected children who were in the average daily membership of the schools of such agency during the base year, or

"(2) at least 750,

whichever is the lesser.

"(d) Notwithstanding the provisions of subsection (c) of this section, whenever and to the extent that, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of the Act, the Secretary may waive or reduce the minimum number requirement or any percentage requirement or requirements in subsection (c).

"(e) In determining under this section the total of the payments which may be made to a local educational agency on the basis of any application, the total number of children counted for purposes of paragraph (1) or (2), as the case may be, of subsection (a) may not exceed—

"(1) the number of children whose membership at the close of the increase period for the application is compared with average daily membership in the base period for purposes of that paragraph, provided that the base year average daily membership does not include any children which formed the basis of payment in the applications approved 30 or more years ago, minus

"(2) the number of such children whose membership at the close of the increase period was compared with membership in the base year for purposes of such paragraph under the last previous application, provided the application was funded within the last 4 years, if any, of the agency on the basis of which any payments have been or may be made to that agency.".

(d) SECTION 6.—Section 6 of such Act (20 U.S.C. 636) is amended by adding at the end the following new subsection:

"(d) If the application has not been funded within the 3-year period, the local educational agency must recertify their need to have the application remain active.".

SEC. 332. REPEAL OF PUBLIC LAW 874.

The Act of September 30, 1950 (Public Law 874, 81st Congress; 20 U.S.C. 236 et seq.) is hereby repealed.

PART D—AMENDMENTS TO ADULT EDUCATION ACT

SEC. 335. AMENDMENTS TO ADULT EDUCATION ACT.

(a) Section 342(c)(11) of the Adult Education Act is amended by inserting "Even Start," after "1963,".

(b) Section 384(n) is amended by striking "and 1995" and inserting "1995, and 1996".

TITLE IV—NATIONAL EDUCATION STATISTICS

SEC. 401. SHORT TITLE.

This title may be cited as the "National Education Statistics Act of 1994".

SEC. 402. FINDINGS; PURPOSE; DEFINITIONS.

(a) FINDINGS.—The Congress finds that—

(1) a Department of Education was established in 1867 "for the purpose of collecting such statistics and facts as shall show the condition and progress of education in the several States and territories, and of diffusing such information respecting the organization and management of schools and school systems and methods of teaching as shall aid the people of the United States in the establishment and maintenance of efficient school systems, and otherwise promote the cause of education throughout the country";

(2) today, while the role of the current Department of Education is much broader, the National Center for Education Statistics within the Department's Office of Educational Research and Improvement continues to perform those crucial original purposes; and

(3) looking to the 21st century, the National Center for Education Statistics must be able to design and undertake, effectively and efficiently, statistical activities that will aid in reform of the Nation's educational systems.

(b) PURPOSE.—It is the purpose of this title to ensure the continuation of an effective mechanism for collecting and reporting statistics and information showing the condition and progress of education in the United States and other nations in order to promote and accelerate the improvement of American education.

(c) DEFINITIONS.—For the purpose of this title, the term—

(1) "Assistant Secretary" means the Assistant Secretary for Educational Research and Improvement, provided for under section 202(b)(1)(E) of the Department of Education Organization Act;

(2) "Department" means the Department of Education;

(3) "institution of higher education" has the same meaning given such term in section 1201 of the Higher Education Act of 1965;

(4) "local educational agency" has the same meaning given such term in section 9101(13) of the Elementary and Secondary Education Act of 1965;

(5) "Secretary" means the Secretary of Education;

(6) "State educational agency" has the same meaning given such term in section 9101(20) of the Elementary and Secondary Education Act of 1965; and

(7) "United States" and "State" mean—

(A) other than for the purpose of section 411, each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico; and

(B) for the purpose of section 411, mean the same as in subparagraph (A) and include Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau (until the effective date of the Compact of Free Association with the Government of Palau).

SEC. 403. NATIONAL CENTER FOR EDUCATION STATISTICS.

(a) ESTABLISHMENT.—There is established, within the Office of Educational Research and Improvement established under section 209 of the Department of Education Organization Act, a National Center for Education Statistics (the "Center").

(b) COMMISSIONER AND ASSOCIATE COMMISSIONERS.—(1) The Center shall be headed by a Commissioner of Education Statistics (the "Commissioner") who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall—

(A) have substantial knowledge of programs encompassed by the Center;

(B) be paid in accordance with section 5315 of title 5, United States Code; and

(C) serve for a term of 4 years, with the terms to expire every fourth June 21, beginning in 1995.

(2) The Commissioner may appoint such Associate Commissioners as the Commissioner determines are necessary and appropriate.

SEC. 404. DUTIES OF THE CENTER.

(a) DUTIES.—The duties of the Center are to collect, analyze, and disseminate statistics and other information related to education in the United States and in other nations, including—

(1) collecting, acquiring, compiling (where appropriate, on a State by State basis), and disseminating full and complete statistics on the condition and progress of education, at the preschool, elementary, secondary, and postsecondary levels in the United States, including data on—

(A) State and local school reform activities;

(B) student achievement and other educational outcomes at all levels of education;

(C) out of school youth and adults;

(D) teachers, administrators, counselors, and other educational personnel at all levels of education;

(E) the learning and teaching environment;

(F) financing and management of education; and

(G) the socioeconomic status of children;

(2) conducting and publishing reports and analyses of the meaning and significance of such statistics;

(3) conducting longitudinal studies, as well as regular and special surveys and data collections, necessary to report on the condition and progress of education;

(4) collecting, analyzing, cross-tabulating, and reporting, to the extent feasible, so as to provide information by gender, race, socioeconomic status, limited-English proficiency, and other population characteristics when such disaggregated information would facilitate educational and policy decisionmaking;

(5) assisting public and private educational agencies, organizations, and institutions in improving and automating statistical and data collection activities; and

(6) acquiring and disseminating data on educational activities and student achievement in the United States compared with foreign nations.

(b) TRAINING PROGRAM.—The Commissioner may establish a program to train employees of public and private educational agencies, organizations, and institutions in the use of the Center's standard statistical procedures and concepts and may establish a fellows program to appoint such employees as temporary fellows at the Center in order to assist the Center in carrying out its duties.

SEC. 405. PERFORMANCE OF DUTIES.

(a) IN GENERAL.—In carrying out the duties under this title, the Commissioner may enter into grants, contracts, and cooperative agreements.

(b) GATHERING INFORMATION.—(1) The Commissioner may use the statistical method known as sampling to carry out the purpose of this title.

(2) The Commissioner may, as the Commissioner considers appropriate, use information collected—

(A) from States, local educational agencies, public and private schools, preschools, institutions of higher education, libraries, administrators, teachers, students, the general public, and such other individuals, organizations, agencies, and institutions as the Commissioner may consider appropriate; and

(B) by other offices within the Department and by other Federal departments, agencies, and instrumentalities.

(3) The Commissioner may—

(A) enter into interagency agreements for the collection of statistics;

(B) arrange with an agency, organization, or institution for the collection of statistics; and

(C) assign employees of the Center to any such agency, organization, or institution to assist in such collection.

(4) In order to maximize the effectiveness of Federal efforts to serve the educational needs of children and youth, the Commissioner shall—

(A) provide technical assistance to Department offices that gather data for statistical purposes; and

(B) coordinate closely with other Department offices in the collection of data.

SEC. 406. REPORTS.

(a) REPORT ON THE CONDITION AND PROGRESS OF EDUCATION.—The Commissioner shall, no later than June 1 of each year, submit to the President and the Congress a statistical report regarding the condition and progress of education in the United States.

(b) STATISTICAL REPORTS.—The Commissioner shall issue regular statistical reports to the President and Congress on such education topics as the Commissioner determines to be appropriate.

(c) SPECIAL REPORTS.—The Commissioner may, whenever the Commissioner considers it appropriate, issue special reports on particular education topics.

SEC. 407. ADVISORY COUNCIL ON EDUCATION STATISTICS.

(a) ESTABLISHMENT.—There is established, within the Center, the Advisory Council on Education Statistics (the "Council").

(b) MEMBERSHIP.—(1) The Council shall be composed of—

(A) 15 voting members who are users of education data and who are appointed by the Secretary on the basis of their experience and eminence within the field, of whom at least—

(i) three shall be educators;

(ii) three shall be education policy-makers;

(iii) three shall be professional statisticians; and

(iv) three shall be education researchers;

(B) the Director of the Census and the Commissioner of Labor Statistics, as voting, ex officio members; and

(C) the Assistant Secretary and the Commissioner, as nonvoting, ex officio members.

(2) The Secretary shall appoint the presiding officer of the Council from among the voting members.

(3) Members of the Council appointed under paragraph (1)(A) shall be appointed for three-year terms except that, in the case of initial appointments, the Secretary shall make appointments for shorter terms to the extent necessary to avoid the expiration of the terms of more than five members in the same calendar year.

(4)(A) The Council shall meet at the call of the presiding officer, except that it shall meet—

(i) at least two times during each calendar year; and

(ii) in addition, whenever eight voting members request in writing that the presiding officer call a meeting.

(B) Nine voting members of the Council shall constitute a quorum.

(5) The Council shall review general policies for the operation of the Center and shall advise the Commissioner on standards to ensure that statistics and other information disseminated by the Center are of high quality and are not subject to partisan political influence.

SEC. 408. CONFIDENTIALITY.

(a) GENERAL.—(1)(A) The Center shall develop and enforce standards designed to protect the confidentiality of persons in the collection, reporting, and publication of data under this section.

(B) This section shall not be construed to protect the confidentiality of information about institutions, organizations, and agencies that receive grants from, or have contracts or cooperative agreements with, the Federal Government.

(2) No person may—

(A) use any individually identifiable information furnished under this title for any purpose other than a statistical purpose;

(B) make any publication whereby the data furnished by any particular person under this title can be identified; or

(C) permit anyone other than the individuals authorized by the Commissioner to examine the individual reports.

(b) ADMINISTRATION.—(1)(A) No department, bureau, agency, officer, or employee of the Government, except the Commissioner in carrying out the purposes of this title, shall require, for any reason, copies of reports that have been filed under this title with the Center or retained by any individual respondent.

(B) Copies of such reports that have been so filed or retained with the Center or any of its employees, contractors, or agents shall be immune from legal process, and shall not,

without the consent of the individual concerned, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(C) This paragraph shall apply only to individually identifiable information (as defined in paragraph (5)(A)).

(2) Whoever, being or having been an employee or staff member of the Department, having taken or subscribed the oath of office, or having sworn to observe the limitations imposed by subsection (a)(2), knowingly publishes or communicates any individually identifiable information (as defined in paragraph (5)(A)), the disclosure of which is prohibited by subsection (a)(2), and that comes into such individual's possession by reason of employment (or otherwise providing services) under this title, shall be found guilty of a class E felony and imprisoned for not more than 5 years, or fined as specified in 18 U.S.C. 3571, or both.

(3) The Commissioner may utilize temporary staff, including employees of Federal, State, or local agencies or instrumentalities including local educational agencies, and employees of private organizations to assist the Center in performing its responsibilities, but only if such temporary staff are sworn to observe the limitations imposed by this section.

(4) No collection of information or data acquisition activity undertaken by the Center shall be subject to any review, coordination, or approval procedure except as required by the Director of the Office of Management and Budget under the rules and regulations established pursuant to chapter 35 of title 44, United States Code, except such collection of information or data acquisition activity may be subject to review or coordination if the Commissioner determines that such review or coordination would be beneficial.

(5) For the purposes of this section—

(A) the term "individually identifiable information" means any record, response form, completed survey, or aggregation thereof from which information about individuals may be revealed; and

(B) the term "report" means a response provided by or about an individual to an inquiry from the Center and does not include a statistical aggregation from which individually identifiable information cannot be revealed.

(6) This paragraph shall not apply to—

(A) the survey required by section 1303(c) of the Higher Education Amendments of 1986; or

(B) to any longitudinal study concerning access, choice, persistence progress, or attainment in postsecondary education.

(7) Any person who uses any data provided by the Center, in conjunction with any other information or technique, to identify any individual student, teacher, administrator, or other individual and who knowingly discloses, publishes, or uses for a purpose other than a statistical purpose, or who otherwise violates subsection (a)(2)(A) or (B), shall be found guilty of a class E felony and imprisoned for not more than 5 years, or fined as specified in section 3571 of title 18 of the United States Code, or both.

(8) Nothing in this section shall restrict the right of the Secretary, the Comptroller General of the United States, the Director of the Congressional Budget Office, and the Librarian of Congress to gain access to any reports or other records, including information identifying individuals, in the Center's possession, except that the same restrictions on disclosure that apply to the Center under subsection (b)(1) and (7) shall apply.

SEC. 409. DISSEMINATION.

(a) GENERAL REQUESTS.—(1) The Center may furnish transcripts or copies of tables and other statistical records and make special statistical compilations and surveys for State and local officials, public and private organizations, and individuals.

(2) The Center shall provide State and local educational agencies opportunities to suggest the development of particular compilations of statistics, surveys, and analyses that would assist such educational agencies.

(b) CONGRESSIONAL REQUESTS.—The Center shall furnish such special statistical compilations and surveys as the Congress may request.

(c) JOINT STATISTICAL PROJECTS.—The Secretary may engage in joint statistical projects related to the purposes of this Act or other statistical purposes authorized by law with nonprofit organizations or agencies, and the cost of such projects shall be shared equitably as determined by the Secretary.

(d) FEES.—(1) Statistical compilations and surveys under this section, other than those carried out pursuant to subsections (b) and (c), may be made subject to the payment of the actual or estimated cost of such work.

(2) All funds received in payment for work or services described in this paragraph shall be deposited in a separate account that may be used to pay directly the costs of such work or services, to repay appropriations that initially bore all or part of such costs, or to refund excess sums when necessary.

(e) ACCESS.—(1) The Center shall cooperate with other Federal agencies having a need for educational data in providing access to educational data received by the Center.

(2) The Center shall, in accordance with such terms and conditions as the Secretary may prescribe, provide all interested parties, including public and private agencies and individuals, direct access to data collected by the Center for the purposes of research and acquiring statistical information.

SEC. 410. COOPERATIVE EDUCATION STATISTICS SYSTEMS.

The Commissioner shall establish 1 or more national cooperative education statistics systems for the purpose of producing and maintaining, with the cooperation of the States, comparable and uniform information and data on elementary and secondary education, postsecondary education, and libraries that are useful for policymaking at the Federal, State, and local levels. In carrying out this section, the Commissioner may provide technical assistance and make grants and enter into contracts and cooperative agreements.

SEC. 411. NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS.

(a) ESTABLISHMENT.—The Commissioner shall, with the advice of the Governing Board established under section 412, carry out, through grants, contracts, or cooperative agreements with 1 or more qualified organizations, or consortia thereof, a National Assessment of Educational Progress (the "National Assessment").

(b) PURPOSE; CONTENTS.—(1) The purpose of the National Assessment is to provide a fair and accurate presentation of educational achievement in reading, writing, and other subjects that are included in National Education Goal Three.

(2) The Commissioner, in carrying out the National Assessment, shall use sampling techniques that produce data that are representative on a national and regional basis and on a State basis pursuant to paragraph (3). In addition, the Commissioner shall—.

(A) collect and report data on a periodic basis, but at least once every 2 years, on students at ages 9, 13, and 17 and in grades 4, 8, and 12 in public and private schools;

(B) report achievement data on a basis that ensures valid and reliable trend reporting;

(C) include information on special groups; and

(D) ensure that achievement data are made available on a timely basis following official reporting, in a manner that facilitates further analysis.

(3)(A)(i) The Commissioner, in carrying out the National Assessment, may conduct State assessments of student achievement in grades 4, 8, and 12.

(ii) Each such State assessment, in each subject area and at each grade level shall be conducted on a trial basis.

(B)(i) States wishing to participate in State assessments shall enter into an agreement with the Secretary pursuant to subsection (d)(2).

(ii) Such agreement shall contain information sufficient to give States full information about the process for consensus decisionmaking on objectives to be tested, and of the standards for sampling, test administration, test security, data collection, validation, and reporting.

(C) A participating State shall review and give permission for the release of results from any test of its students administered as a part of a State assessment prior to the release of such data. Refusal by a State to release its data shall not restrict the release of data from other States that have approved the release of such data.

(4) In carrying out the National Assessment, the Commissioner shall not collect any data that are not directly related to the appraisal of educational performance, achievement, and traditional demographic reporting variables, or to the fair and accurate presentation of such information.

(5) In carrying out the National Assessment, the Commissioner may provide technical assistance to States, localities, and other parties.

(c) ACCESS.—(1) Except as provided in paragraph (2), the public shall have access to all data, questions, and test instruments of the National Assessment.

(2)(A) The Commissioner shall ensure that all personally identifiable information about students, their educational performance, and their families, and that information with respect to individual schools, remains confidential, in accordance with section 552a of title 5, United States Code.

(B) Notwithstanding any other provision of law, the Commissioner may decline to make available to the public for a period, not to exceed 10 years after initial use, cognitive questions that the Commissioner intends to reuse in the future.

(C)(i) The Commissioner may, upon the request of a State educational agency or a local educational agency, in a limited number of cases and on a trial basis, make National Assessment test instruments available for assessing aggregate student achievement at the local educational agency level.

(ii)(I) Participation by a local educational agency shall be voluntary.

(II) A State requesting the participation of a local educational agency must accompany this request with a statement of full written concurrence by such agency and that such agency is requesting to participate in the local assessment.

(iii) Before receiving such instruments, an agency shall provide the Commissioner with assurances that confidentiality and security requirements and testing protocols, pre-

scribed by the Commissioner, will be complied with in the use of such instruments.

(d) PARTICIPATION.—(1) Participation in the national and regional assessments by State and local educational agencies shall be voluntary.

(2) Participation in assessments made on a State basis shall be voluntary. The Commissioner shall enter into an agreement with any State that desires to carry out an assessment for the State under this subsection. Each such agreement shall contain provisions designed to ensure that the State will—

(A) participate in the assessment; and

(B) pay from non-Federal sources the non-Federal share of participation.

(3)(A) For each fiscal year, the non-Federal share for the purpose of paragraph (2)(B) shall be—

(i) the cost of conducting the assessment at the school level for all public schools in the State sample, including the analysis and reporting of the data;

(ii) the cost of coordination within the State; and

(iii) other reasonable costs specified by the Secretary in the agreement described in paragraph (2).

(B) The non-Federal share of payments under this paragraph may be in cash or in kind, fairly valued.

(C) The agreement described in paragraph (2) shall describe the manner in which, the costs of administering the assessment to private nonprofit schools included in the State sample may be met.

(4) The implementation of subparagraph (C) of paragraph (2) of subsection (d) shall involve no cost to the Federal Government.

(e) REVIEW OF NATIONAL AND STATE ASSESSMENTS.—(1) The Commissioner shall provide for continuing reviews by the National Academy of Education or the National Academy of Sciences of the National Assessment, State assessments, local educational agency assessments, and student performance goals. Such reviews shall address whether each trial state assessment is properly administered, produces high quality data that is valid and reliable, produces data on student achievement that is not otherwise available to the State exclusive of data comparing participating States to each other and the Nation, and is a cost-effective method of producing the data. The Commissioner shall also carry out evaluation studies by the Center and solicitation of public comment on the conduct and usefulness of the National Assessment. The Commissioner shall report to the Congress, the President, and the Nation on the findings and recommendations of such reviews.

(2) The Commissioner shall consider the findings and recommendations in designing the competition to select the organization, or organizations, through which the Office carries out the National Assessment.

(f) COVERAGE AGREEMENTS.—(1) The Secretary and the Secretary of Defense may enter into an agreement, including such terms as are mutually satisfactory, to include in the National Assessment the defense dependents education system established under the Defense Dependents' Education Act of 1978.

(2) The Secretary and the Secretary of the Interior may enter into an agreement, including such terms as are mutually satisfactory, to include in the National Assessment schools for Indian children operated or supported by the Bureau of Indian Affairs.

SEC. 412. NATIONAL ASSESSMENT GOVERNING BOARD

(a) ESTABLISHMENT.—There is established the National Assessment Governing Board (the "Board"), which shall formulate policy guidelines for the National Assessment.

(b) MEMBERSHIP.—(1) The Board shall be appointed by the Secretary and be composed of—

(A) two Governors, or former Governors, who shall not be members of the same political party;

(B) two State legislators, who shall not be members of the same political party;

(C) two chief State school officers;

(D) one superintendent of a local educational agency;

(E) one member of a State board of education;

(F) one member of a local board of education;

(G) three classroom teachers representing the grade levels at which the National Assessment is conducted;

(H) one representative of business or industry;

(I) two curriculum specialists;

(J) three testing and measurement experts, who shall have training and experience in the field of testing and measurement;

(K) one nonpublic school administrator or policymaker;

(L) two school principals, one elementary and one secondary; and

(M) four additional members who are representatives of the general public, including parents.

(2) The Assistant Secretary for Educational Research and Improvement shall serve as an ex officio, nonvoting member of the Board.

(3) The Secretary and the Board shall ensure at all times that the membership of the Board reflects regional, racial, gender, and cultural balance and diversity and that it exercises its independent judgment, free from inappropriate influences and special interests.

(c) TERMS.—Members of the Board shall serve for terms not to exceed four years which shall be staggered, as determined by the Secretary. Any appointed member of the Board who changes status under subsection (b) during the term of the appointment of the member may continue to serve as a member until the expiration of such term.

(d) VACANCIES.—As vacancies occur, new members of the Board shall be appointed by the Secretary from among individuals who are nominated by the Board after consultation with representatives of the groups listed in subsection (b)(1). For each vacancy, the Board shall nominate at least three individuals who, by reason of experience or training, are qualified in that particular Board vacancy.

(e) DUTIES.—(1) In carrying out its functions under this section the Board shall—

(A) select subject areas to be assessed (consistent with section 11(b)(1));

(B) identify appropriate achievement goals for each age and grade in each subject area to be tested under the National Assessment;

(C) develop assessment objectives;

(D) develop test specifications;

(E) design the methodology of the assessment;

(F) develop guidelines for analysis plans and for reporting and disseminating results;

(G) develop standards and procedures for interstate, regional, and national comparisons; and

(H) take appropriate actions needed to improve the form and use of the National Assessment.

(2) The Board may delegate any of its procedural and administrative functions to its staff.

(3) The Board shall have final authority on the appropriateness of cognitive items.

(4) The Board shall take steps to ensure that all items selected for use in the National Assessment are free from racial, cultural, gender, or regional bias.

(5) Each learning area assessment shall have goal statements devised through a national consensus approach, providing for active participation of teachers, curriculum specialists, local school administrators, parents, and concerned members of the general public.

(f) PERSONNEL.—(1) In the exercise of its responsibilities, the Board shall be independent of the Secretary and the other offices and officers of the Department of Education.

(2) The Secretary may appoint, at the direction of the Board, such staff as the Board requires. Such appointments may include, for terms not to exceed three years, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, not more than six technical employees to administer this subsection, who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(g) COMMISSIONER REPORTS.—The Commissioner shall report to the Board at regular intervals on the Department's actions to implement the decisions of the Board.

(h) ADMINISTRATION.—(1) Not more than 10 percent of the funds available for the National Assessment for any fiscal year may be used for administrative expenses (including staff, consultants, and contracts) and to carry out the Board's functions described in subsection (e).

(2) For the purposes of its administrative functions, the Board shall have the authorities authorized by the Federal Advisory Committee Act and shall be subject to the open meeting provisions of that law.

SEC. 413. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this title, $103,200,000 for fiscal year 1995 and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

Mr. MICHEL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Pursuant to the prior agreement, the time for this amendment will be 1 hour, to be equally divided between the proponent and an opponent.

The Chair recognizes the gentleman from Illinois [Mr. MICHEL].

□ 1930

Mr. MICHEL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, recently I had the chance to be with a group of young Americans, winners of the VFW Voice of Democracy contest, and it occurred to me that these fine young Americans, as well as many others, could well be impacted by what we do in this bill.

Yes, 94 percent of education spending in our country comes from sources other than the Federal Government,

but what we say and do here has a profound effect on the shape and scope and substance of American education. That is why I am offering a substitute amendment to H.R. 6.

This substitute amendment reflects how we, as Republicans, would reauthorize the elementary and secondary education programs. At the heart of this amendment are five basic principles of sound education: local control, maximum flexibility, streamlining Federal paperwork, high standards and expectations, and parental rights.

Let me briefly outline what this amendment seeks to do. First, it eliminates the $1.15 billion from the bill by terminating programs President Clinton proposed to terminate in his fiscal 1995 budget. It also eliminates all the new programs added in the Education and Labor Committee markup.

The amendment then eliminates numerous reporting requirements layered on States and localities including the onerous opportunity-to-learn standards.

Flexibility is increased by streamlining waiver provisions in H.R. 6, makes it easier for the State and local educators to secure waivers of Federal regulations, and the substitute allows greater use of schoolwide strategies which allow schools to combine funds from a number of Elementary and Secondary Education Act programs into a single effort to benefit the whole school.

Our amendment protects parental rights by including provisions allowing local school districts to develop public school choice programs for chapter 1 students. A choice must be provided to parents, particularly with low and middle incomes whose children attend schools that have failed to improve after 3 years of corrective action.

The concept of choice offered in our amendment is neither a panacea for all educational ills nor a radical innovation. It is, rather, a prudent limited application of the concept of parental freedom and responsibility to the field of education.

And I may remind my colleagues that the House has already favorably acted on this issue when the Boehner amendment was adopted on March 3.

Finally, this amendment retains compromise language for the development of standards and assessments agreed to by the Nation's Governors in 1989, continuing the process of setting high standards in key academic subjects.

The amendment also prohibits the use of funds for family planning and reproductive health services and restores the Governors' funds for drug-free schools and communities.

Mr. Chairman, over the years, we have learned the hard way that we cannot dictate educational excellence from Washington. We can only hope to have the wisdom to pass sound, if limited, legislation, the courage to admit we cannot do everything, and the desire to help parents better exercise their basic right to educate their children as they see fit.

That is why I ask my colleagues to join me in making H.R. 6 a better bill by the adoption of this amendment.

Mr. Chairman, I ask unanimous consent that the balance of my time be allocated to the distinguished gentleman from Ohio [Mr. BOEHNER], and that he in turn, be permitted to yield time as he so sees fit on our side.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. KILDEE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have one-half hour, and hopefully we will not consume either one-half of the hour.

While I hold the gentleman from Illinois [Mr. MICHEL] in utmost respect, as I know all Members of this body do, rise in opposition to the Michel substitute.

H.R. 6 represents a very carefully crafted compromise designed to reflect the concerns of Democrats and Republicans alike. We have worked very closely to go over a yearlong process of crafting this bill. We had 39 meetings of the members. We have had 36 bipartisan subgroups meeting on various areas of this bill, and I think it does represent the best.

I have always said that the education bill is best when it is drafted in a bipartisan manner. But the Michel substitute would eliminate several key provisions of H.R. 6. which we have labored so hard to put together.

Let me just mention a few of those. It eliminates the library media assistance provisions. I suggest that we look at the libraries in this country. We know the average copyright date of a library book in our schools is 1965. That is before men went to the Moon. We certainly must help our libraries.

We have met with our librarians back home. Most of us have spoken to them that we will support their libraries and reflect our Federal concern for the fact those books are 1965 average copyright.

We also close out in the Michel substitute the Federal support, a minor Federal support, minimal Federal support, for those who come in the Close Up Program, those who need it the most.

I would again suggest that after we have labored so hard in a bipartisan manner that we should not destroy that bipartisan work that we have produced.

I, therefore, would oppose the Michel amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. BOEHNER. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. GUNDERSON], a member of the committee.

Mr. GUNDERSON. Mr. Chairman, It is difficult to follow those bipartisan comments of our subcommittee chairman, and I do agree with him. But I think I can follow our leader and say that he is right, this is what the Republicans would have tried to do if we had been in charge, per se.

What is different? I want you to understand that the substitute that is being offered is different in a couple of, I think, important ways.

First and foremost, we realize fiscal reality, and so we do not authorize funding levels that we know we are never going to appropriate, by sending false hopes back home. That is why you will see that in most areas we literally, honestly, do such sums, but in recognizing those fiscal realities, we say perhaps it is important to make sure that more of that money goes back home to those schools and is used for the actual delivery of educational services rather than Federal or State bureaucracies, rather than rules, regulations, and reporting requirements.

I think one of the things that you have heard discussed throughout this process is this whole concern about how many new reporting requirements and plans will be there as a condition of receiving particular Federal funds. In that regard, I have to tell you, and I suppose this means we lose some votes on the Democratic side, but one of the things the substitute does is it strikes all references to opportunity-to-learn standards, because there is at least a misunderstanding, if not an outright opposition, to that concept, I think, by many, many Members here on both sides.

Second, what we try to do is understand that in chapter 1 we need to be more flexible. We need to make it easier for schools to go to schoolwide programs, and so we lower the percentages in that particular area.

Likewise, we eliminate the 1-percent parental reporting requirement that is in the bill that we have discussed in the past.

Similarly, when you move to chapter 2, you find the same kind of thing. We remove the 13-percent set-aside for competitive grants for higher education and return control of those funds to the LEA's where we think they can be used most effectively.

Likewise, as you move into the other areas, we try to maintain many of the ideas that we have put together, frankly, on a bipartisan basis for innovative education programs, and we create a new fund literally for improvement of education and add such things as charter schools and flexibility in that particular area.

So I would call to my colleagues' attention that this is a very different kind of substitute. It is a substitute with the same commitment, the same

basic education outline, but it says let us have faith in local government, let us believe that they have the best interests of our children at heart, and let us not overwhelm them as we have done providers of health care with rules, regulations, and reporting requirements.

Mr. KILDEE. Mr. Chairman, I yield 2 minutes to the gentleman from Rhode Island [Mr. REED].

Mr. REED. Mr. Chairman, I rise in opposition to the amendment.

As the chairman, the gentleman from Michigan [Mr. KILDEE] pointed out, this has been a carefully crafted piece of legislation stretching over many months of subcommittee hearings, full committee hearings, and markups. It has been extensively debated on the floor of this House; indeed, at this juncture, one might say exhaustively debated. Most of the issues that have been mentioned by the preceding speakers contained in this proposal have been presented and have been, in most part, rejected.

This legislation could be improved. We could do better, I think, in targeting chapter 1 funds, but by and large this legislation deserves to be passed, and the substitute deserves to be rejected.

There are new programs in this legislation. Those new programs respond to real needs, as the chairman of the subcommittee pointed out, particularly in the area of libraries where we have books that are years and years out of date, and we propose to help school systems correct that great disparity.

□ 1940

In sum, this legislation will fortify public education in conjunction with Goals 2000, which is an attempt to help stimulate reform at the local level. These are two solid legislative proposals which will improve public education and indeed make us competitive in the world, make our children the best educated in the world, and that is an obligation we owe to them and we will discharge by rejecting this amendment and supporting the underlying legislation proposed by the committee.

Mr. BOEHNER. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. MILLER] a valued member of our committee.

Mr. MILLER of Florida. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of the Michel substitute. It is a streamlined and fiscally responsible way to address the education needs from the Federal Government level.

Mr. BOEHNER and I have offered 8 amendments so far to add some fiscal sanity to this bill, and all 8 were defeated. It is hard to get fiscal responsibility in education because it sounds like you are arguing against motherhood and apple pie.

The root cause of so many problems in our country is education, whether it is the teen pregnancy problem or the crime problem or the welfare problem; education is the root cause of the problem. But elementary and secondary education is the primary responsibility of the family, of the local and of the State governments. The Federal Government only gets 5 percent of the money. My problem with the bill that has been introduced, H.R. 6, is twofold: One is the mandate issue and requirements forced on the schools; but more important is the fiscal sanity and additional spending. As I said before, it started out as $10.5 billion and ended up at $12.4 billion. Where does the money come from? We just do not have the money. If we increase the spending here, we have to cut it somewhere else. Are we going to cut title I, are we going to cut chapter 2, and we will go through the same problem when we get to the crime bill and the health bill? These are all things we need to address.

It is unfortunate that the 8 amendments that Mr. BOEHNER and I offered were all defeated, because we talk about fiscal responsibility and a balanced budget amendment, and then we end up voting to increase spending. It just does not make sense.

I want to close with two comments from my meeting with my school superintendents in my district. My school superintendent, Dr. Fowler, in Sarasota told me, "Remember, Dan, Washington cannot be the local school board. The local school board is the one that has got to make decisions on how to run the schools." And as Mr. Witt, the superintendent from Manatee County, told me, "Keep your fingers out of our day-to-day business in Manatee County." That is what this bill is doing wrong. It is not fiscally responsible, and it has too much influence and control of the local schools.

I hope everybody will support the Michel substitute.

Mr. KILDEE. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. I thank the gentleman from Michigan [Mr. KILDEE] for yielding this time to me.

Mr. Chairman, we are about to complete what has been a truly historical legislative experience. This is the 9th time the Congress has written and rewritten this Elementary and Secondary Education Act. We have spent more time on this bill than we did during any of the previous 8 times we have authorized the act.

During the early 1960's, when the first ESEA bill came to the 89th Congress, that landmark bill providing the first major, comprehensive Federal effort to assist our Nation's elementary and secondary public schools—a bill that involved very serious church/state issues and the difficult fundamental question of whether the Federal Government should be involved at all in supporting local schools—we had 3 days of House floor consideration. Thirteen amendments were considered. Only two were adopted.

In the 90th Congress, we reauthorized ESEA, and it took us again 3 days on the House floor. Fourteen amendments were offered. We accepted seven.

In the 93d Congress, during some very troubling times when segregated schools, desegregation, efforts, and school busing dominated our debates, the Congress spent 3 days on the House floor reauthorizing ESEA. Thirty amendments were offered, and 11 were accepted.

Mr. Chairman, we have reauthorized this act eight times. In each of the previous seven times we reauthorized this act we spent and average of 2½ days on the House floor. We considered on the average 18 amendments. We accepted on average nine amendments, or half of those offered.

However, this time we have set a new record.

This is the seventh day of our consideration. Thirty-nine amendments have been offered. Eighteen have been accepted, seven by recorded vote. Four have been withdrawn. Seventeen amendments have been rejected, nine by recorded vote. On average, only about one-fourth of the members have voted for the failed amendments. Yet we have debated them for hours on end, often with the knowledge that the sponsor of these amendments had no intention of supporting the bill, even if his or her amendment was adopted. I would even go so far as to say that some members who have had their amendments adopted still won't support this bill.

Let me give you a few examples of what I mean. We spent almost 3 hours debating one issue—on and on we went. Political posturing was the hallmark. The amendment was not even controversial, as evidenced by the 424–1 vote by which it passed.

We spent nearly 3 hours debating whether we would, in effect, turn school officials into Immigration and Naturalization Service agents. That amendment received only 78 votes.

We spent nearly 3 hours debating whether we should help our schools teach children whose primary language is not English, or whether we should leave those schools on their own to address this growing national problem with their own, very limited funds. The amendment to terminate Federal aid to these schools received only 58 votes.

We spent nearly 2 hours on school prayer, and over an hour on whether we were going to dictate, at the Federal level, how schools were going to teach sex education classes. Today we've spent another 2 hours debating whether once again the Federal Government should dictate how schools should teach and what they should teach. And today's debate took a very unfortunate nasty, rude turn.

If my calculations are correct, we have spent 18 hours on issues that will not help our schools one bit. H.R. 6 is an education bill, a bill that helps our schools and our school teachers do the important job of educating our children more effectively. And if we had spent 2 working days debating issues that would help our schools, I'd have no complaint. But in my opinion the examples I've given above had nothing to do with helping our schools. Just the opposite. Many of them would harm our schools, interfere with local control of schools, and turn schools into institutions the American people never asked them, or wanted them, to be. I don't believe these amendments were helpful to either the legislative process or the education process. In fact, I believe they abused both processes.

I point all of this out simply to sound an alarm to my colleagues. The people's business, which we are about, is serious business indeed. And in doing that business, we want all issues to be fully debated. Open rules permit that. But as this bill proves, open rules can indeed be used not to further meaningful debate, but to tie this body up with issues that most Members of this body never have any intention of supporting. I think the lesson that H.R. 6 teaches us is this—open rules can sometimes be good, but it is equally as important to let the legislative process move forward in a way that does not tie this body up in frivolous issues that have little or no bearing on the substantive matter before us. I think it is absolutely essential that there be trust and faith in the legislative process. That requires rules and discipline, and an allegiance to those on all our parts.

Mr. BOEHNER. Mr. Chairman, I yield myself such time as I may consume in order to respond to the gentleman from Montana.

You know, democracy is a messy business. It takes time. Everything that is said on this floor is not what we would all want to have said each and every day. All the amendments that come to this floor are not the amendments that we would want to have. But I would suggest to the gentleman from Montana and others who are concerned about the length of the time this debate has taken, that this is in fact that democracy means, that we bring this debate to the floor, that we have a discussion, that we actually vote the will of the people and not do like we usually do, have presented to us 1 of 100 options predisposed as to what it is going to be and we get one chance to vote up or down and that is the end of it.

Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina, [Mr. BALLENGER.]

Mr. BALLENGER. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of the Michael substitute for H.R. 6. As a member of the committee, I would like to say that I had many amendments, and none of them was accepted. As it is, H.R. 6 is a disappointing bill that will do little to improve America's schools. Instead it relies on opportunity to learn standards and unfunded Federal mandates. True education reform must be driven locally, by parents, teachers, local administrators, and the community as a whole—not the Federal Government. H.R. 6 relies far too heavily on Federal control. It will stifle locally driven reform.

Under current law, ESEA covers 61 programs. President Clinton's proposal to reauthorize ESEA contained only 26 programs. Unfortunately, many programs were added back by the majority during the committee markup. As it stands, the number of programs in H.R. 6 is back up to a grand total of 48. The problem with so many programs is a lack of focus and priorities. When the Appropriations Committee designates funding, it will try to fund as many programs as possible, thereby diluting funds to the larger and broader programs like chapter 1 and chapter 2. The Michel substitute eliminates the programs that were added back to the original bill sent to us by the President.

The Michel substitute gives schools the tools to improve, and eliminates the cumbersome opportunity to learn standards. I urge my colleagues to vote yes for this substitute and say "yes" to the flexibility necessary to adapt Federal programs to the unique needs of schools all over this country. I urge my colleagues to say "yes" to streamlined access to Federal funds, and high standards, and expectations for all children, and "yes" to paperwork reduction and parental involvement.

Mr. Chairman, the vote on the Michel substitute is the only vote we will have to truly improve America's schools. I urge my colleagues to join with me in voting "yes" on the Michel substitute.

□ 1950

Mr. KILDEE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. GENE GREEN].

Mr. GENE GREEN of Texas. Mr. Chairman, I thank the gentleman from Michigan [Mr. KILDEE], the chairman of our subcommittee, for not only allowing me 3 minutes to speak, but also for his hard work on this particular bill. As the gentleman from Montana [Mr. WILLIAMS] said, we spent more time on this bill than we have on many other bills this session.

I am a proud member of the Committee on Education and Labor and the subcommittee that this bill came out of, and I rise today in opposition to the substitute offered by the gentleman from Illinois. I oppose this substitute because it would undermine the result of 13 months of negotiations between members from both sides of the aisle and would undo a number of carefully crafted compromises designed to bring this House in consensus on this bill. The fact that this substitute is being offered is particularly frustrating since I believe we have come a long way in addressing the concerns of the minority members on a number of issues.

During the entire committee process, members from both sides of the aisle had ample opportunity to raise objections to parts of the bill and each of those objections had a full and open discussion. The compromise reached on the "opportunity-to-learn" standards represents one of the best efforts I have seen in both sides of our committee working together to reach an agreement. Reaching these agreements was not easy and often resulted in heated debate and now that these commitments have been made, some in the minority feel compelled to undermine these agreements by offering a substitute that deletes the opportunity-to-learn agreement.

The Michel substitute also deletes a number of important programs such as the school library component of title II and does not ensure that services are provided to limited-English proficient students under the technical assistance center.

The Michel substitute also does not contain the set aside for the Drug Abuse Resistance Education [DARE] program. This program is supported by the education professionals and law enforcement agencies across the country and deserves to be included in this reauthorization.

Members, the Michel substitute has a number of shortcomings which I have described but the largest shortcoming in this plan is that it attempts to bypass the committee process in which we worked hard to create a bill that could be supported by both Republicans and Democrats. Education is not a partisan issue and I appeal to my colleagues to support the only version of this bill that was drafted in a bipartisan manner. Please oppose the Michel substitute and support the committee version of this bill that is the result of countless hours of hearings, negotiations, and compromise.

Mr. BOEHNER. Mr. Chairman, I yield 2 minutes to the gentleman from Wyoming [Mr. THOMAS].

Mr. THOMAS of Wyoming. Mr. Chairman, I rise today in support of the Michel substitute to H.R. 6. In doing so, Mr. Chairman, I rise to support local control of education. I am impressed that there is a basic philosophical issue here.

The gentleman from Texas [Mr. GENE GREEN] just talked about all the details and all the things we might do. There is a basic philosophical question as to what the role of the Federal Government is in education.

I rise in support of more flexibility for local schools. Local schools are

quite different; they are quite different in Basin, WY, than they are in Baltimore, MD, and I think we have to have that kind of flexibility.

I rise in support of more concentrated, block-grant approaches to Federal funding of education where local people can make the decisions.

And, Mr. Chairman, I rise in support of the core Federal programs, chapter 1 and chapter 2.

I have been very involved in education. I have been on a school board. My wife is a teacher; my family has teachers. I am interested in that.

I am chairman of the Disabilities Council in our State, and I know we need these programs, but I am amazed at the things that come up to sort of clutter the area of helping in this area. My problem with H.R. 6 is not with the motivation behind the legislation, but behind the implementation.

H.R. 6 contains many new reporting requirements, focuses on inputs instead of results, funds several narrowly defined categorical programs and generally expands the role of the Federal Government in education in conflict with the philosophy I have.

The Michel substitute recognizes the legitimate role the Federal Government has in education.

While maintaining the important core programs in H.R. 6, and the funding that goes with it, the Michel substitute eliminates the Federal micromanagement found throughout H.R. 6.

The Michel substitute promotes flexibility from excessive Federal regulations and allows local schools the freedom to innovate.

It seems to me that is a more appropriate role for the Federal Government, and I encourage my colleagues to vote for the Michel substitute and against H.R. 6.

Mr. KILDEE. Mr. Chairman, I have no further requests for time, nor do I invite any, but I do reserve the balance of my time.

Mr. BOEHNER. Mr. Chairman, I yield 2 minutes to the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. Mr. Chairman, I rise in support of the Michel substitute to H.R. 6.

H.R. 6 has taken a long time to come to the floor. Subcommittee hearings began in February 1993. This past February, it was marked out of subcommittee. And since February 23, we have been debating it on the floor.

Four hundred and twelve days of consideration is exhaustive; but it is necessary, as this is an important bill. Quite simply what we have been debating is how to define the Federal role in education.

As Governor of Delaware, I had the opportunity to visit each and every public school in my State at least once. Through these visits, I saw different schools make different decisions and different ways of carrying out their reforms—thereby charting out a course of high standards, leading to effective learning and achievement.

One of the great strengths in our current system is that from the beginning, education has been locally based and funded. The Federal Government has—and continues to have—a valuable purpose in assisting with the education of our disadvantaged students.

This precisely is the heart of H.R. 6. If you have been listening to most of the recent debate on this bill, you may have heard other extraneous messages.

Circumstances differ from State to State, and school district to school district. It is inappropriate for the Federal Government—namely, Congress—to create Federal rules and regulations that will tie the hands of those who best know how to educate his or her students: local educators.

I will support final passage of committee-reported H.R. 6. It is a good bill. Most of its consideration focused on bipartisan negotiations. Nonetheless, the Federal role in education as defined by the committee bill is still more stringent.

In contrast, the Republican substitute retains many of the committee-bill's components—it contains a valid funding formula, returns flexibility to the Chapter 2 Program, and eliminates costly additional programs—such as library media and technology assistance—that are already funded in the bill.

The original bill begins to encroach on our schools. This substitute ensures that the Federal Government's role is to set high curricula and performance standards for schools to meet and access progress toward meeting these standards.

Control over subject areas, curriculum, classroom activities, and teaching methods should stay with States and schools.

This substitute correctly defines the Federal role in education and ensures that we keep every aspect of education local. I urge my colleagues to support it.

Mr. BOEHNER. Mr. Chairman, I yield 1 minute to the ranking Republican, the gentleman from Pennsylvania [Mr. GOODLING].

Mr. GOODLING. Mr. Chairman, as I said when we began this discussion way back in the Dark Ages, the staffs in a bipartisan way did an outstanding job in bringing to the committee an outstanding piece of legislation. I truly believe that we messed it up somewhat after the subcommittee and the full committee began to work with it. The Michel substitute would be the ideal piece of legislation to take into conference with the Senate, and then we would not encourage the Senate to add 18, or 20, or 30 more programs.

□ 2000

So again, like the Governor, I plan to support the legislation that the committee has developed, with the hope that by the time it gets to the President's desk, we will have corrected many things that, as I said, we messed up in committee.

In the meantime, however, it seems to me that the Michel substitute is the ideal place to start with when we are going to negotiate with the Senate.

Mr. BOEHNER. Mr. Chairman, I yield two minutes to the gentleman from California [Mr. MCKEON] a member of the committee.

Mr. MCKEON. Mr. Chairman, I rise in strong support of the substitute offered by the gentleman from Illinois.

Before I came to this body I had the opportunity to serve on a local school board for several years. I served with four concerned members of the community and together we spent countless hours trying to meet the needs of the young people for whom we were responsible. A friend of mine once told me that people who serve on school boards are going to have a special place in heaven.

When I was first elected to the board, our budget was approximately $16 million dollars. At the end of my 9 years, that budget was up to $40 million. Over 85 percent of this money came from the State and Federal Governments. That's a lot of money and I think we could have done an excellent job of educating our young people. The problem was that even though we were elected as local, on-the-spot officials, we had very little say in what went on in our schools. While the Federal and State Governments sent us most of the money, they sent even more mandates. We were constantly trying to do all the things they asked us to do rather than do what was really best for the children.

I'm a strong advocate for local control of the educational process and for minimizing Federal and State mandates. I assure you those I know who serve on local school boards would give up that special place in heaven to have more say in the educational process.

Mr. Chairman, I strongly urge my colleagues to support the Michel substitute.

Mr. BOEHNER. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. HOEKSTRA] a member of the committee.

Mr. HOEKSTRA. Mr. Chairman, I rise tonight in support of the Michel substitute to H.R. 6, the Elementary and Secondary Education Act. I appreciate the opportunity we have had to openly and fully debate this issue. We have made a number of improvements over the last couple of weeks.

Having said that, I still have to come to the conclusion that this legislation still goes too far. I have received a tremendous number of calls and letters against H.R. 6, and people know that we face a dramatic change in educational policy. What we face with H.R.

6 is a dramatic move toward greater Federal control and mandates if H.R. 6 is passed as is.

I support flexibility in Federal policy. For those who agree with me that states and localities should make the decisions which affect their own children in the schools in their communities, vote for the Michel substitute. For those who agree with me that opportunity to learn standards are the camel's nose under the tent, vote for this substitute. For those who agree with me that Federal guidelines should be minimized and limited resources should be focused on programs which do the most good, not what we in Washington think work, vote for the Michel substitute.

A good example of what the Michel substitute would allow school districts to do is allow them a great deal of flexibility. It would allow for schoolwide strategies, schoolwide projects, that would let the schools take a look at the Federal dollars they are receiving, and rather than trying to meet a formula or specific project criteria, take these funds and allocate them to the specific needs of that school district, of the children in that school.

We do not tell them where to use the money, but we trust local school districts, local teachers, local parents, and local school boards, to trust their judgment to spend it the best way that they feel is necessary.

A vote for this substitute is a vote in support of your local school districts and students everywhere.

Mr. BOEHNER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today in strong support of the Michel substitute. Often in this Chamber the minority Members are accused of not having a real alternative, of not proposing and taking a stand on what we believe in.

I want to say that the gentleman from Illinois, Mr. MICHEL, the minority leader of our Members in this Chamber, has proposed a bill that is a bill that we as Republicans would support if in fact we were in charge of this institution.

Why? I think it is pretty simple. Throughout this entire debate over these last few weeks, we have tried to point out that this bill before us, the committee bill, has some 46 different programs. The entire focus of the bill goes from here to here to here. It is all over the lot.

What we believe is that we ought to get this money to students and schools who need it in America in the most efficient way, with the least red tape and bureaucracy attached to it. And that is what we do in our proposal.

We also eliminate many of the programs that the President tried to eliminate when he sent his reauthorization bill here. We have not added all of these programs back in as the committee members did during the markup several weeks ago.

So this bill, in my opinion, is an effort on the part of the Republicans to leave control where it belongs, to the States and local communities, to empower parents and teachers and principals to make decisions about education, not Members of Congress or bureaucrats here in Washington, DC.

This is a very good effort on the part of minority Members. It deserves the consideration of all Members, and I urge its adoption.

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Illinois, Mr. MICHEL.

The question was taken; and the Chairman announced that the nose appeared to have it.

RECORDED VOTE

Mr. BOEHNER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 173, noes 245, not voting 20, as follows:

[Roll No. 94]

AYES—173

Allard	Gilchrest	Meyers
Archer	Gillmor	Mica
Armey	Gingrich	Michel
Bachus (AL)	Goodlatte	Miller (FL)
Baker (CA)	Goodling	Molinari
Baker (LA)	Goss	Moorhead
Ballenger	Grams	Myers
Barrett (NE)	Greenwood	Nussle
Bartlett	Gunderson	Oxley
Bateman	Hall (TX)	Packard
Bentley	Hancock	Parker
Bereuter	Hansen	Paxon
Bilirakis	Hastert	Penny
Bliley	Hefley	Petri
Blute	Herger	Pombo
Boehner	Hobson	Porter
Bonilla	Hoekstra	Portman
Bunning	Hoke	Pryce (OH)
Burton	Houghton	Quillen
Buyer	Huffington	Quinn
Callahan	Hunter	Ramstad
Calvert	Hutchinson	Ravenel
Camp	Hutto	Regula
Canady	Hyde	Ridge
Castle	Inglis	Roberts
Clinger	Inhofe	Rogers
Coble	Istook	Rohrabacher
Collins (GA)	Johnson (CT)	Ros-Lehtinen
Combest	Johnson, Sam	Roth
Cox	Kasich	Roukema
Crane	Kim	Royce
Crapo	King	Santorum
Cunningham	Kingston	Sarpalius
Deal	Klug	Saxton
DeLay	Knollenberg	Schaefer
Diaz-Balart	Kolbe	Schiff
Dickey	Kyl	Sensenbrenner
Doolittle	Lazio	Shaw
Dornan	Levy	Shays
Dreier	Lewis (CA)	Shuster
Duncan	Lightfoot	Skeen
Dunn	Linder	Smith (MI)
Ehlers	Lipinski	Smith (NJ)
Emerson	Livingston	Smith (OR)
Everett	Machtley	Snowe
Ewing	Manzullo	Solomon
Fawell	McCandless	Spence
Fields (TX)	McCollum	Stearns
Fish	McCrery	Stump
Fowler	McDade	Sundquist
Franks (CT)	McHugh	Talent
Franks (NJ)	McInnis	Tauzin
Gekas	McKeon	Taylor (MS)
Taylor (NC)	Vucanovich	Young (AK)
Thomas (CA)	Walker	Young (FL)
Thomas (WY)	Walsh	Zeliff
Torkildsen	Weldon	Zimmer
Upton	Wolf	

NOES—245

Abercrombie	Gibbons	Oberstar
Ackerman	Gilman	Obey
Andrews (ME)	Glickman	Olver
Andrews (NJ)	Gonzalez	Ortiz
Andrews (TX)	Gordon	Orton
Applegate	Green	Owens
Bacchus (FL)	Gutierrez	Pallone
Baesler	Hall (OH)	Pastor
Barca	Hamburg	Payne (NJ)
Barcia	Hamilton	Payne (VA)
Barlow	Harman	Pelosi
Barrett (WI)	Hastings	Peterson (FL)
Becerra	Hayes	Peterson (MN)
Beilenson	Hefner	Pickett
Berman	Hilliard	Pomeroy
Bevill	Hinchey	Poshard
Bilbray	Hoagland	Price (NC)
Bishop	Hochbrueckner	Rahall
Blackwell	Holden	Reed
Boehlert	Horn	Reynolds
Bonior	Hoyer	Richardson
Borski	Hughes	Roemer
Boucher	Inslee	Romero-Barcelo (PR)
Brewster	Jacobs	
Brooks	Jefferson	Rose
Browder	Johnson (GA)	Rowland
Brown (CA)	Johnson (SD)	Roybal-Allard
Brown (FL)	Johnson, E. B.	Rush
Brown (OH)	Johnston	Sabo
Bryant	Kanjorski	Sanders
Byrne	Kaptur	Sangmeister
Cantwell	Kennedy	Sawyer
Carr	Kennelly	Schenk
Chapman	Kildee	Schroeder
Clay	Kleczka	Schumer
Clayton	Klein	Scott
Clement	Klink	Serrano
Clyburn	Kreidler	Sharp
Coleman	Lambert	Shepherd
Collins (IL)	Lancaster	Sisisky
Collins (MI)	Lantos	Skaggs
Condit	LaRocco	Skelton
Conyers	Laughlin	Slattery
Cooper	Lehman	Slaughter
Coppersmith	Levin	Smith (IA)
Costello	Lewis (GA)	Spratt
Coyne	Lloyd	Stark
Cramer	Long	Stenholm
Danner	Lowey	Stokes
Darden	Maloney	Strickland
de la Garza	Mann	Studds
de Lugo (VI)	Manton	Stupak
DeFazio	Margolies-Mezvinsky	Swett
DeLauro	Markey	Swift
Dellums	Martinez	Synar
Deutsch	Matsui	Tanner
Dicks	Mazzoli	Tejeda
Dingell	McCloskey	Thompson
Dixon	McCurdy	Thornton
Dooley	McDermott	Thurman
Durbin	McHale	Torres
Edwards (CA)	McKinney	Towns
Edwards (TX)	McNulty	Traficant
Engel	Meehan	Tucker
English	Meek	Underwood (GU)
Eshoo	Menendez	Unsoeld
Evans	Mfume	Valentine
Faleomavaega (AS)	Miller (CA)	Velazquez
Farr	Mineta	Vento
Fazio	Minge	Visclosky
Fields (LA)	Mink	Volkmer
Filner	Moakley	Waters
Fingerhut	Mollohan	Watt
Flake	Montgomery	Waxman
Foglietta	Moran	Wheat
Ford (MI)	Morella	Williams
Frank (MA)	Murphy	Wilson
Frost	Murtha	Wise
Furse	Nadler	Woolsey
Gejdenson	Neal (MA)	Wyden
Gephardt	Neal (NC)	Wynn
Geren	Norton (DC)	Yates

NOT VOTING—20

Barton	Ford (TN)	Grandy
Cardin	Gallegly	Kopetski
Derrick	Gallo	LaFalce

Leach	Pickle	Torricelli
Lewis (FL)	Rangel	Washington
McMillan	Rostenkowski	Whitten
Natcher	Smith (TX)	

□ 2028

Messrs. STUDDS, HORN, and GILMAN changed their vote from "aye" to "no".

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mr. DOOLEY. Mr. Chairman, I want to take this opportunity to thank Chairman FORD and ranking member GOODLING for including my amendments in the en bloc amendment to title I of the bill. These provisions address concerns that I have heard from many of my constituents regarding the impact of the new school-wide title 1 programs authorized under H.R. 6 on children from migrant families. I want to thank Chairman FORD and his staff for working with me on these amendments. I know that Chairman FORD has long been the leading advocate in Congress for migrant education programs and that his work on H.R. 6 reflects his concern for this population.

As you know, H.R. 6 provides schools with high populations of poor children the ability to establish school-wide programs that will benefit all the children in a school by combining Migrant Education Program funds and funds for other categorical programs. I think that the school-wide programs provide the opportunity for schools with large numbers of poor children to provide more coordinated services to a larger number of children.

Migrant Education Programs, part C of title I, provide supplemental services specifically designed to address the special needs of children from migratory families whose education is interrupted because of frequent family migration. These students do not necessarily enter a school at the beginning of the fall term and leave when the summer begins. They may enter several schools within a year. For them to be able to keep up with their peers and to receive a meaningful education they must have supplemental programs to help them bridge the gap from school to school. School-wide programs, which may well have a very different focus, should address the needs of migrant children. My amendment, which is now part of the chairman's en bloc amendment, contains two changes to H.R. 6 that will go a long way in addressing the continuing needs of migrant children.

First, the amendment would add a provision to section 10001 of H.R. 6, which deals with coordination of services, requiring that the health and welfare needs of children from migratory families be addressed in coordination of services. I believe that this provision is important in ensuring that the special needs of these children are not overlooked in a school operating a school-wide program.

Second, the amendment would require the Secretary of Education to report to Congress on how school-wide programs are meeting the needs of children from migratory families. The report would help preserve vital services to migrant students by identifying potential problem areas in school-wide programs, and making improvements on them, before it is too late.

H.R. 6 reaffirms the commitment of Congress to Federal education programs for children from migratory families. MEP programs are important and should not be ignored during implementation of schoolwide programs. I believe all of the provisions of my amendment address this concern.

Again, I thank the chairman for his help in this matter and urge that my colleagues support H.R. 6.

Mr. SYNAR. Mr. Chairman, I rise today to support the final passage of H.R. 6, the Improving America's Schools Act. This legislation will greatly improve teaching and learning in our public schools at a time when it is critical for our Nation to keep pace with the educational prowess of our international competitors. H.R. 6 meets this challenge by encouraging States to develop improved curricula tied to internationally competitive academic and workforce standards, promoting enhancements of instruction and by fostering both professional development and greater family and community involvement in schools.

The innovative approach to education reform embodied in H.R. 6 is long overdue. Studies have shown that while our economy, society and families have undergone dramatic changes, schools and instruction programs have remained stagnant. Long-term improvement in public education will only occur if states, local school districts and individual schools work together to achieve reform. H.R. 6 promotes this approach by creating a fully coordinated effort designed to produce a well-qualified and well-trained workforce that will meet both the increasingly complex and rapid technological challenges and the ever-growing aggressive competition of our international rivals.

During the opening days of debate on H.R. 6, my attendance was required in Oklahoma and I was unable to vote on two important home schooling amendments offered by Education and Labor Committee Chairman FORD and Congressman ARMEY. Had I been present, I would have voted for Congressman FORD's amendment and opposed the Armey amendment. The amendment by Mr. FORD deleted language in H.R. 6 which required each local educational agency within a State to certify each full-time teacher within the agency's jurisdiction. I believe that the removal of the certification language, and the addition of language which specifies that nothing in the bill impacts home schools, addresses the concerns of the home school supporters in my district in a constructive manner that maintains the overall integrity of the legislation. While I recognize the environment in which the Ford amendment was offered and support its adoption, I also believe that if we are to improve our public school education we must ensure that students are taught by qualified teachers and it is my hope that all public school teachers will soon be certified in the subject they teach.

I oppose Congressman ARMEY's proposal, known as the home school/private schools freedom amendment, because it contains overbroad language that could unintentionally restrict the participation of home schools, parochial schools and private schools in H.R. 6 programs. After careful study, I am in agreement with groups such as the Catholic Coalition and the Seventh Day Adventists, both of which support extensive parochial school education, that believe the Ford amendment adequately addresses the concerns that were raised by home school supporters without creating more potential problems by denying nonpublic schools from participating in the programs in H.R. 6.

Again, I would like to express my support for H.R. 6, Improving America's Schools Act. This legislation provides an innovative, well-coordinated framework that will allow our Nation's education system to advance into the next century. The challenges in that century, both from our international competitors and from the increasing complexity and potential of new technology, demand that this Nation rededicate itself to providing a solid educational foundation for all its citizens. H.R. 6 will help achieve that goal.

Mr. BUYER. Mr. Chairman, I oppose H.R. 6, the Improving America's Schools Act, in its present form because it is not in the best interests of the children, families, and school districts in Indiana's Fifth Congressional District. H.R. 6 attempts to impose Federal control and micromanagement of our schools while denying States and local school districts the flexibility necessary to best educate our children.

Universal prescriptions and mandates stemming from Washington are not going to help provide children with the basic reading and arithmetic skills needed to compete into the next century. True education and learning comes from partnership in learning between educators, parents, and students. States and localities need the flexibility to form curricula in accordance with the unique needs of the children they educate. A one-size-fits-all approach to education hardly suits the individual needs of all students.

Educators should be free to spend their time teaching our kids, not filling out forms. School superintendents across the Fifth District communicated to me that they are tired of layers of Federal regulations and funding contingencies. Overall, they believe programs funded under title I achieve results, so long as they can spend their time administering to their pupils rather than filling out forms. These school superintendents expressed that while they understand the necessity for regulation, and the need for accountability, the big Government regulations are burdensome, drain financial resources, and actually consume precious time that could be better-spent educating children.

Allow me to share a few examples. Dr. Randy Green, superintendent of Wabash City Schools in Wabash, IN, commented that he is burdened by the regulations imposed upon the schools under his jurisdiction. Further, while Federal and State programs are greatly appreciated, when these programs are unfunded they can be devastating to schools. In another example, a school superintendent in Grant County, IN, informed me that he prefers local and home control of schools, adding that there are too many rules and mandates requiring the administration of special programs, to the exclusion of basic educational schemes. He commented that education is becoming secondary in his school system while he tries to meet big Government unfunded mandates.

These are only two of many examples of comments from school superintendents within

my district which clearly express the need for less regulation and Federal involvement. H.R. 6 is big on mandates and imposes a heavy hand on States and localities.

H.R. 6 includes opportunity to learn standards which are Federal mandates in disguise. These regulations require school districts to develop programs to meet Federal criteria while not requiring implementation of the standards. Nonetheless, opportunity to learn standards intrude on State flexibility and local control of school districts, while imposing a time consuming and arduous task on schools and their administrators. Why must we add another level of paperwork to schools that are pleading for less bureaucracy? If we are serious about cutting Government bureaucracy and allowing teachers to spend valuable time teaching our children, then opportunity to learn standards are the wrong means to that end.

Mr. Chairman, the reauthorization of the funds included in H.R. 6 is of the utmost importance to the schools within Indiana's Fifth Congressional District. However, through my contacts with over 50 school superintendents in Indiana I know that unfunded Federal mandates are going to place a strain on schools and their administrators.

Access to Federal funding is important, but at what expense? According to a school superintendent in a northwest portion of my district, given the amount of restrictions and paperwork necessary to qualify for title I funding, it is questionable whether it is worthwhile to expend such time in order to obtain this funding.

Also included in H.R. 6 was an amendment proposed by Congressman SAM JOHNSON which prohibits Federal funds from being directed to any school which effectively prevents students from exercising their constitutionally protected right to prayer in schools. I would like to go on record as strongly supportive of this amendment. The right to prayer or meditation is a constitutionally protected right which cannot be abridged by educational, or other institutions. We cannot allow forces, which already attempt to remove prayer from various sectors of public life, to impede on the right of our children to prayer and personal development. I greatly respect my colleague and appreciate his efforts in this regard.

It is time to control the heavy hand of big Government and oppose Federal micromanagement. We can rely on our State and local school boards to recognize what is best for our children. It is for these reasons that I remain opposed to H.R. 6.

Mr. FRANKS of Connecticut. Mr. Chairman, while there are many positive things to say about American education today, there are also many problems. Students graduate our high schools without the knowledge needed to get a job. Too many students do not graduate at all. The school years of many urban children are filled with the dangers of violence, the temptations of drugs and personal irresponsibility, and the expectation of failure. The constituents of my Connecticut district, especially parents, have been looking for solutions to these problems. Goals 2000, which I voted for last fall, is the first step toward addressing these problems. H.R. 6, the reauthorization of the Elementary and Secondary Education Act, is the second step.

Like debate in boards of education and State legislative bodies, debate in Congress over aspects of education are often bitter and divisive. Such is the case with this bill. I have kept in mind throughout the debate and amendment process that education is best when kept under local control. More programs, more paperwork, more mandates, and more bureaucracy is definitely not the way to reform education. Indeed, such problems have stifled the ability of school districts to help our disadvantaged children. I find especially disappointing the unwillingness of Congress to support tax vouchers, so that parents can choose to send their children to the school that will be the best for their child.

Not all of the provisions in this bill are totally in agreement with my philosophies on education. This is why I voted for the Michel Republican substitute to try to make this bill the best possible piece of legislation to help our Nation's children.

The Michel substitute gives schools the flexibility they need to adopt Federal programs to their own needs. It limits bureaucracy and paperwork so that schools can use Federal education funds to educate students rather than hiring more administrators. It requires the same high standards, fosters parental involvement, and helps States and school districts move toward technology-based education.

Unfortunately, the Michel amendment failed to pass. Nevertheless, I intend to vote for the final version of H.R. 6, because it includes programs worthy of enactment. I will outline my approval and objections to certain provisions in this bill that generated considerable debate on the floor.

One of the most welcome elements of this bill is the flexible Chapter 2 Block Grant Program. I realize that school districts across the country are at various points in their ongoing efforts to improve the education they provide. Each community has its own strengths and its own problems. Within my district, Waterbury, Danbury, and Meriden have special concerns not as pressing in the suburban areas of Connecticut. Chapter 2 encourages local innovation in the use of Federal funds for education reform.

I was pleased to see the Boehner amendment on public school choice added to the bill without needing a vote. Last year I was disappointed to see true school choice defeated during consideration of Goals 2000. This permission to school districts to allow parents educational choice among public schools receiving title 1 funds is the first step toward using competition as a way to improve our Nation's educational system.

Republicans and Democrats worked in committee to develop a title 1 formula that fairly distributes money to all areas of the country. Title 1 provides grants to school districts to provide educational services to disadvantaged children. Under the revised formula, title 1 funds in the bill, up to the 1994 level, will be distributed according to the formula that has been used in the past 5 years. Funds exceeding this level will be distributed under a new formula that gives more of the money to districts with a high percentage of poor families. Disadvantaged children living in relatively affluent areas will not lose the Federal assistance that they deserve, and school district budgets will not suffer from a drastic loss of Federal Funds.

This bill will also allow the Federal Government to award competitive grants for the planning and establishment of charter schools in local communities. Charter schools are publicly funded schools in which students not succeeding under standard methods of teaching are exposed to new methods of education. The federal government waives certain Federal laws and regulations to give these schools more room for innovation.

While President Clinton has greatly weakened the ability of the Office of National Drug Control Policy to fight the drug war, I still see drugs as a serious problem worthy of fighting at every level of government. This bill reauthorizes the Drug-Free Schools and Communities Programs, including the Drug Abuse Resistance Education Programs, commonly called DARE. I support the continuation of these programs, which have kept widespread drug abuse at bay during the past several years.

Congressman ROTH offered an amendment to eliminate from this bill all funds available to States for bilingual education programs. While I do not doubt that some bilingual programs have lost sight of the program goal—to teach students English in a short period of time—I do not think that eliminating Federal funds for bilingual education programs would help immigrant children to learn English. Children from homes where no English is spoken can benefit from teachers who speak their native language. States need to change and update bilingual education programs that are not working, but I do see a legitimate need for transitional programs that help children to master the language that unites our country of diversity.

One of my most serious objections to the original version of the bill was the inclusion of eight mandatory opportunity to learn standards written in the bill. The original version would have required States to set standards and issue reports on many different aspects of education that have traditionally been left to State and local governments. Areas in which the Federal Government planned to intrude included student-teacher ratios, teacher training, school facilities, and the number of library books. Besides increasing the paperwork burden on already burdened school systems, the bill did not provide any money for the development of these standards. Opportunity to learn standards are an expensive, incomplete, and simplistic way to try to improve our Nation's schools, and Congress has no business forcing school districts to adopt them.

I supported the Goodling amendment to greatly limit the influence of opportunity to learn standards in this bill. The Goodling amendment requires States to develop only two opportunity-to-learn standards only for schools that receive title 1 money. One standard would require school systems to develop, but not implement, ways to align its curricula and resources with standards developed by the State. The second standard would make sure teachers are able to teach subjects for which the State has adopted content and performance standards. Although I feel that all opportunity to learn standards should be completely voluntary, and not in Federal legisla-

tion, I recognize that this compromise will allow many good aspects of this bill to be passed.

Many parents in my district were concerned about language in the bill that would have imposed new Government control over private school teachers and parents who teach their children at home. In order to receive professional development funding from the original version of this bill, school districts may have had to prove that all fulltime teachers in the district were certified to teach their assigned subjects. This requirement could have been interpreted to apply to private school teachers and home schoolers, as well as public school teachers. I feel that the Federal Government has no business being involved with teacher certification issues, whether public, private, or home schoolers.

I voted for two amendments to solve this problem. First, I voted for the Ford amendment, which removed from the bill the requirement that school districts certify teachers in order to receive certain funding. I also voted for the Armey amendment, which states that nothing in the bill allows any Federal control over any aspect of private, religious, or home schools. These two amendments should relieve the concerns of my constituents who assert their right to choose private schools or home schooling.

Illegal immigrant children attending public schools is a serious problem for many school districts, including districts I represent. Illegal immigrants enter the country aware that our Nation's compassion for children will permit their children to get a free education courtesy of the American taxpayers. We need to squelch this incentive. Congressman ROHRABACHER attempted to amend this bill by requiring school systems receiving taxpayer money under H.R. 6 to count and report the number of children in their schools who are illegal immigrants or children of illegal immigrants. I supported an amendment to pay for this count with Federal funds, because immigration is a Federal problem. This amendment was never offered, because members permissive of illegal immigration wanted to provide a fiscal reason to oppose the Rohrabacher amendment. I voted for the Rohrabacher amendment because I believe in the need for immigration control, and I call on the Democrat leadership in Congress and President Clinton to address our Nation's illegal immigrant problem this year.

I hope that the next reauthorization of the Elementary and Secondary Education Act includes the option for States and local school districts to develop school choice plans. I still believe that school choice will inspire self-initiated education reform more effective than any education program being approved in this bill today.

Mr. CONDIT. Mr. Chairman, I would like to explain the reasons for my vote on H.R. 6, the Elementary and Secondary Education Reauthorization. During the course of the debate on this bill, I have become very concerned with potential unfunded mandates that may result from its enactment. As a result of this concern, I have attempted to amend H.R. 6 so as to make the model opportunity-to-learn standards, contained in title 1, voluntary. I am somewhat pleased that an amendment was added to title 1 which stipulates that the implementation of opportunity-to-learn standards will be voluntary for States. Unfortunately, States will still have to develop these standards, even though they will not have to implement them. There are no doubt other mandates in H.R. 6 which may result in direct costs to States and local school districts. It has been reported that H.R. 6 contains 23 new reporting requirements for State and local education agencies.

For this reason, many have suggested that we defeat this legislation. And while H.R. 6 certainly has flaws and a better bill could probably be drafted, it is important to realize that H.R. 6 is must-pass legislation. The overwhelming majority of Federal programs for our public schools will receive their authority under H.R. 6. In order to continue these programs, such as chapter 1 and Even Start, we must reauthorize the Elementary and Secondary Education Act. So just as I did earlier this week when I voted for the Goals 2000 education reform bill, I will be reluctantly casting my vote in support of H.R. 6.

Mr. GOODLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I do so just to say again that I thank the staff on both sides that worked hundreds and hundreds and hundreds of hours on this legislation.

Mr. Chairman, I also want to take time to say that I have some pretty ideal people on the minority side who serve on this committee. There is none that does his homework any more, there is no one on this committee on either side of the aisle that is better prepared whenever we come, whether it is a hearing or whether we are dealing with legislation, than the gentleman from Wisconsin [Mr. GUNDERSON].

□ 2030

The CHAIRMAN. Are there further amendments to the committee amendment in the nature of a substitute, as modified, as amended?

If not, the question is on the committee amendment in the nature of a substitute, as modified, as amended.

The committee amendment in the nature of a substitute, as modified, as amended, was agreed to.

The CHAIRMAN. Under the rule, the committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. HUGHES) having assumed the chair, Mr. PRICE of North Carolina, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6) to extend for 6 years the authorizations of appropriations for the programs under the Elementary and Secondary Education Act of 1965, and for certain other purposes, pursuant to House Resolution 366, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole?

Mr. WILSON. Mr. Speaker, I demand a separate vote on the so-called Armey amendment.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: On page 735, line 6, insert "institutional" after "nonprofit".

On page 737, line 13, insert "institutional" after "nonprofit".

On page 762, line 9, insert the following new section and redesignate subsequent sections accordingly:

"SEC. 9508 GENERAL PROVISION REGARDING NON-RECIPIENT NONPUBLIC SCHOOLS.

"Nothing in this Act shall be construed to permit, allow, encourage, or authorize any federal control over any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home school under state law. This section shall not be construed to bar private, religious, or home schools from participation in programs or services under the Act.".

Mr. KILDEE (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER pro tempore. The question is on the amendment.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WILSON. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

So the amendment was agreed to.

The SPEAKER pro tempore. The question is on the committee amendment in the nature of a substitute, as modified, as amended.

The committee amendment in the nature of a substitute, as modified, as amended, was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore, announced that the ayes appeared to have it.

RECORDED VOTE

Mr. GOODLING. Mr. Speaker, I demand a recorded vote.

A recorded voe was ordered.

The vote was taken by electronic device, and there were—ayes 289, noes 128, not voting 16, as follows:

[Roll No. 95]

AYES—289

Abercrombie	Gillmor	Murtha
Ackerman	Gilman	Nadler
Andrews (ME)	Glickman	Neal (MA)
Andrews (NJ)	Gonzalez	Neal (NC)
Andrews (TX)	Goodling	Oberstar
Applegate	Gordon	Obey
Bacchus (FL)	Green	Olver
Baesler	Greenwood	Ortiz
Barca	Gunderson	Orton
Barcia	Gutierrez	Owens
Barlow	Hall (OH)	Pallone
Barrett (WI)	Hamburg	Parker
Bateman	Hamilton	Pastor
Becerra	Harman	Payne (NJ)
Beilenson	Hastings	Payne (VA)
Bentley	Hefner	Pelosi
Berman	Hilliard	Penny
Bevill	Hinchey	Peterson (FL)
Bilbray	Hoagland	Peterson (MN)
Bilirakis	Hochbrueckner	Petri
Bishop	Holden	Pickett
Blackwell	Horn	Pomeroy
Blute	Houghton	Porter
Boehlert	Hoyer	Poshard
Bonior	Huffington	Price (NC)
Borski	Hughes	Quinn
Boucher	Hutto	Rahall
Brewster	Inslee	Ramstad
Brooks	Jacobs	Rangel
Browder	Jefferson	Reed
Brown (CA)	Johnson (CT)	Reynolds
Brown (FL)	Johnson (GA)	Richardson
Brown (OH)	Johnson (SD)	Roemer
Bryant	Johnson, E. B.	Ros-Lehtinen
Byrne	Johnston	Rose
Cantwell	Kanjorski	Rostenkowski
Carr	Kaptur	Roukema
Castle	Kennedy	Rowland
Chapman	Kennelly	Roybal-Allard
Clay	Kildee	Rush
Clayton	Kleczka	Sabo
Clement	Klein	Sanders
Clyburn	Klink	Sangmeister
Coleman	Klug	Sarpalius
Collins (IL)	Kopetski	Sawyer
Collins (MI)	Kreidler	Saxton
Condit	Lambert	Schenk
Conyers	Lancaster	Schroeder
Cooper	Lantos	Schumer
Coppersmith	LaRocco	Scott
Costello	Laughlin	Serrano
Coyne	Lazio	Sharp
Cramer	Leach	Shaw
Danner	Lehman	Shays
Darden	Levin	Shepherd
de la Garza	Lewis (GA)	Sisisky
Deal	Lipinski	Skaggs
DeFazio	Lloyd	Skelton
DeLauro	Long	Slattery
Dellums	Lowey	Slaughter
Deutsch	Machtley	Smith (IA)
Diaz-Balart	Maloney	Snowe
Dicks	Mann	Spratt
Dingell	Manton	Stark
Dixon	Margolies-Mezvinsky	Stokes
Dooley	Markey	Strickland
Durbin	Martinez	Studds
Edwards (CA)	Matsui	Stupak
Edwards (TX)	Mazzoli	Swett
Engel	McCloskey	Swift
English	McCurdy	Synar
Eshoo	McDade	Tanner
Evans	McDermott	Taylor (MS)
Farr	McHale	Tejeda
Fawell	McKinney	Thomas (CA)
Fazio	McNulty	Thompson
Fields (LA)	Meehan	Thornton
Filner	Meek	Thurman
Fingerhut	Menendez	Torkildsen
Fish	Meyers	Torres
Flake	Mfume	Towns
Foglietta	Miller (CA)	Traficant
Ford (MI)	Mineta	Tucker
Fowler	Minge	Unsoeld
Frank (MA)	Mink	Upton
Franks (CT)	Moakley	Valentine
Frost	Molinari	Velazquez
Furse	Mollohan	Vento
Gejdenson	Montgomery	Visclosky
Gephardt	Moran	Volkmer
Geren	Morella	Walsh
Gibbons	Murphy	Waters
Gilchrest	Waxman	Watt
Weldon	Wise	Yates
Wheat	Woolsey	Young (FL)
Williams	Wyden	

NOES—128

Allard	Goodlatte	Myers
Archer	Goss	Nussle
Armey	Grams	Oxley
Bachus (AL)	Hall (TX)	Packard
Baker (CA)	Hancock	Paxon
Baker (LA)	Hansen	Pombo
Ballenger	Hastert	Portman
Barrett (NE)	Hayes	Pryce (OH)
Bartlett	Hefley	Quillen
Bereuter	Herger	Ravenel
Bliley	Hobson	Regula
Boehner	Hoekstra	Ridge
Bonilla	Hoke	Roberts
Bunning	Hunter	Rogers
Burton	Hutchinson	Rohrabacher
Buyer	Hyde	Roth
Callahan	Inglis	Royce
Calvert	Inhofe	Santorum
Camp	Istook	Schaefer
Canady	Johnson, Sam	Schiff
Clinger	Kasich	Sensenbrenner
Coble	Kim	Shuster
Collins (GA)	King	Skeen
Combest	Kingston	Smith (MI)
Cox	Knollenberg	Smith (NJ)
Crane	Kolbe	Smith (OR)
Crapo	Kyl	Solomon
Cunningham	Levy	Spence
DeLay	Lewis (CA)	Stearns
Dickey	Lightfoot	Stenholm
Doolittle	Linder	Stump
Dornan	Livingston	Sundquist
Dreier	Manzullo	Talent
Duncan	McCandless	Tauzin
Dunn	McCollum	Taylor (NC)
Ehlers	McCrery	Thomas (WY)
Emerson	McHugh	Vucanovich
Everett	McInnis	Walker
Ewing	McKeon	Wolf
Fields (TX)	Mica	Young (AK)
Franks (NJ)	Michel	Zeliff
Gekas	Miller (FL)	Zimmer
Gingrich	Moorhead	

NOT VOTING—16

Barton	Grandy	Smith (TX)
Cardin	LaFalce	Torricelli
Derrick	Lewis (FL)	Washington
Ford (TN)	McMillan	Whitten
Gallegly	Natcher	
Gallo	Pickle	

□ 2051

So the bill was passed.

The title of the bill was amended so as to read: "A bill to extend for five years the authorizations of appropriations for the programs under the Elementary and Secondary Education Act of 1965, and for certain other purposes.".

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate agrees to the Report of the Committee of Conference on the disagreeing votes of the two Houses on the amendment of the House to the amendment of the Senate to the bill (H.R. 3345) "An act to provide temporary authority to Government agencies relating to voluntary separation incentive payments, and for other purposes.".

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 1636) "An act to authorize appropriations for the Marine Mammal Protection Act of 1972 and to improve the program to reduce the incidental taking of marine mammals during the course of commercial fishing operations, and for other purposes."

FURTHER APPOINTMENT OF CONFEREE ON S. 349, LOBBYING DISCLOSURE ACT OF 1993

The SPEAKER pro tempore (Mr. LAUGHLIN). Without objection, the Chair appoints the gentleman from Oklahoma [Mr. SYNAR] to the committee of conference on S. 349 in place of the gentleman from Massachusetts, [Mr. FRANK].

There was no objection.

TRIBUTE TO THE HONORABLE WILLIAM D. FORD

(Mr. KILDEE asked and was given permission to address the House for 1 minute.)

Mr. KILDEE. Mr. Speaker, I would like to indicate first that this bill, the Elementary and Secondary Education Act, was passed as one of the great achievements of President Lyndon Johnson, and helping President Lyndon Johnson pass this bill in a very, very effective and grand way was Congressman BILL FORD.

Mr. Speaker, BILL FORD is leaving us this year. But let me say this personally, and I will have some time later to speak: No Member of Congress could have had a better mentor than I have had in BILL FORD. I am deeply appreciative of all that he has taught me. I am a much better legislator and a better human being because of BILL FORD.

GENERAL LEAVE

Mr. KILDEE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on H.R. 6, the bill just considered and passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AUTHORIZING THE CLERK TO MAKE CHANGES IN SECTION NUMBERS, PUNCTUATION, CROSS-REFERENCES, AND OTHER TECHNICAL AND CONFORMING CHANGES IN ENGROSSMENT OF H.R. 6, IMPROVING AMERICA'S SCHOOLS ACT OF 1994

Mr. KILDEE. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, the Clerk be authorized to make corrections in section numbers, punctuation and cross-references and to make such other

technical and conforming changes as may be necessary to reflect the actions of the House in amending the bill, H.R. 6.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO HAVE UNTIL MIDNIGHT, MARCH 25, 1994, TO FILE SUNDRY REPORTS

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary have until midnight, Friday, March 25, 1994, to file sundry reports.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. WALKER. Mr. Speaker, reserving the right to object, I do so simply to inquire of the gentleman from Texas whether or not the sundry bills on which he is filing reports is the crime bill.

Mr. BROOKS. The gentleman is absolutely correct.

Mr. WALKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR MEMBERS TO SUBMIT MATERIAL FOR EXTENSION OF REMARKS ON MARCH 24, 1994

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that for today, March 24, 1994, all Members be permitted to extend their remarks and to include extraneous material in that section of the RECORD entitled Extension of Remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

MORE CLINTON ADMINISTRATION NEWS

(Mr. DORNAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN. Mr. Speaker, I am going to have to try and squeeze two 1-minutes into one, because of the rush of news today.

Last night on this floor, I called for the resignation or firing of Joycelyn Elders. I have just asked permission to put into the RECORD the letter written by Cardinal Hickey, the Archbishop of Washington, DC., and environs, to the President demanding that he disavow and censure Joycelyn Elders, the Surgeon General, for her remarks which appeared in a homosexual publication, The Advocate. This is the second time in just 8 months that an Archbishop has written forcefully to condemn the remarks of this Surgeon General. At this point I would like to submit that letter.

Now I find in the paper a second issue, which I missed yesterday: "Of the 1,000 FBI background checks of White House personnel, more than 500 revealed derogatory information that would have prevented these people from obtaining FBI security clearances. The FBI found cases of past drug use, drug convictions, years of unpaid taxes, unpaid debts, and financial irregularities, all discrepancies that are grounds for Secret Service questions." The White House denies this and says it is only 100.

Do you remember my words here last September and October, Mr. Speaker? I said that Bill Clinton could not have gotten a security clearance to serve in any agency of any administration. Only by getting elected President could he obtain a clearance.

The flower generation, the hippie sixties generation, has come to Washington, DC, and it is a nightmare. The Wall Street Journal today printed a letter written by DAN GLICKMAN and LARRY COMBEST, good men from the Select Committee on Intelligence. It is a letter asking CIA Director Woolsey what steps he has taken to ensure that classified material has not fallen into the hands of those who do not have proper clearance. It is a letter I asked him to write.

I will include with my remarks the entire Wall Street Journal editorial with the letter from the chairman and ranking Republican of the Committee on Intelligence.

[From The Wall Street Journal, Thursday, March 24, 1994]

REVIEW AND OUTLOOK—PATSY TAKES THE FISKE

White House notoriety Patsy Thomasson actually showed up to testify to Congress Tuesday, and proved herself charming. She did little to still concerns about the administration's security procedures, however, and on the matter of her nocturnal visit to Vincent Foster's office in the wake of his death she pleaded the Fiske.

Ms. Thomasson "would like nothing better," she said, than to tell the subcommittee "what I did that night in that office." But due to Special Counsel Robert Fiske's probe into Mr. Foster's death, she couldn't possibly comment on that. Ms. Thomasson, in case you've spent the last month as an orbiting astronaut, is the FOB from Arkansas who was once the top aide of FOB bond dealer and drug convict Dan Lasater, and who has risen in life to be director of the Office of Administration at the White House, where she oversees personnel, computers and some security operations.

These responsibilities seem to weigh heavily in this administration. The White House Counsel's office is responsible for security passes, the immediate responsibility of Associate Counsel William Kennedy III, the former Rose Law Firm partner now tottering on the brink of resignation (maybe by tonight's 7:30 press conference?) over a nanny-tax issue. Last night, the White House said Mr. Kennedy would no longer handle passes.

The security situation is so dire that Congressmen Dan Glickman and Larry Combest, Chairman and ranking minority member of the House Intelligence Committee, have written the Director of Central Intelligence (see text below) more or less suggesting that he cut the White House off from classified information.

More specifically, they asked CIA Director James Woolsey what steps he had taken to ensure that White House staffers without clearances hadn't had access to classified material. The two Members said they were troubled, and that "The urgency of this matter has been highlighted by the arrest of Aldrich Ames," (for astronauts, the recently apprehended KGB mole in the CIA).

When Ms. Thomasson responded to similar concerns expressed this week by House subcommittee chair Steny Hoyer, a Maryland Democrat, she was hardly reassuring. "We don't think we have any Aldrich Ameses at the White House," Ms. Thomasson responded. "But we certainly could." Ms. Thomasson admits that she lacked a permanent White House pass or security clearance until earlier this month; despite that, she has had 24-hour access to the West Wing. At one point in her testimony, she also said she had "no need" to have the combinations to any safes in the White House; they are in the possession of Charles Easley, a security officer who works for her.

She also revealed that while Mr. Kennedy was handling clearances for White House passes, his own background check was finished in March 1993, but he didn't receive his own permanent pass until December. GOP Rep. Frank Wolf, who first agitated these issues on the House subcommittee that oversees the White House budget, told us that White House Chief of Staff McLarty's background check was completed on January 22, 1993—two days after the inauguration. He didn't get his permanent pass until just this past March 5, the day Mr. Fiske's first subpoenas arrived at the White House. House Members wanted to know what was going on.

Ms. Thomasson, however, persisted in telling Rep. Wolf on Tuesday not to worry. She said there was no reason for concern that senior White House aides lacked permanent passes because they nonetheless had gotten "requisite security" approval. She holds that Mr. McLarty's case was "fully adjudicated," which apparently means the background check was complete and accepted by Mr. Kennedy, who just hadn't gotten around to forwarding the Chief of Staff's papers to the Secret Service.

This is "malarkey," says Phil Larsen, who was administrative officer in Jimmy Carter's White House and ran personnel management under President Bush. The Secret Service must clear a final financial check, and is part of an adjudication. "None of this makes any sense," he told us; it would be "astonishing" if security clearances were issued before passes were. "The two always—and should—go together.

After sleeping overnight on Patsy's testimony, Rep. Wolf and Rep. Bill Clinger, ranking Republican on the Government Operations Committee, called for a GAO investigation of the White House pass problem.

At 8:15 p.m. last night, AP reported Press Secretary Dee Dee Myers had suddenly issued a "fact sheet" indicating that more than 100 White House staffers lack security clearances and one-third of the 1,044 employees don't have permanent passes.

OFFICE OF THE ARCHBISHOP,
Washington, DC, March 21, 1994.
The PRESIDENT OF THE UNITED STATES,
The White House,
Washington, DC.

MY DEAR MR. PRESIDENT, I must take strong exception to the recent remarks of the Surgeon General, Joycelyn Elders, advocating homosexual behavior and the expressing support for adoption by so-called homosexual couples. Furthermore, I deeply regret her apparent intolerance of people whose religious faith and moral values collide with her own ill-considered views.

The Surgeon General irresponsibly accuses religious leaders of holding that human sexuality is solely for procreation. Her words are a misleading caricature. In our Catholic tradition the two fundamental purposes of human sexuality—the expression of the committed love of husband and wife and openness to new human life—are linked together. Human sexuality is a great gift from God which enables couples to express their love for one another and in the context of that love to create and care for a family. Such a view is supported both by faith and reason; it does not involve the suppression of human sexuality but rather its right use for the good of individuals and society.

The strength of our country, Mr. President, has always been in the vitality of our families, not in the might of our weapons. By contrast, the breakdown of the family has been the root of so many of the social problems which, as a nation, we now struggle to overcome. The comments of Surgeon General Elders are destructive of a true understanding of family life. It is one thing to defend the human rights of homosexual men and women; it is quite another to encourage, as she does, a life-style which puts so-called homosexual unions on a par with marriage and family and condones homosexual behavior among young people.

Mr. President, I strongly urge you to take responsibility for the Surgeon General's harmful and offensive remarks and publicly to disavow them. Respectfully I ask that you urge Dr. Elders to be more tolerant of religious teachings with respect to human sexuality. Whether she knows it or not, the religious teachings, leaders and institutions which her remarks attack are vitally important to solving many of our nation's social ills.

Sincerely in Christ,
JAMES CARDINAL HICKEY,
Archbishop of Washington.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 232. Concurrent resolution providing for an adjournment of the two Houses.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of February 11, 1994, and under a previous order of the House, the following Members are recognized for 5 minutes each.

BANKS, DERIVATIVES, AND HEDGE FUNDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. GONZALEZ] is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, I take the floor today to update my colleagues about the Banking Committee's efforts to ensure the safety and soundness of the financial system. Over the past 6 months the Banking Committee has been monitoring the rapid growth of newfangled financial instruments called derivatives and I have ordered my staff to draft legislation that would call for further regulation of derivatives.

As part of our review of the risks posed by derivatives, the Committee has been studying one of the major purchasers of derivative products—hedge funds. Bank lending to these highly leveraged and largely unregulated investment funds raises a number of serious safety and soundness questions about hedge funds and their use of derivatives.

Hedge funds are one of the largest purchasers of derivative products from banks, and that status alone makes them worthy of scrutiny. But hedge funds deserve extra scrutiny because their massive financial clout, fueled by large credit lines from banks, is used for speculative purposes. This speculative activity has grown so great that it has a tremendous effect on the stability of our financial markets.

The Congress and regulators must make sure that they understand the impact of hedge funds on the stability of our financial markets and the banking system. Based on recent events, it appears that hedge funds are increasingly being viewed as a growing threat to the stability of our financial system. The only way to understand that threat is to learn more about hedge funds, debunk the myths, and develop supervisory strategies to control those risks. To execute that strategy the regulators must begin to require greater disclosure about bank exposure to hedge funds and the securities regulators need to require greater information about hedge fund operations.

As a first step to ensuring that the regulators are learning all they can about the risks posed by hedge funds, the Committee will hold a hearing to explore the implications of bank exposure to hedge funds on Wednesday, April 13.

BACKGROUND ON HEDGE FUNDS

Generally, there is very little publicly available data on hedge funds because hedge funds deliberately structure their activities so as to avoid regulation, including public disclosure. It is not uncommon for a hedge fund to have its trading offices located in some exotic tax haven that does not require public disclosure of the fund trading activities.

There is no precise definition of a hedge fund, but basically a hedge fund is a speculative investment vehicle that uses sophisticated techniques to trade a wide range of currencies, securities and commodities. They offer high-risk, high-profit investments to investors, usually wealthy individuals who can afford to take the risks.

In legal form hedge funds are commonly structured as private limited partnerships organized in the U.S. or a foreign corporations in an offshore tax haven. Organizing in this way permits hedge fund to avoid most domestic regulation. They are exempt from most securities laws and because they are partnerships or off-shore corporation they do not pay U.S. taxes. Without these important legal distinctions hedge fund activities would be severely curtailed.

Each hedge fund partnership has a general partner that is responsible for managing the fund, making investment decisions and raising new capital. The general partner often have a large personal stake in the fund. The general partner receives a fee for managing the fund and on top of that, typically takes 20 percent of all fund profits.

Hedge funds are usually highly leveraged. In other words, they use borrowed money to engage in many of their activities. Banks and securities firms are a key source of funds for hedge funds. Hedge funds are also one of the largest purchasers of derivatives and they rely on banks to supply both derivative products and credit, yet there is little available data on the exact magnitude of derivative product sales to hedge funds or even bank credit exposure to hedge funds.

The Commodity Futures Trading Commission [CFTC] is the only financial regulatory agency with any regular reporting contact with hedge funds. In the futures market the CFTC requires reporting which identifies the positions of large traders such as hedge funds. The CFTC's large trader reporting authority derives from the Commodities Exchange Act which requires large traders to and position holders in particular futures contracts to maintain books and records of their transactions and positions in both futures and cash market for particular commodities.

Information on hedge funds is sometimes reportable by brokers and dealers under the Securities Exchange Commission's [SEC's] large trading reporting requirement, but these regulations cover only publicly traded corporate equities and options.

Hedge funds are subject to the Securities Exchange Act which requires investors to report large positions in equity securities. Also some investment managers of hedge funds that exercise investment discretion with respect to equity securities must file quarterly reports with the SEC regarding their equity positions.

RECENT LOSSES RAISES CONCERNS

The recent collapse of European bond prices was the latest warning bell that illustrates the potential risks posed by hedge funds. Press reports indicate that hedge funds made massive but incorrect bets on the direction of European bond prices and the result was staggering losses. The newspapers are full of stories about hedge funds losses. For example, one headline reads "Soros Empire Unfazed by Loss of $600 million." George Soros' runs the largest hedge fund called the Quantum Fund which reportedly has over $10 billion in assets under management. The Fund reportedly lost in the neighborhood of $600 million in 1 day. Other funds have had similar experiences. I will invite Mr. Soros and other fund managers to testify on April 13 when I plan hearings on the risk these funds pose to banks.

Recent headlines also suggest that the massive losses are understandably matched by a growing regulatory concern over hedge funds. One headline reads, "Central Bankers Inquire Into Hedge Fund Risks," while another reads, "SEC Is Concerned About Hedge Funds." Coupled with the recent market turbulence over the Federal Reserve's decision to raise interest rates, it is easy to understand why the regulators and even the Congress are jittery about hedge funds and their effect on the stability of our financial system.

It is reasonable to ask how a hedge fund could lose $600 million in one day. In great part the explanation lies in the growth of hedge fund financial clout and the highly leveraged nature of hedge fund operations—big gains means big risks, and big risks mean big losses.

Hedge funds have approximately $75 billion under management. The hedge funds apparently leverage that capital with bank loans ranging from $5 to $20 for every $1 under management. In other words, these funds could conceivably control anywhere between $375 billion and $1.5 trillion in financial clout. The funds can then further leverage that amount by buying options and other derivatives.

To place hedge fund financial clout in perspective, the average daily volume of currency transactions is estimated in the $1 trillion range, while the world's largest stock exchange, the New York Stock Exchange, has a daily trading volume of roughly $10 billion.

Given their financial muscle, it is easy to see how hedge funds can move markets and worry regulators. It is also easy to see that given their aggressive activities, hedge funds have the potential to cause market disruptions and increase volatility—both threats to banks that are heavily involved in the securities and derivatives businesses.

CONCERNS RAISED BY HEDGE FUNDS

Hedge funds pose several major risks to our financial system and the regulators and the Congress must take aggressive steps to investigate those risks. One threat risk is systemic while the other relates to the level of individual bank exposure to hedge funds. Both of these risks are magnified by the lack of information on hedge fund activities and the lack of any reliable numbers on bank exposure to hedge funds. Without proper information, it is impossible to gauge the level of risk hedge funds pose to our financial system. In addition, the regulators can do little to limit bank exposure to hedge funds without such information. In other words, not knowing the data, no one can build a safety net.

Examples of problems that could arise from hedge fund activities are easy to envision. A large hedge fund fails and defaults on billions in loans to several large derivatives dealing banks. On top of that, the hedge fund defaults on its side of billions in derivatives contracts which sets off a chain reaction panic in the highly concentrated derivatives market. Rumors would be raised about the dealer banks' ability to handle the defaults.

Events like this would place severe stress on the derivatives markets and the credit markets and the financial system would likely grind to a halt over fears that the large banks could not meet their obligations. Confidence, the key underpinning of our financial system could easily be shaken to the core.

This scenario alone should provide enough impetus for the regulators to gather more information in order to better understand bank exposure to hedge funds. While the hedge funds and banks will tell us that the above scenario is highly unlikely, in the real world such missteps are all too real. We need to prepare for all possibilities in order to protect the integrity of our financial system.

I have asked the regulators if they are prepared to deal with potential hedge fund problems. I have also asked for detailed information on bank exposure to hedge funds and an explanation of the systemic risks that hedge funds pose to our financial system. And I am not the only person expressing concern about hedge funds.

CENTRAL BANKERS CONCERNED

The G–10 Central Bank governors convene regularly at the Bank for International Settlements [BIS] to discuss international monetary issues. Earlier this year the central banks began asking questions about hedge fund operations. Recent press reports indicate that several of the world's central banks have begun investigating hedge funds after the huge losses of the funds incurred in the European bond markets.

The central banks are concerned over the risks that hedge funds pose to the stability of the world's financial system and the risks to individual banks. One newspaper reported that the Bank of England is holding talks with United Kingdom clearing and merchant banks and has sent them a questionnaire seeking a clearer picture of the risks involved and the extent of bank exposure to hedge funds.

Another paper reported that the Federal Reserve has undertaken an informal but similar survey of the major U.S. banks in order to gather information on the effect of hedge funds on bank safety and soundness and the systemic risks posed by the funds.

These efforts are necessary because there is very little publicly available data on bank exposure to hedge funds. I liken the current situation to the recent experience with highly leveraged transactions. In that case the regulators had no systemic data on bank exposure to highly leveraged transactions and they were unable to gauge the safety and soundness risks posed by bank lending on highly leveraged transactions. In order to get a better handle on those risks, those regulators eventually forced the banks to provide detailed information on their exposure to highly leverage transactions.

The same should happen with respect to bank exposure to hedge funds. It is impossible to gauge the risks of exposure to hedge funds without an accurate picture of the exposure. Chairman Greenspan recently stated that before bank supervisors can develop effective supervisory strategies to deal with derivatives, it was imperative that banks supply additional information on derivatives. For that same reason I want the regulators to require banks to provide additional reporting on their exposure to hedge funds.

DINGELL, MARKEY AND SEC CONCERNED ABOUT HEDGE FUNDS

On March 10, 1994, Energy and Commerce Committee Chairman DINGELL and Telecommunications and Finance Subcommittee Chairman MARKEY wrote to the Treasury Secretary and SEC Chairman expressing concern over hedge funds and asking for greater disclosure of hedge fund operations.

Independent of that action, Mr. Arthur Levitt, the Chairman of the SEC, recently stated that he was concerned about hedge funds' impact on the stock markets and the SEC's limited ability to monitor the funds. He also stated that the SEC was working on measures to improve hedge fund reporting.

These initiatives will allow the government to better monitor the impact of trading by such funds in the nation's securities markets and take steps to limit risks to the financial system.

SINGLE REGULATOR

I want to reiterate that the public would be much better served by the existence of a single bank regulator to deal with complex issues such as derivatives and hedge funds. Each regulator has a slightly different orientation and philosophy toward derivatives

and hedge funds and what steps should be taken to ensure safety and soundness. We need a unified, uniformly applied policy.

CONCLUSION

The 1992 Joint Report on the Government Securities Market, conducted by the Treasury Department, Federal Reserve and SEC provides important insight into how hedge funds can negatively affect a market. The report states:

Events in the government securities markets have shown that their capacity for leverage allows hedge funds to take large trading positions disproportionate of their capital base. However the sheer size of the positions taken by hedge funds raises concerns about systemic risk that these fund may introduce into the financial markets. Regulators currently have little information that might help them assess the market impact of a failure of a hedge fund or that would warn of impending failure.

The landscape has not changed in the last two years. Before we get to the crisis stage with hedge funds, all the regulators should develop the means to better understand the risks posed by hedge funds. This can only be done by increased disclosure. For their part, bank regulators should require greater disclosure of bank exposure to hedge funds. In addition, hedge funds should no longer be exempt from prudent safety and soundness regulations as called for under the securities laws.

The Congress must ensure that the regulators have an adequate understanding of and clear policies to deal with the systemic and operational risks posed by hedge funds. It is also the responsibility of the Congress to ensure that supervision of bank derivative activities and hedge funds is adequate.

I will have more to say on this in the near future. Meanwhile, I want to emphasize that the concern I have is shared by many and I intend to bring to light the risks hedge funds pose, and bring into being the polices needed to control those risks.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 24, 1994.

Hon. ALAN GREENSPAN,
Chairman, Board of Governors of the Federal Reserve System, Washington, DC.

DEAR CHAIRMAN GREENSPAN: On April 13, 1994 at 10:00 a.m., in Room 2128, Rayburn House Office Building, the Committee on Banking, Finance and Urban Affairs will hold a hearing to explore safety and soundness issues related to bank holding company involvement with hedge funds. You or your designee is invited to testify at the hearing.

So that the Committee may better understand the various safety and soundness issues involving the relationship between bank holding companies and hedge funds, please provide written answers to the following questions with your testimony.

1. GENERAL INFORMATION

How does the Federal Reserve define hedge funds? Please provide a list of hedge funds, including their balance sheet and income statement data and total assets under management. Is there any available measure of the degree of leverage that hedge funds employ? In what markets do hedge funds operate?

2. BANK HOLDING COMPANY/HEDGE FUND RELATIONSHIP

What is total bank holding company (BHC) exposure to hedge funds? Please include totals for extensions of credit, guarantees, derivatives exposure, etc. What is the total BHC credit risk exposure to hedge funds?

Please list all the BHC services provided to hedge funds and the revenue derived from those services. Are any BHC investors in hedge funds? Do any bank holding companies act as investment advisors to hedge funds?

3. HEDGE FUNDS AS DERIVATIVES CUSTOMERS

In dollar and quantity terms, what percentage of BHC OTC derivatives contracts are purchased by hedge funds? What percentage of BHC exchange traded derivatives contracts are p666X by hedge funds?

Are there any restrictions or prohibitions on the sharing of hedge fund derivative purchases with BHC trading account operations? Would a Chinese Wall between these activities limit bank trading account speculation?

4. FEDERAL RESERVE MONITORING OF HEDGE FUNDS

Does the Federal Reserve require BHC's to report any information on their exposure to hedge funds? Has the Federal Reserve performed any studies on bank exposure to hedge funds? Is the Federal Reserve currently monitoring bank exposure to hedge funds? Do hedge funds cooperate with Federal Reserve requests for information?

5. HEDGE FUNDS AND SYSTEMIC RISK

What risks do hedge funds pose to the safety and soundness of the banking system? For example, how would the failure of a large hedge fund and the ensuing default on derivatives contracts affect BHC's and the derivatives market?

Recent press accounts indicate that the Federal Reserve and other central banks discussed the systemic risks to the world financial system posed by hedge funds. What were the results of that meeting? Does the Federal Reserve contemplate taking any action that would curb the aggressive trading strategies of hedge funds? Does the Federal Reserve have any contingency plans should a large hedge fund fail?

6. HEDGE FUNDS AND TREASURY SECURITIES MARKET

The "Joint Report on the Government Securities Market" (January 1992) raises concerns about the influence hedge funds have on the government securities market. The report also noted that hedge funds provide only limited information on their activities in this market. Please update the Committee on developments since the report was published. Are hedge fund activities still a concern to the efficient operation of the government securities market? Do hedge funds provide adequate information on their activities in this market? Does the Federal Reserve have similar concerns about hedge fund activities in other markets?

7. INCREASED REPORTING

You recently stated that before supervisors can develop effective supervisory strategies to deal with derivatives, it was imperative that banks supply additional information. For that same reason it seems to make sense that banks provide regulators and/or the public with information on their exposure to hedge funds. I also note that House Energy and Commerce Committee Chairman Dingell has urged the SEC to require hedge funds to make greater disclosures.

Does the Federal Reserve have any plans to require BHC's to report on hedge fund exposure?

8. ADEQUATE NETTING ARRANGEMENTS WITH TAX-HAVEN COUNTRIES

For various reasons, some hedge funds are chartered in tax-haven countries and these hedge funds purchase derivatives from banks. Is the Federal Reserve concerned over the adequacy of netting arrangements with tax-haven countries?

Finally, please provide additional comments or recommendations your agency has on the BHC/hedge fund relationship and the need for improved reporting of that relationship.

You will be given 5 minutes to summarize your written remarks. Banking Committee rules require that 200 copies of your written testimony be delivered to Room 2129, Rayburn House Office Building, no later than noon on April 12, 1994.

Thank you for your time and cooperation. The Committee looks forward to your testimony.

With best wishes.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 24, 1994.

Hon. BARBARA HOLUM,
Acting Chairperson, Commodity Futures Trading Commission, Washington, DC.

DEAR CHAIRPERSON HOLUM: On April 13, 1994 at 10:00 a.m., in Room 2128, Rayburn House Office Building, the Committee on Banking, Finance and Urban Affairs will hold a hearing to explore safety and soundness issues related to hedge funds and their use of derivative products. You or your designee is invited to testify at the hearing.

So that the Committee may better understand the various risks hedge funds pose to our financial system, please provide written answers to the following questions with your testimony.

1. GENERAL INFORMATION

How does the CFTC define hedge funds? Please provide a list of hedge funds, including balance sheet and income statement data and assets under management. Is there any available measure of the degree of leverage that hedge funds employ? In what markets do hedge funds operate?

2. HEDGE FUND REGULATION

Please provide a brief overview of the CFTC-related laws and regulations governing hedge fund operations, including any registration, record keeping and reporting requirements.

3. CFTC MONITORING OF HEDGE FUNDS

How many hedge fund managers are registered as commodity pool operators (CPO) with CFTC? How many hedge fund advisors are registered as commodity trading advisors (CTA) with the CFTC? Does the CFTC have adequate authority and resources to monitor hedge funds? Has the CFTC performed any studies on hedge funds? Is the CFTC currently monitoring any aspect of hedge fund operations or contemplating improvements in regulations applicable to hedge funds?

4. SYSTEMIC PROBLEMS WITH HEDGE FUNDS

Is the CFTC concerned about the impact hedge fund have on the financial markets? Does the CFTC have any concerns about

hedge fund use of derivative products? What steps has the CFTC taken to address those concerns? Does the CFTC contemplate taking any action that would curb the aggressive trading strategies of hedge funds?

Finally, feel free to provide any additional comments or recommendations related to hedge funds.

You will be given 5 minutes to summarize your written remarks. Banking Committee rules require that 200 copies of your written testimony be delivered to Room 2129, Rayburn House Office Building, no later than noon April 12, 1994.

Thank you for your time and cooperation. The Committee looks forward to your testimony.

With best wishes.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 24, 1994.

Hon. ARTHUR LEVITT, JR.,
Chairman, Securities and Exchange Commission, Washington, DC.

DEAR CHAIRMAN LEVITT: On April 13, 1994 at 10:00 a.m., in Room 2128, Rayburn House Office Building, the Committee on Banking, Finance and Urban Affairs will hold a hearing to explore safety and soundness issues related to hedge funds and their use of derivatives. You or your designee is invited to testify at the hearing.

So that the Committee may better understand the various risks hedge funds pose to our financial system, please provide written answers to the following questions with your testimony.

1. GENERAL INFORMATION

How does the SEC define hedge funds? Please provide a list of hedge funds, including their balance sheet and income statement data and assets under management. Is there any available measure of the degree of leverage that hedge funds employ? In what markets do hedge funds operate?

2. HEDGE FUND REGULATION

Please provide a brief overview of the laws and regulations governing hedge fund operations, including any investor protection, registration, record keeping and reporting requirements.

3. HEDGE FUNDS AS DERIVATIVES CUSTOMERS

In dollar and quantity terms, what percentage of registered broker-dealer OTC derivatives contracts are purchased by hedge funds? What percentage of exchange traded derivatives contracts are purchased by hedge funds?

4. SEC MONITORING OF HEDGE FUNDS

Recent press accounts indicate that the SEC is concerned about the ways that hedge fund impact the financial markets and the Commission's limited ability to monitor hedge funds. What steps has the SEC taken to address those concerns? Has the SEC performed any studies on hedge funds? Is the SEC currently monitoring any aspect of hedge fund operations? Does the SEC contemplate taking any action that would curb the aggressive trading strategies of hedge funds?

5. LARGE TRADER REPORTING SYSTEM

In a 1992 Report to Congress the SEC stated that the "large trader reporting system" for equity securities and the "large position reporting system" for government securities would, when implemented, provide the Commission with adequate information about the systematic effect of hedge funds on those two markets. Please update the Committee on the implementation of these systems, and describe their usefulness in addressing systemic issues. Are any other reporting requirements necessary to ensure the SEC has a clear grasp of hedge funds' impact on the markets?

Finally, feel free to provide additional comments or recommendations related to hedge funds.

You will be given 5 minutes to summarize your written remarks. Banking Committee rules require that 200 copies of your written testimony be delivered to Room 2129, Rayburn House Office Building, no later than noon on April 12, 1994.

Thank you for your time and cooperation. The Committee looks forward to your testimony.

With best wishes.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 24, 1994.

Hon. EUGENE A. LUDWIG,
Comptroller, Office of the Comptroller of the Currency, Washington, DC.

DEAR COMPTROLLER LUDWIG: On April 13, 1994 at 10:00 a.m., in Room 2128, Rayburn House Office Building, the Committee on Banking, Finance and Urban Affairs will hold a hearing to explore various safety and soundness issues related to bank involvement with hedge funds. You are invited to testify at the hearing.

So that the Committee may better understand the various safety and soundness issues involving the relationship between banks and hedge funds, please provide written answers to the following questions with your testimony.

1. GENERAL INFORMATION

How does the OCC define hedge funds? Please provide a list of hedge funds with significant exposure to banks including their balance sheet and income statement data and assets under management. Is there any available measure of the degree of leverage that hedge funds employ? In what markets do hedge funds operate?

2. BANK/HEDGE FUND RELATIONSHIP

What is total bank exposure to hedge funds? Please include totals for extensions of credit, guarantees, derivatives exposure, etc. What is the total bank credit risk exposure to hedge funds?

Please list all the banking services provided to hedge funds and the revenue derived from those services. Are any banks investors in hedge funds? Do any banks act as investment advisors to hedge funds?

3. OCC MONITORING OF HEDGE FUNDS

Please describe the means used by the OCC to evaluate the degree of bank credit risk exposure to hedge funds. Does the OCC require banks to report any information on their exposure to hedge funds? Has the OCC performed any studies on bank exposure to hedge funds? Is the OCC currently monitoring bank exposure to hedge funds? Does the OCC have any plans to require banks to report on hedge fund exposure?

Since hedge funds are not rated by the independent credit agencies, based on what information do banks lend to hedge funds? Do hedge funds provide adequate data for banks to make credit decisions? Does the fact that a hedge fund is also usually a purchaser of derivatives sway the banks credit decisions in any way?

4. HEDGE FUNDS AS BANK DERIVATIVES CUSTOMERS

In dollar and quantity terms, what percentage of bank OTC derivatives contracts are purchased by hedge funds? What percentage of exchange traded derivatives contracts are purchased by hedge funds?

Are there any restrictions or prohibitions on the sharing of information on hedge fund purchases of derivative products between bank derivative operations and bank trading account operations?

5. HEDGE FUNDS AND SYSTEMIC RISK

What risks do hedge funds pose to the safety and soundness of the banking system? For example, how would the failure of a large hedge fund and the ensuring default on derivatives contracts affect banks and the derivatives market?

Does the OCC contemplate taking any action that would curb the aggressive trading strategies of hedge funds? Does the OCC have any contingency plans should a large hedge fund fail?

6. ADEQUATE NETTING ARRANGEMENTS WITH TAX HAVE COUNTRIES

For various reasons, some hedge funds are chartered in tax-haven countries and these hedge funds purchase derivatives from banks. Is the OCC concerned over the adequacy of netting arrangements with tax-haven countries?

Finally, please provide additional comments or recommendations your agency has on the BHC/hedge fund relationship and the need for improved reporting of that relationship.

You will be given 5 minutes to summarize your written remarks. Banking Committee rules require that 200 copies of your written testimony be delivered to Room 2129, Rayburn House Office Building, no later than noon, April 12, 1994.

Thank you for your time and cooperation. The Committee looks forward to your testimony.

With best wishes.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

□ 2100

HONORING OVETA CULP HOBBY AT MARY HARDIN-BAYLOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. EDWARDS] is recognized for 5 minutes.

Mr. EDWARDS of Texas. Mr. Speaker, The University of Mary Hardin-Baylor in Belton, Texas will honor Oveta Culp Hobby at their 1994 homecoming on April 16th. It is my privilege to share the history of this remarkable woman who will be honored for the contributions and sacrifices she has made in service to our country.

Oveta Culp Hobby was born in Killeen, Texas, on January 19, 1905. The second of seven children, she was graduated from Temple High School. She attended Mary Hardin-Baylor College, now known as the University of Mary Hardin-Baylor, in Belton, Texas. In 1956 the University awarded her an honorary doctorate in the humanities.

The Killeen native was married to William Pettus Hobby in 1931 and they had two children, Jessica and William. Mrs. Hobby and her husband purchased the Houston Post and

worked together editing and publishing their newspaper. She also involved herself in numerous community activities such as serving as a member of the board of the Houston Museum of Fine Arts, a member of the Junior League, and president of the Texas League of Women Voters.

In 1942, Oveta Culp Hobby put aside her business career, family, and civic duties when she was called to serve her country in World War II. Her first assignment was to head the Army's Bureau of Public Relations section. The section she headed was responsible for the promotion of the Army to wives and mothers of service men. A year later, Secretary of War Henry Stimson and General George C. Marshall gave her the task of finding what role women could fill in the country's efforts to defeat the Axis powers. Her duties included explaining before congressional panels a plan she helped develop for an Army corps consisting only of women.

These army units became known as the Women's Auxiliary Army Corps or WACs. Because of her efforts, Oveta Culp Hobby was asked to command this newly commissioned corps, becoming the first female commander of a military unit in the U.S. Army. Under her direction, the WACs were transformed into a highly effective force that performed numerous duties critical to the country's war effort.

After three years of dedicated service to her country, Mrs. Hobby left the Army. For her distinguished service, she was awarded the Distinguished Service Medal, becoming the first woman to receive this prestigious award.

Following her military service, Oveta Culp Hobby resumed her career as director of KPRC–AM & FM and KPRC–TV and as editor and chairman of the board of the Houston Post. She also returned to her extensive involvement in civic groups. She served on the boards of the Advertising Federation of America, the American Design Award Committee, the American National Red Cross, the American Cancer Society, the American Society of Newspaper Editors, and the American Assembly. In 1948, she became a member of the United States delegation to the United Nations Conference on Freedom of Information and the Press in Geneva, Switzerland. Oveta Culp Hobby's contributions to her country's did not end with her military service. She worked closely with three U.S. presidents including Franklin D. Roosevelt, Dwight D. Eisenhower, and Lyndon B. Johnson. President Eisenhower appointed her to the post of Secretary of Health, Education and Welfare in 1953. The appointment made her the second woman to be appointed to a cabinet-level position and the first person to head the department. President Johnson appointed her to the National Advisory Commission of Selective Service. At his personal request, she flew to Vietnam as a member of the Health, Education and Welfare Task Force in 1966. As is evident, Oveta Culp Hobby is a multi-faceted woman deserving the highest recognition. She is to be commended and honored for having the strength to balance everything from being a wife, a mother, and a civic leader, to serving as a corporate executive and as a high ranking officer in the U.S. Army. Her vast leadership abilities come as no surprise to those who know her background and family. Her father, Ike W. Culp, was elected to the Texas State Legislature, and her husband served as the Governor of Texas. Her son, William, served as the Lieutenant Governor of Texas for 18 years.

Through her courageous leadership and selfless service to her country, Oveta Culp Hobby has paved the way for women who wish to serve in the armed services, enter the business world or take their place in the political realm. Her accomplishments are an example for all to follow. It is with great honor that I pay tribute to Oveta Culp Hobby for the many contributions and for the dedicated service she has given to our great country.

HEALTH CARE REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. MICHEL] is recognized for 5 minutes.

Mr. MICHEL. Mr. Speaker, I am inserting at this point in the RECORD the votes on health care reform which took place in the Committee on Ways and Means on March 23, 1994:

The following recorded votes were taken on March 23, 1994 in the Subcommittee on Health of the Committee on Ways and Means during consideration of Chairman Stark's substitute proposal for H.R. 3600, the Health Security Act of 1994:

An amendment in the nature of a substitute offered by Mr. Thomas of California, H.R. 3600, The Health Security Act sponsored by Mr. Gephardt on behalf of the President. The amendment was defeated 4–0.

DEMOCRATS

Mr. Stark, "present."
Mr. Levin, "present."
Mr. Cardin, "present."
Mr. Andrews of Texas, "present."
Mr. McDermott, "present."
Mr. Kleczka, "present."
Mr. Lewis of Georgia, "present."

REPUBLICANS

Mr. Thomas of California, "nay."
Mrs. Johnson of Connecticut, "nay."
Mr. Grandy, "nay."
Mr. McCrery, "nay."

An amendment in the nature of a substitute was offered by Mr. Andrews of Texas, Mr. Grandy, and Mrs. Johnson of Connecticut, H.R. 3222, the Managed Competition Act of 1993. The amendment was defeated 6–5.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews of Texas, "yea."
Mr. McDermott, "nay."
Mr. Kleczka, "nay."
Mr. Lewis of Georgia, "nay."

REPUBLICANS

Mr. Thomas of California, "yea."
Mrs. Johnson of Connecticut, "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea."

An amendment in the nature of a substitute offered by Mr. Thomas of California, H.R. 3704, the Health Equity and Access Reform Today Act of 1993. The amendment was defeated 6–5.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews of Texas, "yea" by proxy.
Mr. McDermott, "nay."
Mr. Kleczka, "nay."
Mr. Lewis of Georgia, "nay."

REPUBLICANS

Mr. Thomas of California, "yea."
Mrs. Johnson of Connecticut, "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea."

An amendment in the nature of a substitute offered by Mr. McDermott, H.R. 1200, American Health Security Act of 1993. The amendment was defeated 7–4.

DEMOCRATS

Mr. Stark, "yea."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews of Texas, "nay" by proxy.
Mr. McDermott, "yea."
Mr. Kleczka, "yea" by proxy.
Mr. Lewis of Georgia, "yea."

REPUBLICANS

Mr. Thomas of California, "nay."
Mrs. Johnson of Connecticut, "nay."
Mr. Grandy, "nay."
Mr. McCrery, "nay."

An amendment by Mr. Grandy to the Chairman's substitute amendment striking the 1 percent self insurance payroll tax, the 20 percent co-insurance on home health, the change on state maintenance of effort from 95 percent to 100 percent, the change on the computation of state maintenance-of-effort amounts for general assistance recipients, the HI tax application to all state and local employees and the S corporation provision.

The amendment was paid for by striking the 100 percent of poverty subsidies in 1998, and phasing the percentage eligibility to 2001 when 200 percent of poverty is reached. The amendment was defeated 7–4.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews of Texas, "nay" by proxy.
Mr. McDermott, "nay."
Mr. Kleczka, "nay."
Mr. Lewis of Georgia, "nay."

REPUBLICANS

Mr. Thomas of California, "yea."
Mrs. Johnson of Connecticut, "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea" by proxy.

An amendment by Mrs. Johnson of Connecticut to the Chairman's substitute amendment striking the computation of state maintenance of effort for general assistance recipients. The amendment was paid for by beginning the 100 percent of poverty subsidies in 1998 and phasing the percentage eligibility to 2001 when 200 percent of poverty would be reached. The amendment was defeated 5–5.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews of Texas, "nay."
Mr. McDermott did not vote.
Mr. Kleczka, "yea."
Mr. Lewis of Georgia, "nay" by proxy.

REPUBLICANS

Mr. Thomas of California, "yea."
Mrs. Johnson of Connecticut, "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea" by proxy.

An amendment by Mr. Thomas of California to the Chairman's substitute amendment striking the 20 percent co-insurance on home health, the increase in state maintenance of effort, and the S corporation provision.

The amendment was paid for by striking the 100% of poverty subsidies in 1998, and

phasing the percentage eligibility to 2001 when 200% of poverty is reached. The amendment was defeated 5–4.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews of Texas, "nay" by proxy.
Mr. McDermott did not vote.
Mr. Kleczka did not vote.
Mr. Lewis of Georgia, "nay" by proxy.

REPUBLICANS

Mr. Thomas of California, "yea."
Mrs. Johnson of Connecticut, "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea" by proxy.

An amendment by Mr. Stark in the nature of a substitute to strike the .8 percent payroll tax and financing the revenue loss with the following provisions: a 1-year delay of the employer mandate for both large and small employers; a 1-year delay in the self-insurance provision; an increase in the level of state maintenance of effort provisions; a 20 percent co-insurance in home health care; a 1 percent payroll tax on employers who self-insure; inclusion of all state and local workers under Medicare III tax; a 2.9 percent Medicare payroll tax on profits of many S corporation owners. The amendment was adopted 6–5.

DEMOCRATS

Mr. Stark, "yea."
Mr. Levin, "yea."
Mr. Cardin, "yea."
Mr. Andrews of Texas, "nay."
Mr. McDermott, "yea."
Mr. Kleczka, "yea."
Mr. Lewis of Georgia, "yea" by proxy.

REPUBLICANS

Mr. Thomas of California, "nay."
Mrs. Johnson of Connecticut, "nay."
Mr. Grandy, "nay."
Mr. McCrery, "nay."

A motion by Mr. Levin to strike all after the enacting clause, to insert the substitute amendment, and to report H.R. 3600 favorably to the full committee. The motion was approved 6–5.

DEMOCRATS

Mr. Stark, "yea."
Mr. Levin, "yea."
Mr. Cardin, "yea."
Mr. Andrews of Texas, "nay."
Mr. McDermott, "yea."
Mr. Kleczka, "yea."
Mr. Lewis of Georgia, "yea" by proxy.

REPUBLICANS

Mr. Thomas of California, "nay."
Mrs. Johnson of Connecticut, "nay."
Mr. Grandy, "nay."
Mr. McCrery, "nay."

WHY MILK WITH rBGH NEEDS TO BE LABELED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont [Mr. SANDERS] is recognized for 5 minutes.

Mr. SANDERS. Mr. Speaker, I am deeply concerned about the entire process by which the FDA approved Monsanto's rBGH, as well as their recently published labeling guidelines. The Food and Drug Administration can only blame itself for the growing opposition to Monsanto's bovine growth hormone rBGH, the synthetic drug that will force cows to produce 20 percent more milk than they naturally do.

FDA says they found rBGH safe. More accurately, they found that rBGH is a manageable risk. Unfortunately, it is an unnecessary risk that comes with no benefits. FDA says that no significant difference has been found between the milk from cows treated with rBGH and untreated cows. They don't say that rBGH treatments do change the composition of milk, and do result in synthetic rBGH residues in milk.

FDA takes the position that rBGH milk can't be labeled because there is no way to test for rBGH residues. Why not? The American Medical Association's Scientific Advisory Council states, matter of factly, that a test could be devised to detect synthetic rBGH in the milk from rBST treated animals. Other independent scientists also say an rBGH residue test can be developed. Why hasn't FDA required it? Because Monsanto knows that, given the choice, consumers will reject milk produced with synthetic hormones.

Sadly, the FDA's new labeling guidance not only discourages labeling, it has become the basis for Monsanto's lawsuits against companies who want to label. Monsanto lawyers have gone so far as to enclose the FDA's guidelines in letters threatening legal action against companies who label their products as free of rBGH.

Imagine: farmers being sued for telling consumers that they are not using a synthetic hormone—a hormone that FDA admits presents a risk to consumers and a health threat to cows.

FDA generally must find an animal drug safe and effective for its intended use. But rBGH, when used as directed, makes cows sicker—the drug's own label says so. In addition to significant increases in clinical mastitis, an udder infection that results in "visibly abnormal milk," the label for Monsanto's rBGH product, Posilac, cites reduced pregnancy rates, increases in cystic ovaries, disorders of the uterus, increases in retained placenta, digestive disorders, disorders of the foot, and increased body temperature among the problems caused by rBGH treatments. It also says that rBGH will result in "increased use of antibiotics in cows." FDA days don't worry. Take the risk.

Is rBGH worth the risk? Remember that rBGH is purely a production drug. It has no therapeutic or social value. It does not cure a disease or solve a health problem. It just makes cows produce more milk—at a time when we already have a surplus of milk.

Nor have all the questions about safety to humans been settled. The Consumer Policy Institute of Consumers Union (publishers of Consumer Reports magazine) wrote FDA in May 1993, questioning among other things the possible effects of BGH on human health via its effects on the substance IGF–1. FDA did not respond to their letter.

You can't blame consumers and farmers for wondering why FDA has consistently failed to respond to serious questions about the rBGH review process, and why the Agency has chosen to put the financial interests of a huge chemical company above the interests of the public.

There should be no question but that consumers have the right to know if their milk and dairy products were produced with synthetic growth hormones. And there is no doubt that FDA is cooperating with Monsanto to rob consumers of that right. Consumers, more and more aware of what they eat and how their food is produced have, in consumer survey after consumer survey, voiced overwhelming opposition to adding synthetic bovine growth hormone to their milk supply. That concern must not be ignored.

The FDA, in dealing with Monsanto, has shown itself incapable of protecting the needs of consumers and family farmers. It appears that State governments will have to do what the FDA has not done. I'm very proud that the State of Vermont has led the way in protecting consumer rights by recently passing legislation which will require the labelling of all milk products from cows injected with rBGH. Hopefully, other States and the U.S. Congress will soon follow.

Until the questions are answered, consumers and farmers should beware. And milk from rBGH treated cows should be labelled.

□ 2110

Mr. Speaker, there are many other unanswered questions about rBGH, But I think the American people have the right to demand that the FDA support the right of companies and farmers to label their product very clearly as not coming from rBGH-infected cows.

ECONOMIC WELL-BEING OF RURAL AMERICA DESERVES IMMEDIATE ATTENTION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from North Carolina [Mrs. CLAYTON], is recognized for 5 minutes.

Mrs. CLAYTON. Mr. Speaker, the Nation's attention has been focused on the economic plight of our inner cities, but I believe that the economic well-being of rural America has reached a critical point and deserves our immediate attention.

Rural communities are rapidly losing population as jobs dry-up. From 1980–1990, the census showed more than 50 percent of the country's rural counties lost population. Average rural unemployment for the decade was almost 9 percent. Furthermore, by the beginning of this decade, almost a quarter of all farm households had incomes below

the poverty line, more than twice the national average. In my rural 1st District of North Carolina, the average poverty rate is 26 percent.

Mr. Speaker, it is time for Congress to take action to unlock the potential economic power of rural America. In a time of limited Federal resources, we in Congress must seize upon the opportunities available to leverage private resources and ensure that existing programs are used to their utmost.

We all know that agriculture and its related industries are the economic pillars upon which rural communities were built. But over the years, agriculture and rural businesses have changed dramatically. In this context, I believe that Congress must act now to adapt public policy to meet the challenges facing rural America.

As rural communities have become less dependent on agriculture, farmers have become more dependent on the jobs provided by those communities. Off-farm income now accounts for more than 80 percent of the average income of farmers. Almost half now receive a majority of their income from nonfarm sources. Today more than ever, agriculture depends on a healthy and growing rural economy.

In this fight to revitalize rural America, local leaders tell us that specific plans, tailored to unique local resources and needs, are the most effective efforts. Communities are trying to attract start-up businesses, expand existing enterprises, and provide job opportunities for their residents—and they need our help!

Mr. Speaker, the bill I introduce today will provide local leaders some of the resources they need to fight this battle—at no cost to the U.S. Treasury. The Rural Credit and Development Act of 1994 would leverage the $65 billion in assets of the cooperative Farm Credit System for the benefit of rural communities who are in desperate need of capital. This legislation will allow Farm Credit's far-flung network of lending offices to play a crucial role in providing the dollars needed to rebuild rural economies.

The Farm Credit System offers 250 financial institutions and over 1,400 lending offices nationwide, all controlled and owned by people who live and work in rural areas. These local Farm Credit leaders as committed to meeting the changing needs of agriculture and rural business. Consequently, the Rural Credit and Development Act of 1994 would employ this established delivery network to bring the resources of Wall Street to rural businesses, rural infrastructure, rural housing stock, and much needed rural community facilities.

Today, our Nation's rural communities have a tremendous potential opportunity to help expand the national economy and spur economic growth. Rural America possesses a record of substantial economic achievement and a workforce willing to meet the challenges of the next century. This legislation can help rural America realize its potential by providing it with the necessary capital for job creation and economic diversification.

For over 75 years, the Farm Credit System has successfully put the financial resources of urban centers to work for American agriculture. I ask my colleagues to provide this same opportunity for the rest of rural America by signing on as cosponsors to this legislation and working for its swift passage. Thank you.

□ 2120

ASSASSINATION OF LUIS DONALD COLOSIO

The SPEAKER pro tempore (Mr. LAUGHLIN). Under a previous order of the House, the gentleman from California [Mr. DREIER] is recognized for 5 minutes.

Mr. DREIER. Mr. Speaker, it was said most eloquently in a report on one of the network newscasts this evening, when an elderly woman, drying, walked through the streets of Tijuana and said, "This is very painful."

I rise to note with great sadness the assassination of Luis Donald Colosio, the leading presidential candidate in Mexico. As with any killing, this is first and foremost a personal tragedy. He was a young man, 44 years of age, when he was killed.

He leaves behind a wife and 2 young children, a 7-year-old son and a newborn daughter.

As President Clinton noted earlier, his discussion of this tragedy with President Salinas was entirely regarding the personal nature of this loss.

I had the pleasure of meeting and working with Mr. Colosio, as have a number of our colleagues, on many different occasions. He was a fine man, well-educated, intelligent and incredibly dedicated to making Mexico a better place.

He rose from poverty, earned scholarships through hard work that led to degrees in economics from the Monterrey Institute of Technology and the University of Pennsylvania.

He dedicated his political career to bringing the fruits of free market economic growth to all the Mexican people, especially the poor. And it should be noted, Mr. Speaker, that when he was assassinated yesterday, he was campaigning in a very poor neighborhood in the outskirts of Tijuana.

Mr. Colosio was dedicated to building upon the remarkable economic success story of the Salinas administration in Mexico. By moving away from socialism and protectionism to competition and freer markets, Mexico has made great economic progress. Mexico today stands as one of the world's fastest growing economies.

As the Secretary of Social Development, Colosio was the director of grassroots infrastructure and social welfare projects that were designed to bring the benefits of economic development to all of Mexico.

He was also at the very head of the Mexican effort to expend greater resources on environmental improvements. These programs earned him widespread respect and support from the Mexican people. And I will never forget when President Salinas told me that the overwhelming number of letters that came to him on a daily basis have come from young children talking about environmental concerns. And these were the things that Mr. Colosio was working.

However, as in all developing countries, there is much to be done. As a presidential candidate, Secretary Colosio promised to focus even more of the benefits on market reforms for the poor. He was undoubtedly a threat to those on the left who hoped to use the lack of immediate prosperity throughout Mexico as the wedge to turn Mexico away from market reforms.

Mr. Speaker, the Colosio assassination is first and foremost a personal tragedy for his family and friends. However, it also has dark implications regarding the NAFTA political battle that was undertaken last year right here in the United States Congress. Earlier today, I was deeply disappointed when one of our colleagues, one of the leading opponents of the North American Free Trade Agreement essentially blamed the NAFTA for the killing of Mr. Colosio.

In the remarks she excused the inexcusable murder of a political figure by claiming that the assassin was pushed into this brutal act by the Trade Agreement. It is this type of faceless vitriolic anti-Mexican rhetoric that has contributed to a new level of violence in Mexico.

The life and death anti-Mexico rhetoric surrounding NATFA was uncalled for. NAFTA is nothing more than a trade agreement that phases out tariffs and establishes rules for investment. It will not change the world or serve as a panacea for problems in any country. However, it is also not the economic or political disaster described by those who demonized the agreement all of last year.

How soon we forget that in the battle to stop free trade, NAFTA opponents used such inflamed rhetoric that NAFTA was portrayed as a life or death struggle. Members of Congress here had their lives threatened, literally threatened with death if they voted for the NAFTA. We can only consider ourselves lucky that the level of anxiety and anger over NAFTA quickly dissipated when the bill was passed and the agreement was implemented. That is because all of the sucking-sound rhetoric was so obviously wrong.

Unfortunately, Mr. Speaker, the very same political rhetoric appears to have bred life-and-death consequences in Mexico. We thought that the rebels in Chiapas, who took up arms against the Mexican government, blamed NAFTA, an agreement that had nothing to do with any of their grievances, proved nothing more than that they had good media consultant.

Now a responsible Member of Congress blames the killing of a foreign political figure on the enactment of the trade agreement. Our rhetoric has gone too far.

Mr. Speaker, the murder of Luis Colosio is a dark moment, a horrible victory of violence over deliberation, the gun over the ballot box and hatred over reconciliation.

And I would like to add that late this afternoon I met in my office with former Ambassador John Gavin who joins me in extending his condolences to the Mexican people. Ambassador Gavin is convinced that the solidarity for which Mr. Colosio stood will continue to grow.

The Mexican people will move on. The American people should hope that they continue on the path to freedom, democracy and open markets that Luis Donaldo Colosio advocated. Over time, the prosperity that those forces will bring will bring the rewards that every Mexican and every American deserves.

THE CLINTON YEARS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DORNAN] is recognized for 5 minutes.

Mr. DORNAN. Mr. Speaker, about 35 Republicans were jammed in the Cloakroom tonight watching Mr. Clinton's short press conference. It was even shorter if you count only the time that he spoke. I do not think it solved many things, but two things come to mind.

One was, he referred to himself and Mrs. Clinton as middle-class folks or something like that. Pulling down over $200,000 a year between them hardly qualifies them for middle-class status, particularly in the second poorest State in the Union. In fact, they would be considered the very rich under his tax plan.

I wanted to put into the RECORD an article by Lisa Shiffren that appeared in the American Spectator a couple of months ago which exposes the various funds that then-Governor Clinton was allowed to tap and which allowed him to have a very comfortable life. These funds were out of the control of the Arkansas Legislature. I think I will just submit the front page so we do not get into any of these cost problems.

Mr. Speaker, when Mr. LEACH, my colleague from Iowa and my classmate from 1976, spoke on a point of personal privilege on the floor tonight, I think his last sentence will ring through history. I know he is going to add more to this and asked permission to do that at the end of business today.

His last words were, "Rather than high crimes and misdemeanors, the issue today relates to high improprieties and breaches of the public trust."

Well, that is for openers. I hope people will treasure the CONGRESSIONAL RECORD of today, because in it will be Mr. LEACH's 20-page statement that he has permission to augment.

Mr. Speaker, this whole Whitewater controversy is sinking into the popular culture.

□ 2130

The opening of the last two very popular youth culture shows, Saturday Night Live, began with Whitewater. I have in front of me the text from the night of March 12. It is so rough I cannot even put it in the RECORD.

I think it was payback time for comedian actor Phil Hartman, because the White House had blocked him from entertaining the Queen of England at a command performance. They did not want him doing a parody of the President of the United States. Can you imagine, if Mr. Reagan or Mr. Bush had ever shut down an actor in England?

I will put in the RECORD the transcript of a song that opened Saturday Night Live on 19 March. It is stunning to think that young people are going to get their education on Whitewater more clearly from comedians on a popular NBC comedy show than they will from the President himself.

Mr. Speaker, the President was on ABC television last night and the night before talking about his particular brand of Christianity. He was asked by Peggy Wiemeyer, of ABC, about abortion.

He said, "I think there are too many abortions in America," and yet his policies are driving that number up. He said, "I think there should be more adoption in America." There are only 50,000, and we know why. Then he says, "I do not believe it is self-evident from the Bible that abortion is murder."

"As for homosexuality, well, the whole issue of homosexuality did not make it into the Ten Commandments."

Look up there, Mr. Speaker. Look at Moses looking down at you and this Chamber. Did Mosaic law have to identify grand theft auto and pick-pocketing for us to know it is wrong?

What Mr. Clinton ought to know is that any religion that respects Mosaic law and the commandment, "Thou shall not commit adultery," considers homosexuality and acts of sex outside of marriage sin.

Here is Clinton February 3, after he was lectured to by Mother Teresa who begged him not to kill babies, to give them to her. He was at a junior high school here in the District. In response to a child's question, he says that "Children are not prepared to take the responsibility for children, having children. They are not even able to take responsibility for themselves. This is not a sport," referring to sex, "this is a solemn responsibility. Look at it hard." Great words, but I understand some of the kids chuckled.

That night on NBC Jay Leno said, "If sex were a sport, Michael Jackson and Mr. Clinton would obviously be up for gold medals."

Mr. Speaker, but as bad as that is, Joycelyn Elders is probably going to do more as Surgeon General to hurt the moral climate of our country than any other appointment of Mr. Clinton's, and that is saying a mouthful. I begin by urging everyone to look at the letter by James Cardinal Hickey that I submitted during my one minute this morning on the latest outrage by Dr. Elders.

Here is an article from the Wanderer, by a lady, Anne Stewart Connell, that describes accurately how Dr. Elders actually have a slave-master mentality. In her speech on February 25 to the Family Planning and Reproductive Health Association, all a euphemism for abortion, she blasted the medicaid system for its white male slave-owner mentality. But Connell rightly points out, "She has it all wrong. It is she who demonstrated slave-owner mentality in her arrogant and sarcastic words and actions."

Mr. Speaker, I will include this article for the RECORD. It may move people to subscribe to The Wanderer, which I think is the clearest-thinking Christian publication today.

The final thing I would like to put in is the latest press release from the General Counsel of the Plaintiffs, the Association of American Physicians and Surgeons, and the American Council for Health Care Reform, and the National Legal and Policy Center.

Today they filed a motion for summary judgment and permanent injunction against, get this mouthful, Mr. Speaker, the Interdepartmental Working Group of the President's Task Force on National Health Care and its 15 cluster groups, 43 working groups, and 4 subgroups. They are taking on Ira Magaziner, another Rhodie who actually got his degree, whereas Clinton did not, who is running this health care task force with Mrs. Clinton. The AAPS said that he testified under oath that those 511 people that were on that Health Care Council, that long mouthful I just said, were composed entirely of Federal Government employees.

Not true, not by a long shot. It looks like there is a huge conflict of interest here, and the judges on this case are going to eventually demand the release of all of these documents. I think the press conferences to come in the future are going to be more and more fascinating. I fear a Presidential meltdown, I had great respect for Jimmy

Carter and enjoyed every invitation to the White House, and went there about 7 to 10 times when he was President. I look forward to going there to visit with the 43rd presidency, a former colleague and a great guy, AL GORE.

(Articles referred to follow:)

On March 23, 1994, the Plaintiffs, *Association of American Physicians and Surgeons, *American Council for Health Care Reform and the *National Legal & Policy Center: filed a "Motion for Summary Judgment and Permanent Injunction" asking that the *Interdepartmental Working Group of the President's Task Force on National Health Care Reform and its 15 Cluster Groups, 43 Working Groups and 4 Subgroups be declared Advisory Committees for purposes of the Federal Advisory Committee Act on the grounds that the *Interdepartmental Working Group and its Cluster Groups, Working Groups and Subgroups were not composed "wholly of full-time officers or employers of the federal government" and that they were established on January 25, 1993 by the President and utilized by him for purposes of developing and making recommendations on national health care reform, to wit, the *Health Security Act of 1993. The injunction would force the disclosure of all records of the Task Force and its Cluster Groups, Working Groups and Subgroups.

Accompanying the "Motion for Summary Judgment and Permanent Injunction" were nearly 2,000 documents produced by the White House which reveal startling information. The documents illustrate that *Ira Magaziner's Interdeparmental Working Group and all 15 Cluster Groups, 43 Working Groups and 4 Subgroups were not, as Magaziner testified under oath, composed entirely of federal government employees, but, rather, consisted, in every instance, of large numbers of persons with vested private interests who have the world to gain by the enactment of the Health Security Act of 1993, which they developed and recommended. In over half of the Cluster Groups, Working Groups and Subgroups, the leaders were private individuals from health care interests who would be key players in the Clinton Plan if enacted.

Private interests such as United Health Care Corporation, Chicago Health Maintenance Organization, Aetna, Travelers, Liberty Mutual Insurance, Wausau Insurance Company, National Capitol Preferred Providers Organization (Hartford Insurance Company), Harvard Community Health Plan, Kaiser Permanente, U.S. Health Care, EDS Health Care, PCS Health Systems, First Health, Blue Cross Blue Shield Association, Alliant Health Systems—all managed care companies—were represented in the Interdepartmental Working Group. Other potential contractors such as Rand Corporation, Alpha Center, Urban Institute, Telesis, MCI Communication, Coopers & Lybrand, Price Waterhouse and the Principal Financial Group served on the Task Force. The list of special interests—all seeking special roles in the proposed health care plan as contractors, alliances, administrators and medical auditors—is enormous.

Moreover, of the many members of the Interdepartmental Working Group and its Cluster Groups, Working Groups and Subgroups who were listed as "special government employees" by the White House, only a small number (35) filed conflict of interest forms and of those, many of the forms were filed late and others were backdated and possibly forged. Of those special government employees who had serious conflicts of interest—and there were a sizable number—none had complied with the Ethics in Government Act by obtaining waivers. Of significant importance is that even the President and the First Lady, prior to the time their assets were placed in a blind trust, had invested in at least one managed care company—United Health Care Corporation—whose vice president served on the Interdepartmental Working Group and many Cluster Groups, Working Groups and Subgroups.

Probably the most serious problem raised by the Task Force and its Interdepartmental Working Groups and its Cluster Groups, Working Groups and Subgroups is the role of multi-billion dollar tax exempt foundations who were instrumental in staffing and decision-making. The Robert Wood Johnson Foundation, with $4 billion in assets, along with the Henry J. Kaiser Family Foundation and the Urban Institute planned and staffed much of the Task Force. As they have done in many states such as Arkansas, Washington, Kentucky, Minnesota and Florida, these large, tax-exempt foundations developed the format for the Task Force structure and asked their own people, including many grant recipients, to sit on the Task Force and develop the Clinton Managed Care Plan.

In addition, the Robert Wood Johnson Foundation had paid "Fellows" sitting on the staffs of Sens. Kennedy, Rockefeller, Wofford, Bumpers and Bradley who were passed off to the Court by the White House as "Congressional Staff", but who were wholly privately paid by the Robert Wood Johnson Foundation. Ira Magaziner, of course, knew who these people were as did Judith Feder, an official in the Department of Health and Human Services, who was also on the Task Force and who, herself, is a Robert Wood Johnson grant investigator.

The insinuation of these multibillion dollar, private, tax-exempt foundations into the legislative and executive branches of government, behind closed doors, in order to make policy and legislation to benefit themselves and those they seek to promote is frightening in the extreme.

Clearly, the Interdepartmental Working Group of the President's Task Force on National Health Care Reform is not only fraught with conflict-of-interest problems, but represents an effort to utterly co-opt representative government.

DR. ELDERS: SLAVE-MASTER MENTALITY

(By Anne Stewart Connell)

The surgeon general, Dr. Joycelyn Elders, in a speech to the annual meeting of the National Family Planning and Reproductive Health Association on Feb. 25th, blasted the Medicaid system for its "white male slave owner mentality." Elders has it all wrong. It is she who demonstrated slave owner mentality in her arrogant and sarcastic words and actions.

Elders castigated "white male slave owner" Medicaid because "it fails to provide services to poor women to prevent unwanted pregnancies, and this failure contributes to poverty, ignorance, and enslavement." She complained that if we really want to do something about illegitimate births and unwanted births, Medicaid should support family planning at the same level as prenatal care. * * * The Medicaid system must have been developed by a male slave owner. It pays for you to be pregnant and have a baby, but it won't pay for much family planning."

What does slave master Elders mean by this? It's a known fact that anybody who qualifies as being poor can get birth control counseling and supplies from Planned Parenthood for next to nothing. And when Elders was director of the Arkansas Health Department, she attacked the "deadly disease" of teenage pregnancy by establishing school-based clinics that provided "counseling" and contraceptives to teenagers. Result? Under Elders' tenure, the overall teen pregnancy rate rose 12% in the counties with school-based clinics! What the power-driven social engineers in Planned Parenthood and the Clinton administration simply don't "get" is that trying to impose their antilife values on women, young or not young, is rejected as slave-master whipping.

Elders also stated at this meeting, "We always talked about the separation of church and state, I want to forget about the separation. Let's try to integrate church and state so we can come together and begin to do things that make a difference to people in our community." That's a very interesting slave-master comment. What she is really saying is that she wants churches to preach her antilife gospel; support her immoral sanctions of abortion and contraception; and declare her to be the "pope of infertility."

This bigoted woman whom Clinton elevated to the position of surgeon general was exposed in The Wall Street Journal on July 22nd by Blant Hurt's commentary. Hurt, a Little Rock businessman and a columnist for Arkansas Business, spoke from firsthand experience. Elders triple-dipped salaries. in addition to her "two state salaries adding up to $103,297, she was receiving $550 a day as a consultant to Donna Shalala, secretary of Health and Human Services!"

A person with the sleazy record of Dr. Elders is hardly in a position to preach. But preach she does, and now she asks the churches to sanction her slave-master beliefs and attitudes. A message is in need of deliverance to Dr. Elders: Just because you are black and a woman does not relieve you of the judgment that you have a slave-master mentality. You do, Dr. Elders, and it is totally unacceptable.

BILL AND HILLARY AT THE TROUGH

Ever wonder why President Bill and First Lady Hillary seem so genuinely to believe that all money earned in the 1980s was somehow illegitimate and undeserved? Or why, after a decade-long national experiment, they seem completely indifferent to the effects of tax rates on people's willingness to work? Or to the relation between incentives and productivity in general? Or, most dismaying, why they seem not to believe that most people who do well work very hard for their money?

When Bill Clinton nominated Ruth Bader Ginsburg to the Supreme Court, he said: "I believe the measure of a person's values can best be measured by examining the life the person lives." In that spirit, Bill and Hillary's financial life, as reflected in a decade's worth of tax returns, sheds light on their values, and the experience that shaped their economic worldviews.

SUBSIDIES FOR PERSONAL EXPENSES

Remember Bill Clinton's much-touted "lowest-in-the-nation" $35,000 governor's salary? That was merely his cash compensation—mad money. For the decade he was governor, all Clinton's personal living expenses (including food, shelter, transportation, and entertainment), along with security, housekeeping, administration, utilities, etc., were paid out of various state funds. Including those expenses, the care and feeding of their humble governor cost taxpayers in

the nation's second-poorest state more than three-quarters of a million dollars a year according to the Arkansas state auditor, Julia Hughes Jones. And it left Hillary's annual $150,000 or so free.

Two particular funds raise interesting legal questions. One was a yearly $51,000 food allotment, intended for both state functions and private meals, as well as incidental mansion expenses and anything else the governor might wish to spend it on. Unlike most expense funds, but like income, that stipend was not subject to oversight by the state legislature. (According to a former senior official in the Tax Division of the U.S. Department of Justice, "One rule of thumb used to determine what is income is unrestricted discretion,") While governor, America's First Appetite annoyed the legislature by requesting a significantly larger "food allowance" during a late-1980s period of belt-tightening. According to former IRS Commissioner Donald Alexander, who has reviewed the returns, the $51,000 fund "probably constitutes a failure to report income."

ROCKERS TO EXPLAIN WHITEWATER ON SATURDAY NIGHT LIVE

Back in 1978, the Clinton's bought some land to sell vacation homes. 230 acres to be exact.

They borrowed $203 thousand with their friends the MacDougals and formed the Whitewater Development Corporation. That's a fact.

In 1980 MacDougal buys the Madison Bank and Trust.

He lends his partner Hillary 30 grand to build a model house on a Whitewater lot. He loans her the money to get around laws which prevent him from loaning money to himself or his own company.

That's the plot.

It's very complicated. It's hard to understand.

We'll try to walk you through it, come on and take my hand.

In 1984 Whitewater helps Bill pay back a $20 thousand personal loan to Cherry Valley Bank, and the Clintons claim the payment as an interest deduction on their tax return.

That's an illegal deduction, but the Clinton's blame their accountants for the mistake.

This is an intriguing turn.

MacDougal pays back Clinton's loan and hires Hillary and her law firm to represent his bank. Then she helps Whitewater buy a new place of land with an illegal $300 thousand loan.

MacDougal says he shipped the Clinton's all the files to the Governor's Mansion and the Clinton's say they never got them. These guys should talk on the phone.

It's very tough to figure, where it all went wrong.

But draw your own conclusions, from listening to our song.

Madison Bank goes under, with $60 million missing. MacDougal is arrested and in a conflict of interest, Hillary's law firm is hired for a suit against the bank that it used to represent.

MacDougal is acquitted, but claims the Clinton's lost much less than the $68 thousand they claim.

In 1992 Clinton ran for President.

It's really quite a puzzle, who did what to who.

But we gotta get a handle, it's up to me and you.

In 1993 Vince Foster, the Clinton's friend and attorney who worked at the same firm as Hillary, filed long overdue taxes for Whitewater which contradicted most of the established financial numbers.

After his suicide, important papers were removed from his office. White House staffers met with the Treasury Department and then Janet Reno named a special prosecutor and the House began deciding whether to hold hearings and what kind to hold.

So finally the President had to bring Lloyd Cutler, an old Democratic hand, to restore some order to his administration.

We don't have all the answers, perhaps we never will. The only ones who'll ever know are Hillary and Bill and MacDougal and his wife and Webster Hubbell and Margaret Williams and Vince Foster.

COWARDICE IN THE HOUSE OF REPRESENTATIVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. STRICKLAND] is recognized for 5 minutes.

Mr. STRICKLAND. Mr. Speaker, before I came to this Chamber I was a psychologist, and so I am a student of human behavior. One of the things I have observed since I have been a Member of this body is that there is much what I would term cowardly behavior displayed in this Chamber at times.

We have people in this Chamber who hide behind the rules of this House. The rules of this House enable those of us who are Members to speak about other people, other individuals, our President, in the most callous, crass, and unkind manner. We know that we can hide behind the rules of this House because it is impossible to be identified by name, and to be censured by name by other Members of this body.

Last week, Mr. Speaker, I sat in my office and I observed a Member of this body make a statement about Vincent Foster and his suicide, saying in effect that Mr. Foster committed suicide because he was too cowardly and did not have the guts to face the coming firestorm.

Mr. Speaker, I was appalled by that kind of statement, because it takes a coward, Mr. Speaker, to pick on the dead.

UPCOMING LEGISLATION AND SUGGESTIONS FOR REDUCING THE DEFICIT.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. KINGSTON] is recognized for 5 minutes.

Mr. KINGSTON. Mr. Speaker, we are about to go home for a work recess. There are a lot of issues that Congress is dealing with, some that we have not addressed that I look forward to addressing when we get back, some of the environmental issues, the defense issues, GATT, private property rights issues, reapportionment.

Reapportionment, right now there are many Southern States that are under the Voting Rights Act, that have lawsuits that have been filed or that are being appealed, and that at this point appears to be something a little bit more unique to the Southern States that are subject to the Voting Rights Act.

Mr. Speaker, I believe when we get back that is going to spread all over the country, and it will probably be proper for Congress to address the issue about minority voting representation, because I was a member of the State legislature at the time when Georgia drew our lines, and I know at the time we worked under Justice Department guidelines.

Now I understand that there are many people who believe that those guidelines were not poured in concrete, as we were led to believe. The lawsuits are indicating this. I think it is going to be something we will need to address.

Mr. Speaker, what I want to talk about tonight, the centerpiece of all legislation is the cost, so I want to talk about the budget.

As Members know, our national debt right now is $4.5 trillion. It is a bipartisan problem. During the period of time this debt was amassed there were certainly Democrats and Republicans on both sides of the aisle who participated in deficit spending, so let us put aside the partisanship.

There are a lot of ways we can attack the budget. I will outline five of them that I think will help.

Number one, Vice President GORE'S Reinventing Government. At one time we thought and hoped that would save about $9 billion. Later it was scored a little less than that. Whether it is more than $9 billion or less, let us get behind the Vice President and try to reinvent government and save the taxpayer's dollars.

A second way I believe we can save money to decrease our deficit is to reform welfare. Reforming welfare should not only save money and reduce the costs of our entitlement programs for public benefits, but it will also bring in more revenue, because ultimately we will have more people on the tax rolls. I think that is very important.

We should have two major components in welfare: one is a work component, where people who are able to work are required to work, a carrot and a stick.

At the same time, let use not push a woman out the door and not help her out with her day care problem for her children. Let us not push her out the door into the work world and expect her to give up those insurance benefits. Let us be practical about it.

□ 2140

I think we can work out the compromise so that those who are on welfare can have a smooth transition into total independence.

The second part is we have to bring the dad back into the formula. We have

a welfare system that lets fathers act like tomcats. They can go and basically impregnate a woman, and they are on their way, no more responsibility according to the government than a tomcat. And I think it is time to let the father get back into the formula. I believe there is a rent reform bill right now that will help this, which says if the dad lives at home and his income increases the family's total income, where they would ordinarily not be eligible to live in the housing project anymore, this would be waived so that he could still live there.

It is so important to bring these family units back together. Let us help the folks by reuniting their family. I think these components should be in there.

A third item we should address in a very serious manner to help bring down our deficit is that of illegal immigration. The cost to our Nation is about $14 billion a year, and many people are coming to our country because of the public assistance benefits. But not only is that costing us, but there is a big cost in our Federal penal system, and that is that about 22 percent of our prisoners are illegal immigrants, and these are, in many cases, I think 80 percent of the time, violent offenders. That is a tremendous cost for us. Let us as a Congress address this problem for deficit reduction if for no other reason.

The fourth thing we can do to reduce the debt or the deficit is to address criminal justice. The average career criminal each year commits about $500,000 worth of property and damage and theft. And yet the price of incarceration is only about $20,000 a year. I do not like incarceration, but it isolates folks from society, and it is ultimately less expensive for society.

I have a letter on my desk from a woman whose daughter was raped while bathing her child. She was at home and a man broke into her home, threatened to kill the baby if the woman did not cooperate, and being a loving mother she did what she felt was necessary for the survival of her child. But now that rapist is about to get out of jail, and it just horrifies her, and it horrifies all of her relatives and the children. We cannot live in a society where people are living in such fear. We need to keep folks behind bars who have committed such crimes.

The fifth thing I believe we can do to bring down the deficit, Mr. Speaker, is to help the American family out. In the 1950s the American family paid as an average for income tax 2 percent. Today that same family is paying Federal income tax of 24 percent. We cannot do that to the family, Mr. Speaker, because during that period of time, in order to pay for higher taxes, the family had to work harder. As a result, the family is spending less time with each other, the family members and with the children, and less time to impart information, impart values, impart the difference between right and wrong, education, homework, a myriad of other things.

In conclusion, Mr. Speaker, I believe when we get back if we reinvent government, welfare, illegal immigration, crime, and help the family, that we will help reduce the deficit and then pay down the debt.

SUBSIDY REFORM

The SPEAKER pro tempore (Mr. LAUGHLIN). under the Speaker's announced policy of February 11, 1994, the gentleman from New York [Mr. OWENS] is recognized for 60 minutes as the majority leader's designee.

Mr. OWENS. Mr. Speaker, we have just concluded a very important Phase 1 of this year of the 103rd session of Congress. In conclusion, we passed H.R. 6, the reauthorization of the Elementary and Secondary Education Assistance Act. I think to close out this phase of this year's session with passage of a major education bill was very much in order.

There are discussions under way now in the White House, and a few other places, about welfare reform and the relationship is an obvious one. Education is a vital necessity if we are going to have meaningful welfare reform. Education, job training and actual creation of jobs, those three are very necessary if we are going to have meaningful welfare reform.

I rise in favor of welfare reform. I am in favor of any form of reform of a Federal function or government function. Everything can be improved. But I hope the reform will go forward without hysteria, and without seeking to wreak revenge upon the poor. Welfare reform ought to be guided by scientific principles, by logic, by sound management principles. I think we can accomplish a great deal.

I rise to advocate welfare reform with principles that really should apply to all American citizens who receive assistance from our government. If we are going to establish certain principles with respect to welfare, then let it be across the board for all citizens who receive assistance from government.

From time to time, different classes of citizens need assistance. We just passed not too long ago a bill which appropriated more than $8 billion for earthquake relief for victims of the earthquake in California. And it is totally appropriate that government should come to the aid of people in need. In this case, victims of the earthquake, regardless of income level, regardless of education, will be recipients of that earthquake relief.

Last year we appropriated $6 billion, more than $6 billion for relief for victims of the Midwest floods, more than $6 billion. They were victims. They needed assistance of their government. It is altogether appropriate and fitting and proper that our government should come to the aid of those who need assistance.

The year before that, we had appropriated I think more than $6 billion for hurricane relief for victims of the hurricane in Florida. People who were victims of hurricanes needed the government to come to their assistance. It is fitting and proper that we should do that. Wherever American are in need, then they should be assisted.

Members must understand however, that in our big cities we have a form of disaster which is not a natural disaster or a God-made disaster, but it is nevertheless a disaster. Certain of our inner city communities have had unemployment levels 10 points higher than national unemployment levels for the last 10 years. There are areas in my congressional district where unemployment has been up as high as 20 percent for a long period of time for adults, and for young adults even higher than that. And this is not unique to my district in New York. There are similar districts in the big cities, Chicago, Philadelphia, Los Angeles, you name it, where the same kind of "job quake," you might say, unemployment quake has existed. So those victims need relief, too.

Relief to these victims, these families, often comes in the form of Aid to Families with Dependent Children. Welfare reform should be looked upon as providing help to those victims who are in need. But as we look at welfare reform, I think the parameters ought to be broadened, and if we are going to have reform of welfare which is directed primarily to Aid to Families with Dependent Children, we ought to take a look at other forms of welfare also and at the same time.

Maybe we should not even call the actions we are about to take, or the plans that are about to be put forth welfare reform at all. We should call it subsidy reform or victim assistance reform. Some people are receiving subsidies who are not victims, so we should call it subsidy reform.

If we call it subsidy reform, then we will reach out and take a hard look at everybody who is getting assistance from the government, and take a look at what should be done about that and what principles should be applied. I think this would be far more in line with the notion that we are a just and fair society and want to be fair to everybody. We do not want to just take revenge against the poor.

People get very excited about the thought of these poor people sitting around doing nothing, no work, and therefore they are on welfare and using taxpayers' money. I think we should try to find jobs for everybody we can find jobs for. I think victims should be assisted when they cannot find jobs. But I am all in favor of jobs as a sound

principle in welfare reform. Providing jobs for all, providing jobs for people on welfare, that is a sound principle, and every discussion of welfare that I have heard so far has talked about we are going to provide jobs. Two years on welfare and then you get a job.

□ 2150

I have no problem with providing jobs. Jobs are basic to our society. There is plenty of work, you know; there are many, many things to be done in our society. But work is not a job. A job is something you get paid for. Employment is something you get paid for.

Therefore, if they cannot find jobs in the private sector, I think our Government should create meaningful jobs or should provide economic policies which generate meaningful jobs so that everybody, every sound-bodied person, can get a job.

I am all in favor of that. In fact, since I arrived in Congress, every year I have introduced, and the first year I introduced it, and every session I have reintroduced a bill which calls for a revision of the Constitution to add an amendment which would provide for a job opportunity for every American who wants to work.

I think that this would not be radical idea at all, to provide a job opportunity for every American who wants to work, and when there are no jobs, it should be the duty of the Congress to create programs that generate jobs.

So as we talk about welfare reform, the idea, the principle, of jobs is a sound principle that I support.

Now, the principle of 2 years and you are off, if you are on welfare, 2 years you are getting assistance, for 2 years, 2 years and no more, that principle is something maybe we should take a look at. It might be a sound principle. It might not be. I think Congress ought to examine the principle of 2 years and you are off. Or maybe we want to look at 3 years and you are off, or maybe 4 years and you are off, but I think we ought to examine the principle, and if we are going to examine the principle of 2 years and you are off, we ought to think in terms of all people who are receiving subsidies from the Government.

Can they also accept the same principle? Do we want to establish in our Government a principle that the government should assist individuals or families or groups for 2 years and no more? Do we want to establish that principle? Or maybe it should be 4 years or 3 years.

Whatever the principle is, let us have it apply across the board to all Government subsidies. That means farm subsidies where you are giving farmers money in order to control the kind, the amount of crops we produce, and keep the prices at a certain level. The taxpayers pay twice. They pay to subsidize the farmers, and they pay for higher food prices, because by regulating the price, by paying to keep the grain and the products off the market, we keep the price high, so you pay twice. You pay a higher cost for food as a result of this Government-controlled regulated situation through the farm subsidy program.

We have had some farm subsidy programs for three decades, three decades, not 2 years, three decades. If you are going to apply the principle of 2 years and you are off, 2 years of assistance from our Government and no more, then we should get rid of the farm subsidy programs in 2 years.

Of course, that would generate quite a bit of money, you know; the budget would save quite a bit of money which maybe can be used for the welfare reform program to provide for more jobs that are created in inner cities, cleaning up the environment, doing all the work that needs to be done, and also provide day care for mothers who have to go to work. There are a number of ways you could use the money you save by cutting off the farm subsidies, because they have been on for three decades, and 2 years is all we are going to tolerate, 2 years of raising your cattle on publicly owned land by all of those cattle grazers out there who have raised their cattle on publicly owned lands at discount rates, discount rates which are much lower than private property owners are charging, 2 years, and then we charge full rates.

We would gain quite a bit of revenue from charging full rates after we have helped the farmers, and these farmers are not poor. These ranchers are not poor. Some of them are multimillionaires. Two years, and that is it.

Two years of low-interest mortgages on the Farmers' Home Loan Mortgage Program, 2 years with low interest, and then you pay the regular interest rate.

You would save quite a bit of money on the Farmers Home Loan Mortgage Program if you stopped giving away money. People get incensed. Taxpayers, listen, people get very incensed when they see welfare recipients getting $400 a month for a family of four. But do you know that the Farmers Home Loan Mortgage Program gave $11.5 billion to farmers over the last 5 years? These are loans that the farmers had that they forgave over the last 5 years for $11.5 billion. Not only did they not put them off after 2 years, when they decided to put them off, they just let them take the money and run.

So this is just an introduction to a discussion I want to have in concert with my colleagues. We are all concerned about the forward movement of the preparation for the welfare reform bill, and I think we should open by asking all the taxpayers to have an open mind. We are in favor of reform of any function, any program in the Government that has existed for some time that can benefit from reform.

But let us go forward with some sound principles, sound management principles, sound principles of logic, scientific principles and let us not be afraid to compare what we are doing with welfare, meaning aid to families with dependent children, and what we are doing in assisting Americans in other walks of life.

Let us have the broadest possible approach to this situation.

At this point I yield to two of my colleagues to also make the same kind of introduction of this problem that we have been discussing in Congress for a long time.

I think as we close out this phase of Congress and go on recess and return, welfare reform, I think, will be very much on the agenda and moving forward. It is time for us now to stop and take stock and prepare for a long, long debate on welfare reform.

At this point, I yield to my colleague, the gentlewoman from California [Ms. WOOLSEY].

Ms. WOOLSEY. Mr. Speaker, I would like to thank Representative MINK and Representative OWENS for organizing this special order on welfare reform today, and I look forward to participating in an ongoing dialogue and discussion about the essential elements of welfare reform, especially with an emphasis on how reform will affect women and their children.

I have often said that, in order to have effective welfare reform, other social support services must be in place both to prevent the need to go on welfare in the first place, and to help recipients get off and stay off for good. Those services include health care, child care, transportation, jobs that pay a family wage, and child support enforcement.

Today, I would like to focus on our Nation's child support system and how important the quality of child support enforcement is to truly effective welfare reform. The simple fact is that we cannot have true welfare reform without dramatically improving our child support system.

Mr. Speaker, of the $47 billion owed in child support each year, only $13 billion is collected, leaving a $34 billion gap between what is owed, and what is paid, to support our children. That $34 billion gap is a national disgrace, which is punishing our children and bankrupting our welfare system.

I have introduced legislation to fundamentally change the child support collection system in the United States. This bill, called the Secure Assurance for Families Everywhere Act, or SAFE, will dramatically increase child support collection.

First, SAFE will federalize child support collection by having the IRS maintain a national registry of child support orders, and using wage withholding to collect support.

Second, this bill guarantees every family, that is owed child support, a minimum monthly payment.

Third, it will dramatically increase paternity establishment.

Today, States use Federal dollars to collect child support—resulting in confusion, duplication, and abysmal collection rates, which range as low as 11.9 percent. Further, 33 percent of child support cases are interstate. Since it is difficult for States to enforce child support collection across State lines, less than $1 for every $10, owed in interstate child support, is collected.

The SAFE Act would do away with the current hit-or-miss State child support collection system. My bill enables the IRS, which has an 84 percent collection rate, to withhold child support payments from an absent parent's paycheck and pay support to families with child support orders.

Just like the Social Security System, which ensures that children of deceased parents receive financial support, the SAFE Act guarantees that children abandoned by their living parents are ALSO supported. My legislation will provide every parent who is owed child support a minimum monthly payment of $250.

In order for this program to be truly effective, however, we need to make progress on establishing paternity. The SAFE Act will make it easier to establish paternity and to meet parental responsibilities.

Child Support Reform, after all, is about taking care of our children.

I personally know the importance of child support, Mr. Speaker, because 25 years ago, I was a divorced, working mother struggling to raise my three small children ages 1, 3, and 5. I had been living a "Leave it to Beaver" life—successful husband; beautiful home; healthy kids—and suddenly, through no fault of my own or my children's, I was left alone with no child support to raise my family. Although, I was working, I was forced to go on AFDC in order to take care of my family's needs.

Mr. Speaker, if the United States had had a child support system in 1968 like the one I am proposing today, I might not have needed to go on welfare in the first place.

With children accounting for 70 percent of welfare recipients, this bill will play a major role in reducing dependence on welfare, and, it should be the first step Congress takes, if we are truly serious about reforming the welfare system.

Researchers, such as Dr. Irwin Garfinkel, estimate that a system like the SAFE Act could move about one-third of welfare recipients off the system.

The SAFE Act could have made a real difference in my life and my children's. Now, with this legislation, I have the opportunity to make sure that all of our Nation's children are given the care and support they need.

Mr. Speaker, I would like to commend my colleagues in the other body, Senator ROCKEFELLER and Senator DODD, for joining me in calling for child support reform to be an integral part of the welfare reform debate. And, I look forward to working with my colleagues in this body for fair and effective welfare reform.

□ 2200

I thank the gentleman for yielding to me.

Mr. OWENS. Mr. Speaker, I congratulate my distinguished colleague from California for that fine piece of legislation, and I would like to become a cosponsor. I think it certainly ought to be a component of any welfare reform legislation.

Mr. Speaker, I have a couple of questions which I would like to ask. When the gentlewoman said $250, did she mean $250 per child or per family?

Ms. WOOLSEY. $250, Mr. OWENS, for the first child and $300 a month for more than one child.

Mr. OWENS. Is it comparable to what AFDC paid?

Ms. WOOLSEY. It is more.

Mr. OWENS. It is more?

Ms. WOOLSEY. Aid for Dependent Children can be part of this. If there is not enough, Aid to Dependent Children comes in and add to the support.

Mr. OWENS. Is it comparable to what Social Security pays for survivors?

Ms. WOOLSEY. Almost; not quite.

Mr. OWENS. I thank the gentlewoman and look forward to working with her in making sure that this legislation is part of any reform legislation.

Ms. WOOLSEY. I would like to expand just a bit on why I think that $250, even though it is not very much money, it is enough. When people are poor, if they cannot count on the money coming in, they cannot budget. But if they know what is coming in, they can budget a lot better than a hit-and-miss proposition; sometimes the money comes in and sometimes it does not.

That is why I am going to try very hard to have income assurance, which is a new concept in this Nation.

Mr. OWENS. Mr. Speaker, would the gentlewoman also agree that collecting from fathers who are not in the home, who do not have jobs, is almost an impossibility and so a jobs program is an absolute necessity for a large percentage of the fathers involved here?

Ms. WOOLSEY. Absolutely. I do not think we can have welfare reform unless we have jobs in this Nation which pay a family wage and which train and educate people for those jobs, unless we have true health care reform, and then we can talk about welfare reform.

Mr. OWENS. I thank the gentlewoman from California and yield to my colleague, the gentlewoman from Hawaii [Mrs. MINK].

Mrs. MINK of Hawaii. I thank my colleague for yielding and for taking this special order.

As indicated in the opening of this hour, these past weeks have been an extremely important and demanding period of our time. All three of us share responsibility in the Committee on Education and Labor, and we have concluded a conference on Goals 2000, with some difficulty, but at least that has been concluded, and now we have completed today the reauthorization of the Elementary and Secondary Education Act.

Both of these pieces of legislation are an indication of the Federal Government's commitment to the importance of education, and this relates to this whole topic of welfare reform, as my colleagues have indicated.

One of the cornerstones of the various suggestions on welfare reform indicate that if we are going to solve this problem, we have to find jobs for these parents who are on welfare, and in order to do that, in many instances we are going to have to find the money to supplement the educational requirements that might be needed or the job training or counseling for the job research. It is an enormous task.

We are dealing with 5 million parents who are recipients of welfare assistance, with 9 million children currently on board. The suggestions being made by the administration and others with respect to the jobs I think are good but unrealistic. I do not believe there are going to be those jobs out there in any of our communities and in our States that are going to be easily available to individuals who are on welfare today. It is going to be very difficult.

We have people on unemployment compensation who are struggling to find jobs that are the equivalent of what they had or even half the equivalent of what they had. So the biggest task, as I see it, in this whole welfare reform is the attempt to connect the families to a job. It is going to be extremely difficult, and it is going to be costly. There is no doubt the cost of the welfare program is going to double or maybe even triple if we are going to do a good job to educate for those jobs and train people.

So the anomaly is that the whole issue of welfare reform comes to focus because many people are looking at it as a way to save money, to close down the deficit or help balance the budget. But in truth, an honest look at the welfare situation is going to require a tremendous amount of money.

That is what brings me to my feet tonight, my colleagues, because there was an item in the New York Times yesterday which indicates that the final proposals on welfare reform have come to the White House and they have indeed called the Cabinet people together to discuss some of the provisions. And in discussing how they are going to come up with the monies that they believe are necessary to pay for the reform package, most of the sug-

gestions were not that wholeheartedly endorsed.

So, in the end of the news article, there was a suggestion that, "Well, maybe we will just go for the reform, the tough, punitive measures first, and put aside the attempt to fund some of these costly requirements for reform."

I find that suggestion extremely shocking and disturbing, and I hope that the reports were not true.

One of the things they said they could put aside was childcare. How could any welfare reform proposal come forward without the support for the parents in terms of childcare? There is no possibility they could go for training or education or counseling or whatever and hold down a job without childcare.

Also, the astounding part of the suggestion coming from the welfare reform task force is that they want to target the youngest recipients, those below 25 years of age. When you take the youngest segment of the welfare recipients, you are going to take the youngest children, the infants, under-1-year-of-age category. What is startling about that is you are not only dealing with ordinary daycare childcare requirements, when you get into infant care, it is infinitely more expensive. So, we are talking about a very large requirement for funding.

□ 2210

I think that there are some things that basically have escaped those who are looking at this whole issue. The President has said, "Let's do away with welfare as we know it." Well, the problem, I think, out in the country at large is that people really do not know what welfare is. They have all the visions and the myths, but the realities really are not known. People think, for instance, those on welfare, the recipients, are ill-educated, have not gone to school at all, are not capable of working and, therefore, the intense focus is on this work for wages kind of concept.

I have taken the trouble to ask the Congressional Research Service to dig up some of this information. They probably got some of it from the Department or the Census Bureau, but I think it is very interesting that for the welfare recipients who are on welfare, this so-called 24-month period, that 41 period of them already had their high school diploma or their GED, 4 percent had their GED.

The other kinds of statistics, I think, that are important to understand in looking at this whole picture of the welfare system is that 42.5 percent were on welfare for less than 2 years.

What we see in the statistics on welfare is this high mobility. We see these young families coming on under age 25, perhaps, coming on welfare, but they do not stay there on a continuous basis. They are out. They are holding down a job. They are trying to help themselves. They are not just coming on welfare and staying there.

So, Mr. Speaker, we have got to adopt a policy that says, "2 years and you're out."

There are more than 60 percent of the single parents who are on welfare who are trying to find a job and, in fact, do go out to get a job, and because the requirements are so strict, Mr. Speaker, the moment they earn anything they are dropped from the rolls, and, when they are dropped, that very, very important element of support is gone. No one is out there to help them with job training, or help them to find a job, or to place them in suitable work, and, as a consequence, they are out 6, 7, 8 months and cannot make it, and they are then forced to come back on the welfare rolls again.

My suggestion to the administration and those who are working on this whole issue:

Instead of arbitrarily saying we are going to set up a program that is going to take care of everybody under 25, why not look at these individuals on welfare right now? May be as many as 2 million out of the 5 million who are on welfare who are honestly trying to help themselves—and the records prove it—they are going out there and getting a job. They are not staying on a continuous basis. They are going out. They are working. They are not finding good jobs because nobody is out there to help them. They are not being trained. They are not given support.

So, Mr. Speaker, I suggest to the task force that they look at this potential group of almost a half of those on welfare rolls today who by their own initiative indicate a real desire to help themselves by getting a job. These are the ones that we should concentrate on. They are the ones that have the highest potential of success that could immediately eliminate 50 percent of our welfare requirements today. With a little help, allow some of them to keep their earnings, allow them to have the earned income tax credit benefits, let them stay on food stamps, keep them on the AFDC rolls for 6 months or 8 months. Give them child care because that is one of the biggest reasons they cite for finally, after working 6 or 7 months, they simply cannot put it together, and then they come back on to welfare again.

So I think we have right within the whole data complex to key to where I believe the emphasis ought to be: those on welfare today, that by their own initiative have demonstrated their desire to get out there and work.

Mr. Speaker, one of the things that I do not like about the 2 years and you're out, I would say to my colleague, the gentleman from New York [Mr. OWENS], is that it is forced labor. It is forcing people out. And I do not believe that we need to do that to reform the system. All we need to do is to look at the people who are earnestly trying and they are not making it, and if we help them, we would cut the rolls by 50 percent almost immediately. We would know because of the initiative that has been demonstrated that these are the ones that are looking for self-sufficiency, they are the ones that are going to have the highest rate of success.

Mr. Speaker, I yield to the gentleman from New York [Mr. OWENS].

Mr. OWENS. I find some of the statistics the gentlewoman cited a bit astounding. I ask the gentlewoman, "Did you say that 45 percent have high school diplomas?"

Mrs. MINK of Hawaii. Those that are in the AFDC for 24 months or less, have a high school diploma: 41 percent. That is that group that is out there looking for work, going out and maybe getting something. But because we have tossed them out, more or less, the minute they get a job, cut off their support, no child care, they cannot make it.

Mr. OWENS. If they have a high school diploma already, then we can conclude that they probably do not need a very costly job training program. They need training for jobs, but they have a lot to offer when they come to the training for the jobs, and what they need is training for jobs that are realistic, that are going to be there. Once the training is finished, they are going to have jobs there.

We have some jobs of that kind in my district. My congressional district has a medical complex which includes a large municipal hospital and also a medical school, a down state medical center that has a medical school and a hospital attached to it, and it has an allied health professions program there with the medical complex.

Mrs. MINK of Hawaii. Exactly that kind of program.

Mr. OWENS. A program to train people for 1 year. In 1 year of training one can get certain categories of jobs: practical nurse, child care aide, and one or two others. So just to have a 1-year training, one gets trained for a job that is going to definitely be there and stay there. Those jobs are always there. If one gets 2 years' worth of support and can go to school for 2 years, then they can enter the middle class.

Mrs. MINK of Hawaii. Absolutely.

Mr. OWENS. They become record clerks, x-ray technicians. There are a number of jobs where they can come out of the program and not only get a job immediately in the New York City area or the Brooklyn area, they can go anywhere in the country, because those people are in demand, and the demand is increasing all the time. Yet our Department of Labor and their programs for job training have insisted that we can give only 6 months of training.

Mr. Speaker, the head of the school told me, "I cannot train anybody for anything in 6 months. But 6 more

months and I can do something which is useful, and certainly for 2 years."

We need job training programs which make sense and are attached to the reality of today, and one reality is that health care, health professions, anything related to health care, is a solid occupation and likely to increase, but that is not there.

The gentlewoman from Hawaii [Mrs. MINK] also said that welfare—a lot of recipients who do not stay on welfare very long——

Mrs. MINK of Hawaii. It is 2 years. Forty-two percent are less than 2 years.

Mr. OWENS. So 42 percent of the people do not need to be told, 2 years and you're off, because in less than 2 years they are off.

Mrs. MINK of Hawaii. They are, but a lot of them come back on again because they do not have the support right now, and that is what we need to bring a stop to.

Mr. OWENS. It is very interesting to note that it appears that welfare would be one of the more efficient Federal programs, in that people who receive assistance, large numbers, do get off and make the attempt after 2 years.

Not so with the farm subsidy program. Not so with the cattle ranchers who are using public lands for grazing. Huge numbers of people who gain assistance, who seem to think that the Government owes them a living on and on, forever, and they are in the middle class and making lots of money. And most Americans citizens, most of the taxpayers out there, are not aware.

I just want to take a moment, if you do not mind, to get back to the theme of welfare reform. It should be a time when we look at the larger picture, the larger situation with respect to Federal subsidies. It ought to be subsidy reform, because a lot of the funds we need to deal with people who are on welfare, in terms of being able to supply them with child care and supply them with decent job training, why can the Government not provide 2 years worth of training for everybody?

When we have Pell grants and student loans, so people can go to college, they get a certain kind of assistance from the Government that other people do not get. We ought to guarantee everybody 2 years of educational assistance.

That means that those people who have the high school diplomas, if they are given 2 years of assistance to go into a program for medical training, they would come out of that program and be able to get a job.

Now, we need to give the money for that. If the Labor Department needs the money, one of the places to get the money for job training and more child care is by cutting all of these other programs where people are receiving subsidies for decades and endlessly.

I want to refer to an article that appeared in the Washington Post on March 6 of this year. The title of the article is "The Fat Cat Freeloaders: When American Big Business Bellies Up to the Public Trough."

It talks about other forms of welfare. I will just read a little bit and ask unanimous consent to enter it into the RECORD because it is not that long. James P. Donahue is the author of this article that appeared in the Washington Post on March 6.

It begins as follows:

The current vogue of welfare reform in Washington is curiously narrow. After all, ending welfare as we know it means cutting off not only the proverbial unwed mothers, but also those corporations that have grown fat feeding at the public trough.

This year taxpayers will spend $51 billion in direct subsidies to business, and they will lose another $53.3 billion in tax breaks for corporations, according to the Office of Management and Budget and the Joint Committee on Taxation.

Those who want welfare recipients to work as a condition of public assistance should expand their efforts to cover corporations dependent on Federal largess. The most costly form of corporate welfare in 1994 will be subsidies for agri-business, subsidies for the farmers.

And we have less than 3 percent of the population now engaged in farming. Less than 3 percent of the population receives subsidies for their agribusiness, costing an estimated $29.2 billion. I did not say million, taxpayers. Listen carefully. I said billion; $29.2 billion to subsidize farmers, to pay them for growing less crops. And you pay again because you pay higher costs for their food.

Getting back to the article, however,

By contrast, the Federal Government will spend $25 billion on food stamps and $15 billion for Aid to Families with Dependent Children, two of the programs most criticized by conservatives in the welfare reform debate. Ignoring the cost of corporate entitlements distorts the welfare debate and leaves most Americans with the false impression that poor people, rather than corporations or middle and upper income individuals, are straining the National budget.

I said before I am in favor of welfare reform. I am in favor of reforming any aspect of government that has been in existence for a long time. But if you are going to look at welfare reform fairly and with real logic, you have got to look at subsidy reform.

Going back to the article,

One Federal bureaucracy that has been especially indulgent of free loaders is the Bureau of Land Management. The Bureau of Land Management rents out public lands to ranchers for cattle grazing. In 1992, the Bureau of Land Management's annual grazing fee was $1.92 per animal, according to the National Wildlife Federation. But private land owners were charging those same ranchers an average of $9.26 per animal.

You, the taxpayers, were allowing rich ranchers to graze their animals on your land for $1.92, when the going market rate was $9.26 per animal.

The low grazing fees amount to a Food Stamp Program for livestock belonging to wealthy ranchers.

I am quoting, and I want to repeat that.

The low grazing fees amount to a Food Stamp Program for livestock, belonging to wealthy ranchers. In 1992, the Government's below market rates cost the taxpayers an estimated $55 million in revenues. A typical beneficiary of this subsidy is J.R. Simplot of Grand View, ID. He paid the Government $87,430 for the privilege to graze cattle on public land. According to the National Wildlife Federation, if the Government had billed Simplot at free market prices, he would have had to pay $410,524.

It is not as if Simplot is going to suffer without this public assistance. He is on the Forbes 400 list of richest Americans, with an estimated net worth of just over $500 million.

Let us look at welfare reform in the larger context. Let us establish new perimeters for the discussion. If we collect it from millionaires like Mr. Simplot, what he owes, then we could have the money to deal with welfare reform and help people who are real victims get the kind of training they need and get the kind of jobs they need.

I am going to quote one more piece, and then I will pause for a moment on this article.

Another Federal handout to corporations is the Department of Agriculture's market promotion program. This year the program will give American companies $100 million to advertise their goods and services abroad.

There are others, and I will not quote from them right now. I may get back to it later before I submit this article.

My point is, you have talked about the fact that you have a population here that probably large numbers could help themselves if they had just a little better help from the government. We do not supply that better help because we say it costs too much.

Keeping people on welfare the way we keep them on now is really the cheapest form of helping people. That is one reason we have it. To put people to work means you have to give them a decent education and training. That costs more than we have been willing to pay so far.

We have sources for getting the funds, if we would just take the welfare, the fat cat, the free loaders off welfare, and apply that money to the kinds of programs that my colleague is discussing here. I look forward to hearing further discussion from her.

Mrs. MINK. I thank the gentleman.

Mr. Speaker, the big issue facing the White House, as the gentleman knows, is they have the proper thoughts about welfare reform, the necessity for education and training and counseling and job searching, and maybe even the necessity of public service jobs if there are no private sector jobs and child care. But the problem is how to pay for it.

□ 2230

The gentleman is correct. There are many ways to pay for it. The shocking

thing is, as the White House Task Force has looked for ways to pay for it, they are thinking taxing food stamps, taxing public housing tenants, taxing the welfare benefit itself, taking legal aliens off of SSI and Medicare and some of these programs. So your contributions on how this thing could be paid for, I think, are extremely noteworthy. I hope that the White House is listening and paying attention to your suggestions.

The important point is to make the point over and over again, and that is, welfare reform is not a means to reduce the deficit or to balance the budget. It is a sincere effort, I hope, to help these poor people help themselves to get a job. I am not for forcing them out of the home.

An interesting statistic, my colleague, again, I picked it up from CRS, is that 77 percent of the parents on welfare coming on the first time and staying on that 2-year period have a child 1 year or younger. This means that if you are targeting that young group, you are going to have to find the most expensive child care programs for the infants and the 1 and the 2-year olds. It is going to be an extremely expensive endeavor.

The second suggestion that I made to the White House was, if cost was a problem, to augment this program immediately, they ought to think in terms of the parents who have school-age children. They are in school, kindergarten, first grade, whatever. And so you do not need that full-time child care requirement.

You need after-school care. You need summertime care, but at least that school time responsibility can be met by the public school system. So that is a way of getting into reform, helping these families locate a job.

As I said earlier, the high school diploma situation is not as egregious as is purported to be, when they start talking about the education requirements.

Let me give you more details about the education, because I was fascinated with it, particularly as we were talking about elementary-secondary education.

Out of the 5 million parents who are on welfare, those that have no high school at all number 440,000. These are 1990 statistics. Those that have some high school at all number 1.3 million. Those that have completed high school are 1.5 million. Those that have had some college number about 400,000, and those that are college graduates are somewhere between 30 and 60,000. So we have a group of individuals here, I believe, that with a little assistance, a little encouragement and incentives and support, are going to be very, very successful in terms of assistance in finding a job.

But they do not need to pushed out and put to this "2-year and you are out" kind of discussion. I find that idea the most disconcerting.

Mr. OWENS. For a long time in New York State we had a debate on whether or not welfare would provide, help keep women on welfare who wanted to go to college. They have to get a special waiver to go for 2 years, and that was permitted for large numbers of women. But then the debate on whether to let anybody go for 4 years. It never got resolved. I think they never did that. Is there any discussion of that?

Throughout the States, I think they have the option for the 2 years. How many States do allow 2 years of college for people on welfare? They can stay on welfare while they are going to college for 2 years.

Mrs. MINK of Hawaii. I am not aware that there is an limitation, but that is certainly a point that needs to be looked at. What I do have a statistic here for the 1991–1992 school year is that 448,643 AFDC recipients were attending college with a Pell Grant. That is a real self-help, a drive, a significant number.

Mr. OWENS. That is good. It probably has improved, the situation, since then, since that debate took place. But there are large numbers.

Mrs. MINK of Hawaii. The picture I am trying to create is a different kind of welfare recipient than what the so-called welfare as we know it kind of myth. These are people that are struggling to improve themselves. They are going to college, getting their GED and participating in the jobs program, which the Congress created in 1988.

The problem with the jobs program, it was under-funded. It did not really reach out to enough of the parents.

In my State there is a long waiting list. Many people want to get on it, want to get the assistance of education and job training.

In 1992, the statistics show only 274 AFDC parents were even on the jobs program. As I understand it, it requires matching. So here is a case in which the Federal Government could take over responsibility of that wonderful program that was enacted in 1988, fully funded, make it a Federal program. And I believe that many, many more of the parents would take advantage of that.

Mr. OWENS. You estimate, according to your statistics, maybe as many as two-fifths of the people on welfare could get off with just some enhancement of the job training and education program.

Mrs. MINK of Hawaii. Easily.

Mr. OWENS. So we would go down from 5 million families to something like 3 million families.

Mrs. MINK of Hawaii. Even 2 million, I believe, we could do that, about 50 percent.

Mr. OWENS. More intelligent, more well-directed job training and education program and a program fully paid for by the Federal Government, because States and local governments have balked at supplying any percentage of the funds needed for the training.

Mrs. MINK of Hawaii. Well, you can just look at the AFDC payments in many of these States. A State like Arizona, $293; Alabama, 124; Florida, 294 per month average family, one-parent family with three, two children.

Mr. OWENS. One parent family with two children gets $124 a month.

Mrs. MINK of Hawaii. That is Alabama, yes. And let us look at Arkansas, $204. My own State, $632, not too bad. California, $694.

Let us look at New York. New York is $703.

I think that the assistance should be standardized. There should be some way in which the government could decide what a family in each of these states requires to sustain themselves, a family of a size of three and that everybody ought to get that same support.

Mr. OWENS. Do you have in your statistics the amount of money that Social Security, children who are beneficiaries of Social Security Survivors Program?

Mrs. MINK of Hawaii. That is not included in this.

Mr. OWENS. That is uniform across the whole country. All children get a certain amount of money. It is generally higher than the amount they receive in AFDC. Every child is understood to be worth, under the Social Security program, a much higher amount than the AFDC program.

Some of the things you have just cited in some States, $124 a month in Alabama for a family of three, you could see why welfare is so rampant and welfare has persisted for so long. In order to really provide an alternative to welfare, to provide training, to provide day care and jobs, a job would cost far more than $124 a month. In fact, it is ridiculous to even think about trying to provide anything significant with $124 a month. So that welfare becomes a symbolic thing that is done by, in this case, the State of Alabama, and some other State. When you compare the cost of living in the State with the amount of money recipients are receiving, it is just as bad.

□ 2240

Welfare is the cheapest form of providing assistance to victims of the economic deficiencies of our society. It is our society that is economically deficient. The least our society can do for any individual is provide an opportunity to earn a living. That is basic. The social contract with human beings is that human beings give up their existence in nature. The do not steal and rob and use their strength and their own abilities to get what they want, because to society, they surrender that to the society to provide ways in which they can meet their needs in some legal way.

We violate a social contract when we create a society where we do not have basic jobs available so people can earn a living. They ought to be able to earn a living. Any time you have a society that does not provide any jobs for people to earn a living, that society is deficient. Our economy is deficient. We should finds ways to provide income-producing opportunities for people, all people.

Welfare has been an alternative, a substitute for meeting the real needs of people. Welfare has been an alternative, a substitute, for this society not meeting its obligations to provide meaningful income for people.

Everybody should be required to work who is able-bodied and can work, but they cannot work if the jobs are not there. As I said before, there is plenty of work to do. There are plenty of things that need to be done to clean up our environment, there are all kinds of human service programs, infrastructure needs to be built. There are all kinds of jobs that could be created, but government must take a role in creating those jobs and take the responsibility for maintaining jobs at a certain level.

If we can maintain jobs and employment at a certain level in a society, then the welfare problem goes down to zero, or down towards zero. It does not go to zero because there are always people who are not able-bodied, there are people who are going to be dependent, the elderly, and there are some children who do not have parents. There are a number of groups that will be dependent, but it can go down to a very small percentage of the total population if you apply yourself to the economic and the job and employment problem in our society.

What we should understand, as we go into this discussion on welfare reform, taxpayers, is that welfare has existed for so long because welfare is the cheapest way to pretend that you are meeting the needs of your society. Welfare is the cheapest way for us to pretend that we are compassionate. It is the cheapest way for us to carry on the myth that we care about the poorest people in our society, to carry on the myth that we care about children. What can we provide for children with $124 a month, or in some other States with higher standards of living, $230 a month? You cannot take care of children properly. You can only symbolically say that you are doing something for them.

If we come to grips with it and deal with it in realistic terms, then we have to provide more income for families, and the way to do that, the number one way to do that, is to have the government have an ongoing job creation program, a job generation program,where they stimulate the economy so that private industry does it all the time, most of the time, and when private industry cannot do it, government provides the jobs to make up for it.

If you manage the economy properly, you can probably stimulate the economy so private industry is able to create the jobs, and you do not have to create the jobs that are run directly by the government, but you must start out with the premise that it is the duty of government to make certain that employment opportunities are out there for everybody at all times. That is the kind of welfare reform that is all-encompassing and most meaningful to all of us.

Mrs. MINK. Absolutely. Again, I emphasize that 43 percent of the AFDC parents work.

Mr. OWENS. They are already working?

Mrs. MINK. Already working. In that 2-year period, they go out to work. But 40 percent return within a year. They do not stay out even 12 months, because——

Mr. OWENS. You have not even mentioned health care, the fact that after they get off AFDC, they cannot get Medicaid, they do not have health care.

Mrs. MINK. That's right. So the whole thing is a tragic kind of circle that we need to make the American people understand better.

Mr. OWENS. I would just like to conclude this portion by including for the record the article entitled "The Fat Cat Freeloaders" that appeared March 6, 1994 in the Washington Post:

[From the Washington Post, Mar. 6, 1994]

THE FAT CAT FREELOADERS—WHEN AMERICAN BIG BUSINESS BELLYS UP TO THE PUBLIC TROUGH

(By James P. Donahue)

The current vogue of welfare reform in Washington is curiously narrow. After all, "ending welfare as we know it" means cutting off, not only the proverbial unwed mothers, but also those indolent corporations that have grown fat feeding at the public trough.

This year, taxpayers will spend $51 billion in direct subsidies to business and lose another $53.3 billion in tax breaks for corporations, according to the Office of Management and Budget and the Joint Committee on Taxation. Those who want welfare recipients to work as a condition of public assistance should expand their efforts to cover corporations dependent on federal largesse.

The most costly form of corporate welfare in 1994 will be subsidies for agribusiness, costing an estimated $29.2 billion. By contract, the federal government will spend $25 billion on food stamps and $15 billion for Aid to Families With Dependent Children (AFDC), two of the programs most critized by conservative in the welfare reform debate. Ignoring the cost of corporate entitlements distorts the welfare debate and leaves most Americans with the false impression that poor people, rather than corporations or middle and upper income individuals, are straining the national budget.

The problem is that corporate welfare has created a culture of dependency that has encouraged certain industries to live off the taxpayers. Year after year, these companies receive subsidies or handouts from the federal government and never learn to fend for themselves. And, unlike the vast majority of poor people who receive public assistance, most corporate welfare recipients are not particularly needy.

One federal bureaucracy that has been especially indulgent of freeloaders is the Bureau of Land Management. The BLM rents out public lands to ranchers for cattle grazing. In 1992, the BLM's annual grazing fee was $1.92 per animal, according to the National Wildlife Federation. But private landowners charge their grazing customers, on average, $9.26 per animal. The low grazing fees amount to a food stamp program for livestock belonging to wealthy ranchers. In 1992, the government's below-market rates cost the taxpayers an estimated $55 million in revenues.

A typical beneficiary of this subsidy is J.R. Simplot of Grandview, Idaho. He paid the government $87,430 for the privilege to graze cattle on public land, according to the National Wildlife Federation. If the government had billed Simplot at free-market prices he would have had to pay $410,524. And it's not as if Simplot is going to suffer without public assistance. He is on the Forbes' 400 list of richest Americans with an estimated net worth of just over $500 million.

A spokesman for Simplot said ranchers need the federal subsidy "to keep their operations going. * * * As Far as the term 'welfare' goes, there's not a lot of money in ranching and it's a damn tough business. It costs more to run a set of cows on public land than it does on private land because there are such vast distances and you've got to haul water for the cattle to drink."

Another federal handout to corporations is the Department of Agriculture's Market Promotion Program. This year the program will give American companies $100 million to advertise their goods and services abroad. The corporate citizens with outstretched palms include some of the biggest names in American business. In 1991 and 1992 Sunkist Growers, Inc. received $17.8 million to promote citrus products, according to the Agriculture Department figures. The Department gave the American Soybean Association $10.4 million in 1992 to promote soybeans. In 1991, Gallo Wines received $5.1 million to promote wine, M&M/Mars received $1.1 million to promote candy bars, the Campbell's Soup Co. received $450,000 to promote V-8 juice and McDonald's took $465,000 to promote Chicken McNuggets.

The government, according to Gallo Wine spokesperson, Dan Solomon, is merely addressing a neglected national problem: the fact that Americans drink more imported than domestic wine. "Export markets are difficult," explains Solomon. "The [market promotion] program has significantly cut the wine deficit in California."

The government's failure to charge reasonable fees or sales prices for mining minerals on publicly-owned land is another form of corporate welfare. Other countries, such as Australia and Canada, do not coddle their mining companies, charging up to 12 percent in rents and royalties, for extracting minerals on public lands. In contrast, the U.S. Interior Department charges no rents or royalties and allows companies to mine government land for virtually nothing. The House Committee on Natural Resources reported last November that in 1988 the government had transferred 20 land titles to private companies in exchange for less than $4,500. The land, according to the General Accounting Office, was worth in the range of $14 million to $48 million.

Perhaps the biggest beneficiary is the American Barrick Resources Corp., based in

Toronto. Since 1987 the company has extracted $8.75 billion (yes, billion) worth of gold from a site in northern Nevada that is the property of the American people. According to the Natural Resources Committee, the federal government is now preparing to sell the land to American Barrick for all of $15,000. Oh yes, the founder of the company paid himself $32 million in 1992.

Vince Borg, a vice president of public affairs for American Barrick, rejects the notion that the company has benefited unduly. He says that American Barrick has spent $11.5 million since 1987 to maintain its claims on the land while awaiting final approval of ownership from the government and has paid $80 million in corporate income taxes. Borg also claims that American Barrick has spent a billion dollars developing the Nevada site. The government's generosity, according to Borg, is "quite contrary to a subsidy * * * it's an investment in highly skilled jobs." American Barrick employs 1,500 people at the mine in Nevada, a rather modest payoff for the loss of $8.75 billion in gold.

Deadbeat corporations also take advantage of the taxpayers. For example, forestry companies that signed contracts to purchase government timber at a set price in the mid-1980s and then defaulted owe the U.S. Treasury $135.6 million. The corporations claim that they are justified in breaching the contracts because of falling lumber prices. But there's no reason why taxpayers should have to protect companies in pursuit of profits from normal business risks. Hampton Tree Farms, Inc. of Portland, Oregon, for example, owe the government more than $18 million in 1993 for 11 timber purchase agreements during the 1980s. A federal court dismissed the government's claim in nine of the purchase agreements on a technicality, a ruling that the government is challenging. The parent company, Hampton Resources, is one of the largest wood products companies in Oregon and owns 66,000 acres of timberland in the state. Its refusal to reimburse the taxpayers on the two outstanding purchase agreements is costing the taxpayers still more.

Another example: In 1990 the Forest Service incurred between $35.6 million and $112.2 million in expenses while selling the public's timber, but failed to recover this cost in its sales prices. The net effect is that the public spent the money to help corporations purchase timberland that was exploited for private profit.

Major pharmaceutical companies are on the federal dole too. While the Government pays for a substantial portion of the research in developing new drugs to fight disease, private drug makers are provided exclusive rights to market and profit from them. Rep. Ron Wyden (D-Ore.) told a congressional hearing in 1993 that U.S. taxpayers had spent $32 million over 15 years to develop Taxol, an anti-cancer drug. Wyden reported that Bristol-Myers Squibb was provided extensive government data and exclusive commercial rights to Taxol in 1991 at which time it charged patients $986 for a three-week's supply. The drug company declined to provide the National Institutes of Health with any data about what it spent on developing Taxol or on how it established the drug's price; Wyden estimated that Bristol-Myers Squibb's price was six to eight times the production cost of the drug. Cancer patients have already helped finance the invention of Taxol once as taxpayers. Why should they have to pay Bristol-Myers a second time as consumers?

Corporate welfare is sometimes rationalized on grounds that it promotes "competitiveness" and provides a level playing field against unfairly advantaged companies. The Agriculture Department's Export Enhancement Program is supposed to help U.S. agribusiness compete against foreign firms subsidized by their goverments. Private companies receive free shipments of wheat, corn and other commodities from U.S. government preserves. Between 1985 and 1989 Cargill, Inc., Continental Grain Co. and Louis Dreyfus Corp. received commodities worth $444 million, $429 million and $300 million respectively from the government. Think of it as government cheese for hungry corporations.

Given that corporate welfare represents only a tiny fraction of the overall net worth of corporate America, shouldn't its societal benefit be scrutinized at least as closely and widely as AFDC? The "two years and out" proposal for individual welfare recipients should be linked with a similar time limit on corporate welfare payments.

More generally, we need to expand what we mean by welfare reform. President Clinton, who recently appointed the members of an "Entitlements Commission" to deliberate how best to reduce the cost of "entitlements," should broaden the definition of the panel's work to cover business entitlements, too. It's time to take the corporate welfare Cadillac off the road.

THOUGHTS ON WELFARE REFORM

The SPEAKER pro tempore. (Mr. LAUGHLIN). Under a previous order of the House, the gentlewoman from Hawaii [Mrs. MINK] is recognized for 60 minutes.

Mrs. MINK of Hawaii. Mr. Speaker, I thank the Speaker for affording me the opportunity to continue on with this discussion. It is a very complex issue.

Mr. Speaker, the matter that I want to turn to now is a proposal that comes from our colleague, JAN MEYERS of Kansas. She has proposed that one of the ways to deal with this problem of welfare reform is to require teenagers under the age of 18 who become pregnant and have a child as a single parent be required to live at home.

As I said earlier, I am not for forcing people by law, by mandating, that they go to work. I believe that given the incentives and the support of child care and so forth, that these parents will go to work. They can improve themselves. Just by earning minimum wage, they would get better than $125 a month.

On this teenage parent situation, perhaps the moral argument ought to be that society should try to encourage the teenager to stay at home and remain with their parents, but this cannot always be the case. You might have an abusive family situation, totally disengaged with the reality of providing the support for this teenaged parent, and so again, I do not support the idea of creating a mandate that applies to all teenagers below the age of 18.

In raising this issue, the proponents of this idea leave the impression that out of the 9 million children that we are dealing with, that we have a huge number of teenagers that are mothers. This is not the case at all. Again, I have asked for the statistics from the Census Bureau and the Department of Health and Human Services, and their reports that I have here indicate that we are talking about a very, very small number of individuals, very small.

Totally, in the whole United States, in terms of female adult AFDC recipients by age, totally in the United States, out of the nearly 4 million in this particular census period, those teenaged mothers between the ages of 14 and 15 number, countrywide, 3,932; 16 years of age, they number 11,795; 17 years of age, they number 31,453.

I submit that those are not such large numbers as to require a Federal mandate. It is not such a huge problem that we have to deal with it in this sort of punitive way. We can create incentives so that the young teenaged mother would stay at home by allowing Federal support, irrespective of the fact that the parents are wage earners and maybe earn more than the family income criteria would require, and in some way encourage that teenager to maintain her household in that environment.

However, to go and force such a child to live in a home where her situation might be tenuous, at best, I thing is the wrong way to go.

Mr. OWENS. Will the gentlewoman yield?

Mrs. MINK of Hawaii. Yes, I will be happy to yield.

Mr. OWENS. You have said that the plans that are being developed by the White House indicate they want to focus in on the youngest welfare recipients, which means that the ones coming in now, the youngest ones, would have the youngest children.

Mrs. MINK of Hawaii. Exactly.

Mr. OWENS. Is there any scientific evidence that supports their reasoning there in terms of the taking away out of the home, or they are saying they are going to cut them off in 2 years? It means a woman with a new baby, the baby is 2 years old, taking the mother away from a 2-year-old baby. Does that jibe with current scientific evidence about raising children? Or will it do more harm than good by throwing those children into an artificial situation? Even the best day care cannot make up for what a mother could do at home. Are they considering all of this?

Mrs. MINK of Hawaii. It goes exactly against the best scientific information, which says the best nurturer of the child is the mother of the child.

□ 2250

So to break up this relationship in a forceful manner by mandating a law that requires this seems to me an abrogation of our public policy stances, which has always been to support the family. We always stand up and say, "I am for the family," and we debate how

much we excel in terms of your beliefs in the family and mine. And yet when it comes to something like welfare reform, we somehow feel that we can abrogate these fundamental beliefs, and I think that is wrong.

Mr. OWENS. Do they give any reasons for singling out this particular category?

Mrs. MINK of Hawaii. I must admit that I was shocked in talking to some of the members of the task force. They argue that they must start with the youngest in order that welfare does not become as habit.

Mr. OWENS. Oh, I see.

Mrs. MINK of Hawaii. They are into this myth, welfare as we know it, myth.

Mr. OWENS. What about the habits of the mothers who are on welfare and the child is 6 years old? They are saying that they cannot be saved?

Mrs. MINK of Hawaii. Cannot be saved.

Mr. OWENS. It is more reasonable to take the 5-year-old and 6-year-old as the cutoff point where the child is older and able to go to Head Start or school, kindergarten or regular school, and they are just going to overlook all of the evidence that all of the psychologists and the experts on raising children have shown? So we are going to create a generation of scarred children who do not get the nurturing, who have a multitude of problems.

Mrs. MINK of Hawaii. Separated from their mothers.

Mr. OWENS. So we have to have more support services for them when they get to regular school, and then eventually they are going to have a larger percentage of the juvenile delinquents, and later on the criminals. We are just going to throw away all scientific evidence and march into something on the basis of not much sound evidence.

Mrs. MINK of Hawaii. Current Federal law says if the mother has a child 3 years or younger they cannot even be part of the jobs programs. So we have always kept to this idea that the best nurturer of a young child is the mother. But of course if she wants to go out to work, then we help to find child care. But this is a forcible policy that they are trying to enact, a requirement that unless you sign up, the day you register for welfare you have to sign a contract with the Government saying yes, I will go for education; yes, I will go for job training; yes, I will be in a job within 2 years. That is the contract that you have to sign to go on welfare if this whole program comes about.

So what we are doing is forcibly requiring these young mothers with infants to sign up in order to get welfare, cash assistance, to say that they will abandon their children and seek a job outside the home.

Many of the mothers do that. I certainly as a person who has stood for women's rights and opportunities have always said women ought to have that option if they wish to work. But certainly I do not believe it is appropriate for the Federal Government to pass a law that requires this policy.

Mr. OWENS. We are driven by some forces that are irrational here. I said before I hope welfare reform does not become revenge on the poor where we throw away any reason because there is a scream out there by people who really do not know who the fat cats on welfare are, and do not realize they are being swindled out of their taxpayers' money day in and day out by people who are in some cases billionaires. They just see poor people and they want to get revenge, get rid of any benefits that they are getting, and they lose their perspective, we lose our perspective and we create more problems than we solve. We are going to scar and hurt children in ways that will make it more costly for society in the future.

I want to thank the gentlewoman from Hawaii. I am going to have to leave now, but I look forward to further dialogues with her. I hope that the American people are watching closely as we develop this welfare reform program. The gentlewoman has facts and statistics and is on top of the program and following the development of the plans in a way which is commendable, and I look forward to the use of her monitoring of the program as a resource. I have in my district large numbers of people who are on welfare. I have large numbers of people on welfare who tell me all of the time that they would like very much to get off. Nobody seems to want to stay on welfare. And one of the major problems they point out right away is that they cannot find a job, and the jobs that they find do not have health care. And immediately, if you have a child, the first thing you worry about is being able to have some way to deal with their health problems that will not cost you an arm and a leg. They just cannot on a minimum wage job, and most of the jobs are minimum wage jobs, where they can barely make ends meet in terms of food, clothing, and shelter, and if the child gets sick, if you do not have health care, you are wiped out. And I imagine that many of the mothers, you say they leave welfare and they come back, I would wager if a detailed study and analysis were made of why they come back, a sick child probably is often one of the reasons that they come back.

We want welfare reform. I am all for welfare reform. I am all for the principle that people should not accept any Federal handouts, any government subsidies, you know, without a closed end. It should not be on and on assistance, it should not go on and on without some kind of a terminal point.

But that should apply across the board to everybody, all Federal subsidies, all assistance to victims. And I think that if there is going to be a 2-year rule for welfare, we ought to calculate how much money is involved in that. It may be that even in very liberal States like Hawaii and New York we are talking about $15,000 a year as a subsidy, which over a 2-year period would be $30,000, and that may be the standard, $30,000 of assistance to all victims in America. If you are a victim of anything, if you are a victim of an earthquake you are entitled to $30,000.

If you are victim of a flood, you are entitled to $30,000 worth of assistance. If you are a victim of a hurricane you are entitled to $30,000 worth of assistance. The farmers, they have already gotten their $30,000 a long time ago. But maybe we will give them 2 more years at $30,000 a piece, and the ranchers who are grazing on the lands for free, and making big profits, we give them $30,000 worth of discounted grazing, and that is it.

Let us be fair right across the board, and we would save a lot of money by being fair, having the same standard apply to them, and we would save a lot of money that would allow us to be able to provide the kinds of job training, and the kinds of education and child care that would solve the welfare problem.

It is a pleasure to hold this discourse with the gentlewoman, and I look forward to it in the future.

Mrs. MINK of Hawaii. I thank the gentleman very much for his support this evening.

In discussing welfare, there is just so much information that I feel that the American public ought to have to understand what we are talking about. People have some impressions about welfare, but I do not feel that they are really necessarily based on facts.

Going back to this teenage parents, talking about it one gets the impression that there are millions of these teenage mothers out there on welfare. The fact is that they are remarkably few in number, as I indicated.

The gentlewoman from Kansas, who has proposed this idea of requiring the teenager under 18 to remain at home, in her State there are as total of 24,824 female adults who are on AFDC, and these are statistics from October 1991 to September 1992. In the age group 14 to 15 years of age, Kansas had zero teenagers, none whatsoever. In the 16-year category they had a total of 74 out of the 24,824 total AFDC recipients. In the 17-age category there were only 99 youths, young mothers. And this provides a grand total of 173 youths that would be affected by such a rule.

The problem is not very large. It is small. The States ought to be able to handle it on a one-to-one basis. The caseworkers ought to be able to go and talk to the young mother and find out what is best for that family situation.

There ought not to be a law that requires a certain action to be taken under those circumstances.

□ 2300

Even a big State like California with 575,000 females on AFDC in the age category of 14 to 15 years of age, there were only 1,151, and in the same category of 16, the same number, and in age 17, 4,027, for a total of 6,329 all total.

The statistics are available. The Commerce Department has provided the information. For my own State, I wanted to insert in the RECORD that in Hawaii under this particular table we had 14,646 females; in the age category of 14 to 15, zero; at age 16 years of age, only 29; and 17 years of age, only 29, and these statistics are available, and you can request them from the census or in your own libraries across the country look up this information.

There is one other subject that I wanted to mention before closing my special order this evening, one that I think raises some very grave concerns for the Congress and for the general public.

I know how popular it is to zero in on foreigners and aliens and to argue that the country has no responsibility to aliens in our midst. Our country has always had a policy of inviting people from all countries, all walks of life, all kinds of economic circumstances under a very strict quota basis, under very strict requirements, under strict refugee requirements to come to the United States and to make it their home, our home. That has always been the policy of the United States.

Under Supreme Court decisions, we have always maintained that one who is legally in the United States must be accorded the same treatment that U.S. citizens are treated and, therefore, we have struggled not to make any distinctions between those who lack citizenship but who are legally here in the United States.

This is different from the illegal immigrant problem. There you have special concerns, and we need to deal with those separately.

One of the suggestions that the welfare task force has come up with to try to raise the moneys necessary to pay for welfare reform is to take legal immigrants off of certain entitlement programs, Medicare, welfare, SSI, and a range of other things in the hope that by doing this they could raise enough money to pay for the welfare reform package. I think that this is a very bad idea. It reduces our country to setting up a different category of treatment or concern, compassion for people within the United States.

There is even a bill in the Congress that suggests that if you were born of an illegal parent that you could not become a U.S. citizen. That is a violation of the very basic policies throughout the world. Wherever you are born you are a citizen of that country, and so many of these ideas are now kind of impinging upon rational thought, and so here we have a suggestion that legal immigrants ought to be treated differently in terms of many of our programs.

I saw a very interesting article in today's Washington Post, and it is entitled, "Immigrants' Benefits At Risk; House Alliance Wants Fund For Welfare Reform."

What is interesting about the article is it states 85 percent of the noncitizen SSI recipients live in seven States, California, Texas, Florida, Illinois, New York, Connecticut, and one or two others. I did not discern it from the map. It also states that those who are legally in the United States, that the very largest number come from Mexico, 93,000. These are legal immigrants that would be affected by this ruling. There are 35,590 from the Philippines; there are 32,000 that have fled Cuba and have come to the United States and are legally within the United States; there are 30,000 from China who came after the uprising in China and were legally admitted into the United States; 30,990 Chinese; there are 40,030 Soviet Jews who are legally in the United States that would be affected by this program; 17,990 Vietnamese whom we invited to come to this country at the end of the Vietnamese war; 13,000 Laotians and 11,000 Cambodians. These are the people that are going to be affected by the harsh kind of recommendations that are coming from the welfare reform task force, saying that notwithstanding that they have been for some reason or another given legal status in the United States, coming in, fleeing their country, from Cuba, from Vietnam, from the Soviet Union's oppression of the Jews, coming from Laos and Cambodia from very difficult circumstances, that now because we have to find funds to support the welfare reform program that the benefits that they would otherwise be entitled to would be terminated.

No wonder word has come out from the White House that there was some vigorous discussion about such a proposal, and I would hope that the idea has been scrapped and that they will look for other ways suggested by the gentleman from New York for the funds that are necessary.

The important point in what the administration is struggling at this point is we have the criteria for reform which is education, training, counseling, job search, finding the job in the public or private sector, and then being able to assure child care for the single parent so that they could actually hold a job down, and the reality is setting in that this is a very expensive endeavor. And if we are to accomplish this reform as it is now described, moneys have to be found.

The current welfare program is costing the Federal Government about $17 billion. That is 1 year, $17 billion. My own personal estimates on the cost of what I know my friends are paying for child care today that we are going to perhaps double or triple that amount of money with just the addition of child care, not to mention what the costs of education and training are going to be. Child care for most families on welfare, according to the statistics I have seen, require about a quarter of what that family earns just to take care of the child care expenses. So no wonder that after a few months off of welfare they find it impossible to survive when they have to come back for the cash assistance that welfare affords.

This problem is a very difficult one, because it cannot be solved by simply passing laws that have no budget consequence. This is a reform effort that is going to be extremely costly, and what we are really dealing with is the systemic problem of poverty and the problem of trying to help people find jobs, suitable jobs that can lift them up out of poverty. I hope that the administration will carefully look at these questions that many of us have been raising in special orders and in correspondence and in "Dear Colleague" letters that have been circulated and join hands with us in looking at all the alternatives that we have suggested as probably appropriate, if not more appropriate ways to deal with this problem.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PICKLE (at the request of Mr. GEPHARDT), for March 23 after 4 p.m. and the balance of the week, on account of illness.

Mr. LEWIS of Florida (at the request of Mr. MICHEL), for today, on account of family business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DREIER) to revise and extend their remarks and include extraneous material:)

Mr. BACHUS of Alabama, for 5 minutes, today.

Mr. DREIER, for 5 minutes, today.

Mr. DORNAN, for 5 minutes, today.

Mr. KOLBE, for 5 minutes, today.

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 5 minutes, today.

Mr. RICHARDSON, for 5 minutes, today.

Mr. EDWARDS of Texas, for 5 minutes, today.

Mr. SANDERS, for 5 minutes, today.

Mrs. CLAYTON, for 5 minutes, today.

Mr. BROWN of California, for 5 minutes, today.

Mr. STRICKLAND, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. KINGSTON, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DORNAN, and to include extraneous matter notwithstanding the fact that it exceeds 2 pages of the RECORD and is estimated by the Public Printer to cost $3,382.

Mr. LEACH, and to include extraneous matter notwithstanding the fact that it exceeds 2 pages of the RECORD and is estimated by the Public Printer to cost $5,002.

ADJOURNMENT TO TUESDAY, APRIL 12, 1994

Mrs. MINK of Hawaii. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore (Mr. LAUGHLIN). Pursuant to the provisions of House Concurrent Resolution 232 of the 103d Congress, the House stands adjourned until 12 noon, Tuesday, April 12, 1994.

Thereupon (at 11 o'clock and 10 minutes p.m.), pursuant to House Concurrent Resolution 232, the House adjourned until Tuesday, April 12, 1994, at 12 noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2846. A letter from the Assistant Secretary of the Army (Installations, Logistics and Financial Management), Department of Defense, transmitting notification of emergency munitions disposal, pursuant to 50 U.S.C. 1512(4) and 1518; to the Committee on Armed Services.

2847. A letter from the Secretary of the Air Force, transmitting notification that certain major defense acquisition programs have breached the unit cost by more than 15 percent, pursuant to 10 U.S.C. 2431(b)(3)(A); to the Committee on Armed Services.

2848. A letter from the Secretary of the Navy, transmitting notification that certain major defense acquisition programs have breached the unit cost by more than 15 percent, pursuant to 10 U.S.C. 2431(b)(3)(A); to the Committee on Armed Services.

2849. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 10-212, "Public Utility Environmental Impact Statement Electrical Amendment Act of 1994," pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2850. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 10-210, "Cogeneration Facilities Appropriateness Standards Act of 1994," pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2851. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 10-209, "Anti-Gender Discriminatory Language Criminal Offenses Amendment Act of 1994," pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2852. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 10-208, "Immunity for Juveniles who are Witnesses in Juvenile Proceedings Act of 1994," pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2853. A letter from the Chairman, Securities and Exchange Commission, transmitting the Commission's 1993 annual report of its activities, pursuant to 15 U.S.C. 78w(b); to the Committee on Energy and Commerce.

2854. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting notification of the President's exercise of his authority under 614(a)(1) of the Foreign Assistance Act of 1961 (Determination No. 94-17), pursuant to 22 U.S.C. 2364(a)(2); to the Committee on Foreign Affairs.

2855. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting copies of the original report of political contributions by William J. Crowe, Jr., of Virginia, to be Ambassador to the United Kingdom of Great Britain and Northern Ireland, and members of his family, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

2856. A letter from the Senior Deputy Assistant, Agency for International Development, transmitting a report on economic conditions prevailing in Turkey that may affect its ability to meet its international debt obligations and to stabilize its economy, pursuant to 22 U.S.C. 2346 note; to the Committee on Foreign Affairs.

2857. A letter from the Executive Director, National Capital Planning Commission, transmitting the annual report on the activities of the Inspector General for fiscal year 1993, pursuant to Public Law 95-452, section 5(b) (102 Stat. 2526); to the Committee on Government Operations.

2858. A letter from the Executive Secretary, National Labor Relations Board, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 1993, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

2859. A letter from the Assistant Vice President, National Railroad Passenger Corporation, transmitting a report of activities under the Freedom of Information Act for calendar year 1993, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2860. A letter from the Secretary of the Interior, transmitting the 1993 annual report for the Office of Surface Mining Reclamation and Enforcement [OSM], pursuant to 30 U.S.C. 1211(f), 1267(g), 1295, 1279(b), and 1241; to the Committee on Natural Resources.

2861. A letter from the Chairman, Advisory Council on Historic Preservation, transmitting a copy of the 1993 activities report to the President and Congress, pursuant to 16 U.S.C. 470(b); to the Committee on Natural Resources.

2862. A letter from the Secretary of Transportation, transmitting the annual report of activities of the Department's administration of the Deepwater Port Act, pursuant to 33 U.S.C. 1519; to the Committee on Public Works and Transportation.

2863. A letter from the Secretary of Transportation, transmitting a report on the national maximum speed limits, travel speeds, enforcement efforts and speed related highway statistics for fiscal year 1992, pursuant to Public Law 102-240, section 1029(e) (105 Stat. 1970); to the Committee on Public Works and Transportation.

2864. A letter from the Acting Assistant Secretary for Civil Works, Department of the Army, transmitting the results of the 1992 update of the national inventory of dams, pursuant to Public Law 99-662; to the Committee on Public Works and Transportation.

2865. A letter from the Senior Vice President, Tennessee Valley Authority, transmitting a copy of the Authority's statistical summaries as part of their annual report for the fiscal year beginning October 1, 1992, and ending September 30, 1993, pursuant to 16 U.S.C. 831h(a); to the Committee on Public Works and Transportation.

2866. A letter from the Comptroller of the Department of Defense, transmitting a report pursuant to section 108 Public Law 102-229; jointly, to the Committees on Foreign Affairs and Appropriations.

2867. A letter from the Director, Office of Civilian Radioactive Waste Management, Department of Energy, transmitting notification of the delay in the completion of a report concerning spent nuclear fuel and high-level radioactive waste; jointly, to the Committee on Natural Resources and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 4066, A bill to suspend temporarily the duty on the personal effects of participants in, and certain other individuals associated with, the 1994 World Cup Soccer Games, the 1994 World Rowing Championships, the 1995 Special Olympics World Games, the 1996 Summer Olympics, and the 1996 Paralympics (Rept. 103-454). Referred to the Committee of the Whole House on the state of the Union.

Mr. MINETA: Committee on Public Works and Transportation. S. 1206, An act to redesignate the Federal building located at 380 Trapelo Road in Waltham, MA, as the "Frederick C. Murphy Federal Center" (Rept. 103-455). Referred to the House Calendar.

Mr. MINETA: Committee on Public Works and Transportation. H.R. 3693. A bill to designate the U.S. courthouse under construction in Denver, CO as the "Byron White United States Courthouse" (Rept. 103-456). Referred to the House Calendar.

Mr. MINETA: Committee on Public Works and Transportation. H.R. 3770. A bill to designate the U.S. courthouse located at 940 Front Street in San Diego, CA, and the Federal building attached to the courthouse as the "Edward J. Schwartz Courthouse and Federal Building" (Rept. 103-457). Referred to the House Calendar.

Mr. BROOKS: Committee on the Judiciary. H.R. 4017. A bill to amend title 28, United States Code, to prevent racially discrimina-

tory capital sentencing (Rept. 103–458). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on the Judiciary. H.R. 4033. A bill to assist in the prevention of crime by initiating a comprehensive community justice program; with an amendment (Rept. 103–459, Pt. 1). Ordered to be printed.

Mr. BROOKS: Committee on the Judiciary. H.R. 3979. A bill to amend title 18, United States Code, with respect to certain mandatory minimum sentences; with an amendment (Rept. 103–460). Referred to the Committee of the Whole House on the State of the Union.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. MINETA: Committee on Public Works and Transportation. H.R. 3567. A bill to amend the John F. Kennedy Center Act to transfer operating responsibilities to the Board of Trustees of the John F. Kennedy Center for the Performing Arts, and for other purposes, with an amendment; referred to the Committee on Natural Resources for a period ending not later than April 29, 1994, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of the committee pursuant to clause 1(n), rule X (Rept. 103–453, Pt. 1). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MONTGOMERY (for himself and Mr. ROWLAND):

H.R. 4124. A bill to amend title 38, United States Code, to reform health care policy in the Department of Veterans Affairs; to the Committee on Veterans' Affairs.

By Mr. HUGHES (for himself and Mr. SAXTON):

H.R. 4125. A bill to improve the national flood insurance program to increase the stability of the National Flood Insurance Fund through improved risk management, enhanced compliance, and incentives for mitigation, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Ms. LOWEY (for herself, Mr. LEWIS of Georgia, Mr. FROST, Mr. PARKER, Mr GENE GREEN of Texas, and Mr. FALEOMAVAEGA):

H.R. 4126. A bill to offer States a national welfare reform option and incentives to implement the welfare reform option, to strengthen child support enforcement, to provide all States with the flexibility and resources necessary to promote work and self-sufficiency, to expand access to affordable child care, and for other purposes; jointly, to the Committee on Ways and Means and Education and Labor.

By Mr. BARCA of Wisconsin (for himself, Mr. HANSEN, Mr. THOMAS of Wyoming, Mr. CONDIT, and Mr. PETERSON of Minnesota):

H.R. 4127. A bill to require the Secretary of the Treasury to biannually pay to State and local governments compensation for direct costs incurred by those governments in complying with Federal mandates; to the Committee on Government Operations.

By Mr. BROWN of Ohio (for himself, Mr. DINGELL, Mr. WAXMAN, and Mr. STOKES):

H.R. 4128. A bill to require providers of home infusion therapy services to be licensed and to limit physician referrals for services in which the physician has a financial interest; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mrs. CLAYTON:

H.R. 4129. A bill to provide needed credit and financial services to rural residents, public services, and business enterprises, and for other purposes; to the Committee on Agriculture.

By Mr. DARDEN (for himself, Mr. LIGHTFOOT, and Mr. HOYER):

H.R. 4130. A bill to require that all Federal recurring payments be paid by electronic funds transfer, and for other purposes; to the Committee on Government Operations.

By Mr. DARDEN:

H.R. 4131. A bill to amend the Internal Revenue Code of 1986 to make the income tax more equitable for families; to the Committee on Ways and Means.

By Mr. GEJDENSON:

H.R. 4132. A bill to amend the Truth in Lending Act to provide for a cap on consumer credit card interest rates; to the Committee on Banking, Finance and Urban Affairs.

By Mr. GRANDY (for himself, Mr. ROSE, Mr. LEWIS of Florida, Mr. LIGHTFOOT, Mr. LEACH, and Mr. NUSSLE):

H.R. 4133. A bill to expand the Tree Assistance Program of the Department of Agriculture to assist agriculture producers to pay the costs of replanting commercially grown trees and seedlings, ornamental plants, and other perennial plants that are destroyed by damaging weather or related condition and to change the manner of determining crop yields for trees and seedlings, ornamental plants, and other perennial plants for purposes of emergency crop loss assistance; to the Committee on Agriculture.

By Mr. GUNDERSON:

H.R. 4134. A bill to establish a reserve fund to reimburse milk producers for losses incurred as a result of the bankruptcy of a milk handler that marketed raw milk from the producers, to provide funds for the reserve fund through an assessment on all milk handlers, and to establish a Board of Trustees to administer the reserve fund; to the Committee on Agriculture.

By Mr. HALL of Texas (for himself, Mr. ROEMER, Mrs. JOHNSON of Connecticut, Mr. MURPHY, Mr. LEWIS of California, Mr. WHEAT, and Mr. DARDEN):

H.R. 4135. A bill to authorize the minting of coins to commemorate the 175th anniversary of the founding of the U.S. Botanic Garden; to the Committee on Banking, Finance and Urban Affairs.

By Mr. HERGER (for himself, Mr. KLECZKA, Mr. MCDADE, Mr. CONDIT, Mr. LEWIS of Florida, Mr. POSHARD, Mr. EMERSON, Mr. MORAN, Mr. BUYER, Mr. MCHUGH, Mr. OXLEY, Mr. HANSEN, Mr. HEFLEY, Mr. EWING, Mr. POMBO, Mr. BONILLA, Mr. DELAY, Mr. HASTERT, Mr. DOOLITTLE, Mr. BAKER of California, Mr. FAWELL, Mr. BAKER of Louisiana, and Mr. MANN):

H.R. 4136. A bill to amend title II of the Social Security Act to institute certain reforms relating to the provision of disability insurance benefits based on substance abuse and relating to representative payees, and for other purposes; to the Committee on Ways and Means.

By Mr. HYDE (for himself and Mr. WILSON):

H.R. 4137. A bill to amend the National Security Act of 1947 to improve counterintelligence measures through enhanced security for classified information, and for other purposes; jointly, to the Committees on Intelligence (Permanent Select), the Judiciary, Banking, Finance and Urban Affairs, and Post Office and Civil Service.

By Mr. JACOBS (for himself, Mr. GRANDY, Ms. WATERS, Mr. MAZZOLI, Mr. FRANK of Massachusetts, Mr. BLUTE, Mr. WYNN, and Mr. BURTON of Indiana):

H.R. 4138. A bill to amend the Internal Revenue Code of 1986 to provide that the amount of an overpayment otherwise payable to any person shall be reduced by the amount of past-due, legally enforceable State tax obligations of such person; to the Committee on Ways and Means.

By Mr. JOHNSON of South Dakota (for himself, Mr. COMBEST, Mr. POMEROY, Mr. ROSE, Mr. PENNY, Ms. LONG, Mr. INSLEE, Mr. KINGSTON, Mr. SARPALIUS, Mr. MINGE, Mr. HOLDEN, and Mr. GLICKMAN):

H.R. 4139. A bill to authorize the use of the general counsel of the Department of Agriculture and other attorneys in collecting claims and obligations under the farm loan programs carried out by the Farmers Home Administration; to the Committee on Agriculture.

By Mr. LAFALCE:

H.R. 4140. A bill to amend the Bankruptcy Act to make small business investment companies and specialized small business investment companies ineligible to file bankruptcy, and for other purposes; to the Committee on the Judiciary.

By Mr. LAZIO (for himself, Mrs. ROUKEMA, Mr. SCHUMER, Mr. PENNY, Mr. BAKER of Louisiana, Mr. FLAKE, Mr. KNOLLENBERG, Mr. BEREUTER, Mr. BLUTE, Mr. EWING, Mr. MCCANDLESS, Mr. RANGEL, Mr. ACKERMAN, Mr. FISH, Mr. GUNDERSON, Mr. CALVERT, Ms. PRYCE of Ohio, and Mr. FROST):

H.R. 4141. A bill to amend section 8 of the United States Housing Act of 1937 to provide rental assistance to obtain new residences for families residing in dwelling units assisted under such section or in public housing, who provide information regarding criminal activity to law enforcement agencies and are subject to violence because of providing such information; to the Committee on Banking, Finance and Urban Affairs.

By Mr. LEHMAN (for himself, Mr. BERMAN, Mr. SMITH of New Jersey, Mr. FRANK of Massachusetts, Mr. MOORHEAD, Mr. PALLONE, Mr. BILBRAY, Mr. TORRES, Mr. ANDREWS of New Jersey, Mr. BONIOR, Mr. KENNEDY, Mrs. ROUKEMA, Mr. KLEIN, and Mr. MENENDEZ):

H.R. 4142. A bill to prohibit U.S. foreign assistance to countries that restrict the transport or delivery of U.S. humanitarian assistance to other countries; to the Committee on Foreign Affairs.

By Mrs. MALONEY (for herself, Mr. SCHUMER, Mr. KLEIN, Mr. DEUTSCH, Mr. GUTIERREZ, Mr. FOGLIETTA, Mr. TOWNS, Mr. OWENS, Mr. NADLER, Mr. PAYNE of New Jersey, Mr. SCOTT, Mr. FILNER, Mr. LIPINSKI, Mr. MENENDEZ, and Mr. HILLIARD):

H.R. 4143. A bill to authorize the Secretary of Housing and Urban Development to make grants to nonprofit community organizations for the development of open space on municipally owned vacant lots in urban

areas; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MATSUI:

H.R. 4144. A bill to amend the Internal Revenue Code of 1986 with respect to the treatment of crops destroyed by casualty; to the Committee on Ways and Means.

By Mr. MCCLOSKEY for himself, Mr. MACHTLEY, Mr. MOAKLEY, Mr. NEAL of Massachusetts, Mr. KENNEDY, Mr. FRANK of Massachusetts, Mr. SCHUMER, Mr. QUINN, Mr. WALSH, Mr. APPLEGATE, Mr. CALVERT, Mr. CONYERS, Mr. COYNE, Mr. GILMAN, Mrs. MALONEY, Mr. MANTON, and Ms. MOLINARI):

H.R. 4145. A bill to require the Attorney General and the Secretary of State to designate Ireland as a pilot program country for purposes of this visa waiver pilot program; to the Committee on the Judiciary.

By Mr. MCCOLLUM (for himself, Mr. DEUTSCH, Mr. TORKILDSEN, and Mr. ROWLAND):

H.R. 4146. A bill to amend the Federal Deposit Insurance Act to clarify provisions intended to protect the Corporation from having bank loans or other assets diluted by secret side agreements; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MCNULTY:

H.R. 4147. A bill to establish the Hudson and Mohawk Rivers National Heritage Corridor in the State of New York, and for other purposes; to the Committee on Natural Resources.

By Mr. MEEHAN:

H.R. 4148. A bill to establish the National Commission on Gay and Lesbian Youth Suicide Prevention; to the Committee on Energy and Commerce.

By Mr. MONTGOMERY:

H.R. 4149. A bill to amend title 10, United States Code, to provide a charter for the National Guard Bureau, otherwise to improve the administration of the National Guard, and for other purposes; to the Committee on Armed Services.

By Mr. MURPHY (for himself, Mr. PETRI, Mr. ANDREWS of New Jersey, and Mr. FAWELL):

H.R. 4150. A bill to amend the Fair Labor Standards Act of 1938 to make uniform the application of the overtime exemption for inside sales personnel; to the Committee on Education and Labor.

By Mr. NADLER:

H.R. 4151. A bill to amend title 35, United States Code, to provide for the compulsory licensing of the patents for certain products which have not been commercially marketed or used; to the Committee on the Judiciary.

By Mr. OLVER:

H.R. 4152. A bill to authorize the Attorney General to provide grants for domestic court advocacy programs; to the Committee on the Judiciary.

By Mr. POMEROY (for himself, Mr. BAESLER, Mr. HOLDEN, Ms. LONG, Mr. PETERSON of Minnesota, Mr. SARPALIUS, Mr. SLATTERY, and Mr. TEJEDA):

H.R. 4153. A bill to amend the Agricultural Credit Act of 1987 to expand the types of agricultural issues covered by State mediation programs; to the Committee on Agriculture.

By Mr. REED:

H.R. 4154. A bill to amend section 377 of title 28, United States Code, to designate certain retired bankruptcy judges and magistrate judges as senior judges; to the Committee on the Judiciary.

By Mr. RICHARDSON:

H.R. 4155. A bill to provide for the management of Federal lands in a manner that does not undermine or frustrate traditional Native American religions or religious practices; to the Committee on Natural Resources.

By Mr. SMITH of New Jersey:

H.R. 4156. A bill to amend title 38, United States Code, to add bronchioloalveolar carcinoma to the list of diseases presumed to be service-connected for certain radiation-exposed veterans; to the Committee on Veterans' Affairs.

By Mr. THOMAS of Wyoming (for himself, Mr. HANSEN, Mr. SKEEN, Mr. ALLARD, Mr. BOEHNER, Mr. CALVERT, Mr. CUNNINGHAM, Mr. DELAY, Mr. DOOLITTLE, Mr. DUNCAN, Mr. EMERSON, Mr. GALLEGLY, Mr. HEFLEY, Mr. KOLBE, Mr. LEWIS of California, Mr. LIVINGSTON, Mr. MCCANDLESS, Mr. MCINNIS, Mr. POMBO, Mr. ROBERTS, Mr. SCHAEFER, Mr. SMITH of Oregon, Mr. STUMP, Mr. TAYLOR of North Carolina, Mrs. VUCANOVICH, and Mr. YOUNG of Alaska):

H.R. 4157. A bill to transfer the lands administered by the Bureau of Land Management to the State in which the lands are located; to the Committee on Natural Resources.

By Ms. VELAZQUEZ:

H.R. 4158. A bill to establish the Lower East Side Tenement Museum National Historic Site; to the Committee on Natural Resources.

By Ms. WATERS (for herself and Mr. BISHOP):

H.R. 4159. A bill to encourage gainful employment among the residents of public housing, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. WAXMAN (for himself and Mr. STUDDS):

H.R. 4160. A bill to amend the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, and the Orphan Drug Act to revise the provisions of such Acts relating to orphan drugs; to the Committee on Energy and Commerce.

By Mr. ZELIFF:

H.R. 4161. A bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to make comprehensive improvements in provisions relating to liability, State implementation, remedy selection, and funding; jointly, to the Committees on Energy and Commerce, Public Works and Transportation, and Ways and Means.

By Mr. RICHARDSON (for himself, Mr. MCDERMOTT, Mr. BREWSTER, and Mr. KOPETSKI):

H.R. 4162. A bill to grant authority to provide social services block grants directly to Indian tribes; to the Committee on Ways and Means.

By Mr. WILLIAMS (for himself, Mrs. MINK of Hawaii, Mr. DEFAZIO, Ms. SHEPHERD, Mr. UPTON, and Mr. STARK):

H.R. 4163. A bill to enable the Park Service to regulate, or prohibit, scenic commercial overflights at units of the National Park System; jointly, to the Committee on Natural Resources and Public Works and Transportation.

By Mr. BALLENGER (for himself, Mr. BLILEY, Mr. ROHRABACHER, and Mr. SAXTON):

H.J. Res. 345. Joint resolution disapproving the action of the District of Columbia Council in approving the Displaced Workers Protection Act of 1994; to the Committee on the District of Columbia.

By Mr. COYNE:

H.J. Res. 346. Joint resolution designating September 25, 1994, as "Gold Star Mothers Day;" to the Committee on Post Office and Civil Service.

By Mrs. FOWLER (for herself, Ms. ROS-LEHTINEN, and Mr. DIAZ-BALART):

H.J. Res. 347. Joint resolution to designate July 23, 1994, as "General Bernardo de Galvez Day"; to the Committee on Post Office and Civil Service.

By Mr. RANGEL:

H.J. Res. 348. Joint resolution declaring April 10 as "Son-in-Law Day"; to the Committee on Post Office and Civil Service.

By Mr. WYDEN (for himself, Mr. MACHTLEY, Mr. KREIDLER, Mr. SPRATT, Mr. TANNER, Mr. SLATTERY, Mr. FRANK of Massachusetts, Mr. GONZALEZ, Mr. CLEMENT, Mr. COBLE, Mr. MOAKLEY, Mr. MAZZOLI, Mrs. UNSOELD, Mr. ROWLAND, Mr. HEFNER, Mr. JACOBS, Mr. BILBRAY, Mr. PICKLE, Mr. LANTOS, Mr. WHEAT, Mr. WAXMAN, Ms. BYRNE, Mr. FALEOMAVAEGA, Mr. WOLF, Mr. CRAMER, Mr. MILLER of California, Ms. FURSE, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. FRANKS of Connecticut, Mr. PETERSON of Minnesota, Mr. STARK, Mrs. MALONEY, Mr. REGULA, Mr. FILNER, Mr. COLEMAN, Mr. TOWNS, Mr. KOPETSKI, Mr. CONYERS, Mr. MARKEY, Mr. LAFALCE, Mr. SAWYER, Mr. FROST, Mr. WISE, Mr. POSHARD, Mr. GEJDENSON, Mr. KING, Mr. ARCHER, Mrs. ROUKEMA, Ms. NORTON, Mr. KASICH, Mr. EVANS, Mr. COOPER, Mrs. MINK of Hawaii, Mr. KLECZKA, Mrs. THURMAN, Mr. NEAL of Massachusetts, Mr. PETERSON of Florida, and Ms. MOLINARI):

H.J. Res. 349. Joint resolution to designate the week of October 2, 1994, through October 8, 1994, as "Mental Illness Awareness Week"; to the Committee on Post Office and Civil Service.

By Mr. GEPHARDT:

H. Con. Res. 232. Concurrent resolution providing for an adjournment of the two Houses. Considered and agreed to.

By Mr. KILDEE (for himself and Mr. EMERSON):

H. Con. Res. 233. Concurrent resolution expressing the sense of the Congress that any health care reform legislation passed by the Congress include guaranteed full funding for the special supplemental food program for women, infants, and children [WIC] so that all eligible women, infants, and children who apply could be served by the end of fiscal year 1996 and full funding could be maintained through fiscal year 2000, and for other purposes; to the Committee on Education and Labor.

By Mrs. MORELLA (for herself, Mr. BEILENSON, and Mr. PORTER):

H. Con. Res. 234. Concurrent resolution expressing the sense of the Congress regarding the role of the United States at the International Conference on Population and development; to the Committee on Foreign Affairs.

By Mr. SABO (for himself, Mr. KOPETSKI, Mr. DELLUMS, and Mr. GEPHARDT):

H. Con. Res. 235. Concurrent resolution concerning the negotiation of limitations on nuclear weapons testing; to the Committee on Foreign Affairs.

By Mr. TRAFICANT:

H. Con Res. 236. Concurrent resolution authorizing the 1994 Special Olympics torch relay to be run through the Capitol Grounds;

to the Committee on Public Works and Transportation.

H. Con. Res. 237. Concurrent resolution authorizing the use of the Capitol Grounds for the 13th annual National Peace Officers' Memorial Service; to the Committee on Public Works and Transportation.

MEMORIAL

Under clause 4 of rule XXII, memorials were presented and referred as follows:

321. By the SPEAKER: Memorial of the General Assembly of the State of Indiana, relative to the essential air service program; to the Committee on Public Works and Transportation.

322. Also, Memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to retirement or pension plans and pension lump sum rollovers; to the Committee on Ways and Means.

323. Also, Memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to increasing weatherization and Low-Income Home Energy Assistance Program funds; jointly, to the Committees on Energy and Commerce and Education and Labor.

324. Also, Memorial of the Legislature of the State of Maine, relative to the Maine territorial sea limits; jointly, to the Committees on Foreign Affairs, the Judiciary, and Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GILCHREST:

H.R. 4164. A bill to clear certain impediments to the licensing of a vessel for employment in the coastwise trade and fisheries of the United States; to the Committee on Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 11: Mr. BAESLER, Mr. DEAL, and Mr. MENENDEZ.

H.R. 54: Mr. MOAKLEY.

H.R. 55: Mr. JEFFERSON.

H.R. 140: Mr. COBLE, Mr. BROWN of California, Mr. SAM JOHNSON of Texas, Mr. DORNAN, Mr. BATEMAN, Mr. THOMAS of California, and Mr. MANZULLO.

H.R. 212: Mr. HANCOCK.

H.R. 214: Mr. WYDEN.

H.R. 225: Mr. FRANKS of Connecticut.

H.R. 280: Mr. VISCLOSKY.

H.R. 291: Mr. PASTOR, Mr. ANDREWS of New Jersey, Mr. FALEOMAVAEGA, and Mr. OLVER.

H.R. 359: Ms. ROS-LEHTINEN, Mr. JOHNSON of South Dakota, Ms. WOOLSEY, Ms. ESHOO, Mr. FILNER, Ms. VELAZQUEZ, Mr. BARRETT of Wisconsin, and Mrs. UNSOELD.

H.R. 417: Mr. KINGSTON and Mr. ROEMER.

H.R. 467: Mr. MYERS of Indiana and Mr. BORSKI.

H.R. 502: Mr. PAXON.

H.R. 521: Ms. MCKINNEY, Mr. LAROCCO, and Mr. NEAL of Massachusetts.

H.R. 773: Mr. BILIRAKIS.

H.R. 790: Mr. WYDEN.

H.R. 835: Ms. NORTON and Mr. NEAL of North Carolina.

H.R. 846: Mr. COX, Mr. GILLMOR, Mr. DORNAN, Mrs. MORELLA, and Mrs. THURMAN.

H.R. 1106: Mr. FALEOMAVAEGA, Mr. FROST, Mr. JOHNSTON of Florida, Mr. PETERSON of Minnesota, Mr. SABO, Mr. WYNN, and Mr. YATES.

H.R. 1164: Ms. VELAZQUEZ.

H.R. 1169: Mr. PETERSON of Minnesota.

H.R. 1219: Mr. BONIOR.

H.R. 1276: Mr. HUTCHINSON.

H.R. 1314: Mr. JOHNSTON of Florida.

H.R. 1391: Mr. LEWIS of Georgia and Mr. MCDERMOTT.

H.R. 1517: Mr. CONYERS.

H.R. 1621: Mr. WYDEN.

H.R. 1627: Mr. PETE GEREN of Texas.

H.R. 1673: Mr. WYDEN.

H.R. 1709: Mr. SUNDQUIST, Mr. TUCKER, Mr. ORTIZ, and Mrs. MEYERS of Kansas.

H.R. 1824: Mr. PALLONE.

H.R. 1938: Mr. FISH.

H.R. 1961: Mr. FILNER.

H.R. 2064: Mr. FAZIO.

H.R. 2105: Mr. SABO and Mr. JOHNSTON of Florida.

H.R. 2169: Mr. BARRETT of Wisconsin.

H.R. 2365: Mr. KOPETSKI.

H.R. 2417: Mr. DORNAN.

H.R. 2418: Ms. COLLINS of Michigan.

H.R. 2444: Mr. CRAPO, Mr. ROHRABACHER, and Mr. LIPINSKI.

H.R. 2448: Mr. BARRETT of Wisconsin.

H.R. 2471: Mrs. MEEK of Florida.

H.R. 2484: Mr. GEJDENSON and Mr. SABO.

H.R. 2586: Mr. GORDON and Mr. MONTGOMERY.

H.R. 2759: Mr. Mr. HERGER, Mr. DOOLITTLE, Mr. ARCHER, Mr. ROYCE, Mr. MINGE, Mr. DEAL, Mr. CUNNINGHAM, Mrs. BYRNE, and Mrs. MORELLA.

H.R. 2767: Mr. STUMP.

H.R. 2826: Mr. ANDREWS of Maine, Mr. MANZULLO, Mr. MOAKLEY, Mr. BLILEY, Mr. GLICKMAN, Mr. MARTINEZ, Mr. MCCLOSKEY, and Ms. VELÁZQUEZ.

H.R. 2829: Mr. INSLEE, Ms. MCKINNEY, Mr. ANDREWS of Maine, Mr. FRANK of Massachusetts, Ms. VELÁZQUEZ, Mr. DE LUGO, Mr. STARK, Mr. STOKES, Mr. DINGELL, Mr. PETERSON of Minnesota, Mr. STUPAK, and Mr. JOHNSTON of Florida.

H.R. 2830: Mr. RICHARDSON and Mrs. MINK of Hawaii.

H.R. 2835: Ms. DELAURO.

H.R. 2866: Mr. DEUTSCH and Mr. NEAL of Massachusetts.

H.R. 2897: Mr. THOMAS of California.

H.R. 2942: Mr. ROBERTS, Mr. LEWIS of Florida, Mr. EMERSON, Mr. DOOLITTLE, Mr. BOEHNER, Mr. KINGSTON, Mr. EWING, Mr. GUNDERSON, Mr. BATEMAN, Mr. CALVERT, Mr. WOLF, Mr. BLILEY, Mr. DICKEY, Mr. SMITH of Michigan, Mr. SISISKY, Mrs. CLAYTON, Mr. PAYNE of Virginia, Mrs. BYRNE, Mr. SCOTT, Mr. BAESLER, Mr. INSLEE, Mr. POMEROY, Ms. LONG, Mr. SMITH of Texas, Mr. MORAN, Mr. PICKETT, Mr. VOLKMER, Mr. BOUCHER, and Mr. DIXON.

H.R. 3017: Mr. BAKER of Louisiana and Mr. WHITTEN.

H.R. 3040: Mr. BURTON of Indiana.

H.R. 3065: Mr. UPTON.

H.R. 3087: Mr. HAMILTON, Mr. NUSSLE, and Mr. MCDERMOTT.

H.R. 3088: Mr. MINETA, Mrs. THURMAN, Ms. ESHOO, and Ms. MCKINNEY.

H.R. 3182: Mr. SWETT.

H.R. 3246: Mr. GEJDENSON, Mr. HALL of Ohio, Ms. NORTON, Mr. BONILLA, Mr. ZELIFF, and Mr. LIVINGSTON.

H.R. 3270: Mr. SWIFT, Mr. YATES, Mr. HOCHBRUECKNER, Mr. BRYANT, Mr. PICKLE, Mr. SCOTT, Mr. HYDE, Mr. GILMAN, Mr. LEWIS of California, and Mr. BARRETT of Wisconsin.

H.R. 3288: Mr. GOODLING and Mr. GALLO.

H.R. 3293: Mr. GILCHREST, Mrs. THURMAN, and Mr. LAUGHLIN.

H.R. 3310: Mr. LEWIS of Georgia.

H.R. 3314: Ms. VELÁZQUEZ.

H.R. 3365: Mr. HUTCHINSON and Mr. GENE GREEN of Texas.

H.R. 3513: Mr. WYDEN.

H.R. 3523: Mr. DORNAN, Mr. NEAL of Massachusetts, and Mr. GEJDENSON.

H.R. 3534: Mr. KOPETSKI.

H.R. 3561: Mr. FOGLIETTA and Mr. UNDERWOOD.

H.R. 3569: Mr. RANGEL, Mr. TOWNS, and Mrs. UNSOELD.

H.R. 3630: Mr. RANGEL, Mr. MATSUI, Mrs. KENNELLY, Mr. GRANDY, and Mr. CLINGER.

H.R. 3646: Mr. ROBERTS, Mr. OBEY, and Mr. KLUG.

H.R. 3656: Mr. ZIMMER and Mr. MCNULTY.

H.R. 3661: Mr. HUTTO and Mr. KINGSTON.

H.R. 3663: Mr. BECERRA.

H.R. 3666: Mr. DE LUGO, Mr. GEKAS, Mr. RICHARDSON, Mr. BILBRAY, and Mrs. BYRNE.

H.R. 3704: Mr. MCDADE and Mr. MCMILLAN.

H.R. 3783: Mr. EVANS, Mr. JOHNSON of South Dakota, Ms. WATERS, Mr. DELLUMS, Mr. FILNER, Mr. MILLER of California, Ms. VELÁZQUEZ, and Mr. FOGLIETTA.

H.R. 3795: Mr. EMERSON.

H.R. 3796: Mr. GREENWOOD.

H.R. 3827: Mr. BARCIA of Michigan, Mrs. CLAYTON, Mr. FILNER, Mr. FRANK of Massachusetts, Mr. HILLIARD, and Mr. MILLER of California.

H.R. 3831: Mr. FROST and Mr. SERRANO.

H.R. 3843: Mr. HOBSON.

H.R. 3844: Mr. HOBSON.

H.R. 3849: Mr. ZELIFF.

H.R. 3872: Mr. KOLBE and Mr. FROST.

H.R. 3879: Mr. SISISKY, Mr. FILNER, Mr. PORTER, Mr. MINETA, Mr. BEVILL, Ms. SNOWE, Ms. MARGOLIES-MEZVINSKY, Mr. MOAKLEY, Mr. OBEY, Mr. DE LA GARZA, Mr. BROWN, of California, Mr. MOLLOHAN, Mr. MAZZOLI, Mr. BECERRA, Mr. MONTGOMERY, Mr. CARR, Mr. ACKERMAN, Mr. RICHARDSON, Mr. FORD of Michigan, Mr. ANDREWS of Texas, Mr. BAESLER, Mr. APPLEGATE, Mr. MCDADE, Mr. PENNY, Ms. NORTON, Mr. GALLO, Ms. LONG, Mr. DEFAZIO, Ms. DUNN, Mr. EVANS, Mr. DEUTSCH, Mr. SLATTERY, Mr. BARCA of Wisconsin, Mr. DINGELL, Mr. SANGMEISTER, Mr. VENTO, Mr. BARRETT of Wisconsin, Mr. KLINK, Mr. LEWIS of California, Mr. FORD of Tennessee, Mr. LEHMAN, Mr. DOOLEY, Mr. KING, Mr. PETERSON of Minnesota, Mr. MCHALE, Mr. GIBBONS, Mr. CONDIT, Ms. MCKINNEY, Mr. HINCHEY, Mr. BREWSTER, Mr. HAMILTON, Mr. MCCRERY, Mr. CLAY, Mr. RAHALL, Mr. DELLUMS, Mr. WAXMAN, Mr. GONZALEZ, Mr. DE LUGO, Mr. CONEY, Mr. CONYERS, Mr. MATSUI, Mr. STOKES, Mr. MARKEY, Mr. SMITH of Iowa, Mr. ROEMER, Mr. BONIOR, Mr. DERRICK, Ms. FURSE, Mr. BROWDER, Mr. HUTTOER, Mr. JOHNSON of South Dakota, Mr. PICKLE, Mrs. MALONEY, Mr. MFUME, Mr. ROTH, Mr. BUNNING, Mr. TAYLOR of Mississippi, Mr. LIPINSKI, Mrs. THURMAN, Mr. COOPER, Ms. CANTWELL, Mr. PALLONE, Mr. PETERSON of Florida, Mr. GUTIERREZ, Mr. BEREUTER, Mr. MICHEL, Mrs. COLLINS of Illinois, Mr. BERMAN, Mr. EDWARDS of California, Mr. KILDEE, Mrs. ROUKEMA, Mr. ORTON, MR. CASTLE, MR. KANJORSKI, Mr. HASTINGS, Mr. BROWN of Ohio, Mr. HILLIARD, Ms. BYRNE, Mr. BAKER of California, Mr. STUPAK, Mr. HYDE, Mr. HOCHBRUECKNER, Mr. LAZIO, Mr. JOHNSTON of Florida, Mr. MANN, Mr. SWIFT, Mr. JOHNSON of Georgia, Mr. MCCOLLUM, Mr. COLEMAN, Mr. BILBRAY, Mr. TRAFICANT, Mr. GENE GREEN of Texas, Mr. TANNER, Ms. DANNER, Mr. HALL of Texas, Mr. WILSON, Mr. VALENTINE, Mr. WELDON, Mr. WYDEN, Mr.

MANTON, Mr. INSLEE, Mr. RANGEL, Mr. SWETT, Mrs. LLOYD, and Ms. HARMAN.

H.R. 3885: Mr. FRANK of Massachusetts, Mr. DURBIN, Mr. NEAL of Massachusetts, Mr. FOGLIETTA, Mr. OLVER, Mr. MEEHAN, Mr. JACOBS, Mr. MARKEY, Mr. OBERSTAR, Mr. SANDERS, Mr. HALL of Ohio, Mr. BEILENSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. SYNAR, Ms. ROYBAL-ALLARD, Mr. KENNEDY, Mr. STUDDS, Ms. MARGOLIES-MEZVINSKY, Mr. DEFAZIO, Mr. WYNN, Mr. MILLER of California, Mr. EVANS, Ms. PELOSI, Mr. BARRETT of Wisconsin, and Mr. KREIDLER.

H.R. 3894: Mr. BARRETT of Nebraska.

H.R. 3897: Mr. COLEMAN, Mr. MINETA, Mr. FROST, and Mr. BARTON of Texas.

H.R. 3900: Mr. BERMAN, Mr. BEVILL, Mr. CHAPMAN, Mr. CLYBURN, Mr. DEUTSCH, Mr. FARR, Mr. GENE GREEN of Texas, Mr. HOCHBRUECKNER, Mr. HUGHES, Mr. MANTON, and Mr. TORRES.

H.R. 3921: Mr. FROST, Mrs. CLAYTON, Mr. TORKILDSEN, Mr. SMITH of Texas, Mr. CANADY, Mr. GREENWOOD, Mr. KINGSTON, Mr. DREIER, and Mr. HOKE.

H.R. 3923: Mr. WYNN.

H.R. 3926: Mr. HANCOCK and Mr. BOUCHER.

H.R. 3948: Mr. OBERSTAR, Mr. RAHALL, Mr. DE LUGO, Mr. BORSKI, Mr. LIPINSKI, Mr. TRAFICANT, Mr. DEFAZIO, Ms. SHEPHERD, Ms. NORTON, and Mr. GILCHREST.

H.R. 3951: Mr. KINGSTON, Mr. BARRETT of Nebraska, Mr. JACOBS, Mr. DOOLEY, and Mr. DE LA GARZA.

H.R. 3955: Mr. GLICKMAN, Mr. BALLENGER, Mr. STENHOLM, and Mr. CANADY.

H.R. 3986: Mr. KOLBE, Mr. COPPERSMITH, Mr. ZELIFF, and Mr. UPTON.

H.R. 3993: Mr. FILNER, Mr. FOGLIETTA, Mr. RAHALL, Mr. UNDERWOOD, Mr. APPLEGATE, Mr. WOLF, Mr. FROST, and Mr. PORTER.

H.R. 3999: Mr. EVANS.

H.R. 4051: Ms. EDDIE BERNICE JOHNSON of Texas, Ms. ROYBAL-ALLARD, Mr. BECERRA, Mrs. CLAYTON, and Mr. RUSH.

H.R. 4052: Mr. EVERETT, Mr. MCHUGH, and Mr. HOCHBRUECKNER.

H.R. 4057: Mr. GRAMS, Ms. DUNN, Mr. RAMSTAD, Mr. HOKE, Mr. BACHUS of Alabama, Mr. HUFFINGTON, Mr. BAKER of California, Mr. BUYER, Mr. HANSEN, Mr. HEFLEY, Mr. HUNTER, Mr. HUTCHINSON, Mr. KINGSTON, Mr. MANZULLO, Mr. POMBO, Mr. THOMAS of Wyoming, Mr. HERGER, Mr. COLLINS of Georgia, Mr. BALLENGER, Mr. ISTOOK, Mr. BURTON of Indiana, Mr. PAYNE of Virginia, Mr. BROWDER, Mr. HUTTO, Mr. PENNY, Mr. STENHOLM, Mr. DELAY, Mr. BARCIA of Michigan, Mr. PETERSON of Minnesota, Mr. GREENWOOD, and Mr. HALL of Texas.

H.R. 4064: Mr. NEAL of Massachusetts, Mr. COSTELLO, Mr. FALEOMAVAEGA, Mr. CALVERT, and Mr. FROST.

H.R. 4065: Mr. NEAL of Massachusetts, Mr. COSTELLO, Mr. FALEOMAVAEGA, Mr. CALVERT, and Mr. FROST.

H.R. 4087: Mr. LIGHTFOOT and Mr. CUNNINGHAM.

H.R. 4094: Mr. DICKEY, Mr. GOSS, and Mr. CALVERT.

H.R. 4095: Mr. GOSS, Mr. BAKER of Louisiana, Mr. TRAFICANT, Mr. CALLAHAN, Mr. INHOFE, and Mr. RAMSTAD.

H.J. Res. 90: Mr. LEWIS of Florida, Mr. MILLER of Florida, Mr. MURPHY, Mr. MICHEL, Mr. PETERSON of Florida, Mr. MURTHA, Mr. NEAL of Massachusetts, Mr. HANSEN, Mr. HILLIARD, Mr. SLATTERY, Mr. KREIDLER, Mr. DIXON, Mr. PETE GEREN of Texas, Mr. GREENWOOD, Mr. RAMSTAD, Mr. UPTON, Mr. DELAY, Mr. COX, Mr. GINGRICH, Mr. SMITH of Iowa, Mr. HOUGHTON, Mr. HORN, and Mr. BUYER.

H.J. Res. 253: Mr. ZIMMER, Mrs. MEEK of Florida, Mr. WHITTEN, Mr. BARLOW, and Mr. KENNEDY.

H.J. Res. 303: Mr. SABO, Mr. ROHRABACHER, Mr. FRANK of Massachusetts, Mr. KENNEDY, Mr. PICKLE, Mr. PETE GEREN of Texas, Mr. BURTON of Indiana, Mr. ZELIFF, Mr. CRANE, Mr. COYNE, Mr. POSHARD, Mr. WOLF, Ms. SCHENK, Mr. WASHINGTON, Mr. MYERS of Indiana, Mr. NATCHER, Ms. MOLINARI, Mr. DE LA GARZA, and Mr. NEAL of North Carolina.

H.J. Res. 311: Mr. BAKER of California, Mr. BILIRAKIS, Mr. CLEMENT, Ms. DANNER, Mr. EWING, Mr. FILNER, Mr. FROST, Mr. GENE GREEN of Texas, Mr. HOCHBRUECKNER, Mr. KING, Mr. KLEIN, Mr. LAFALCE, Mr. LANTOS, Mr. LAZIO, Mr. LEVY, Mr. LEWIS of Georgia, Ms. LOWEY, Mr. MILLER of California, Ms. MOLINARI, Mr. MORAN, Mr. NEAL of Massachusetts, Mr. PARKER, Mr. PETERSON OF MINNESOTA, MR. PICKETT, Mr. RAVENEL, Mrs. ROUKEMA, Ms. ROYBAL-ALLARD, Ms. SHEPHERD, Mr. SKEEN, Mr. SLATTERY, Mr. SMITH of Iowa, Mr. SPRATT, Mr. SWETT, Mr. TANNER, Mr. TUCKER, Mr. VALENTINE, Mr. WALSH, Mr. WISE, and Mr. YATES.

H.J. Res. 314: Mr. PETERSON of Minnesota.

H.J. Res. 338: Mr. STENHOLM, Mr. BREWSTER, Mr. WOLF, Mr. UNDERWOOD, Mr. KASICH, Mr. RAVENEL, Mr. MONTGOMERY, and Mr. OXLEY.

H. Con. Res. 35: Mr. PETE GEREN of Texas, Mr. FINGERHUT, Mr. REED, Mr. TRAFICANT, Mr. ACKERMAN, Mr. FLAKE, Mr. CARDIN, and Mr. PETERSON of Florida.

H. Con. Res. 98: Mr. SMITH of Oregon and Mr. MCCURDY.

H. Con. Res. 100: Mr. APPLEGATE, Mr. KANJORSKI, Mr. NEAL of North Carolina, Mr. FISH, Mr. CONYERS, and Ms. KAPTUR.

H. Con. Res. 148: Mr. RAMSTAD.

H. Con. Res. 166: Mr. PORTER, Mr. PAXON, and Mr. RAMSTAD.

H. Con. Res. 179: Mr. ANDREWS of New Jersey.

H. Con. Res. 199: Mr. MINETA, Mr. CALVERT, Mr. CASTLE, Mr. GILCHREST, Ms. DANNER, Mr. SANDERS, Mr. VALENTINE, and Mr. MATSUI.

H. Con. Res. 201: Ms. MOLINARI, Mr. BOEHLERT, and Mr. GUNDERSON.

H. Con. Res. 209: Mr. ACKERMAN, Mr. HINCHEY, Mr. WYNN, and Mr. MORAN.

H. Con. Res. 210: Mr. WELDON.

H. Con. Res. 217: Mr. HAMBURG, Mr. PAYNE of New Jersey, Mr. FRANK of Massachusetts, Mr. HOCHBRUECKNER, Mr. SCHUMER, Mr. MINGE, Mr. BROWN of Ohio, Mr. SLATTERY, Mr. LEVY, Mr. BONIOR, Mr. LEHMAN, Ms. EDDIE BERNICE JOHNSON of Texas, MR. RICHARDSON, Mr. FILNER, Mr. OWENS, Mrs. LLOYD, Mrs. CLAYTON, Mr. FOGLIETTA, Mr. WILLIAMS, Mr. SCOTT, Mr. MORAN, Mr. ABERCROMBIE, Ms. DANNER, Mr. WHEAT, Mrs. MEEK of Florida, and Mr. JACOBS.

H. Con. Res. 228: Mr. BARRETT of Wisconsin, Mr. STUPAK, Mr. KLEIN, Ms. SLAUGHTER, Mr. QUINN, Mr. TAYLOR of Mississippi, Ms. WOOLSEY, Mr. VENTO, Mr. WISE, Mr. MCHALE, Ms. SHEPHERD, Mrs. MALONEY, Mr. CALVERT, and Mr. FROST.

H. Con. Res. 229: Mr. COPPERSMITH, Mr. SABO, and Ms. BROWN of Florida.

H. Res. 108: Mr. PETERSON of Minnesota.

H. Res. 234: Mr. MINETA, Mr. LEWIS of California, Mr. BREWSTER, Mr. LEACH, Mr. ABERCROMBIE, Mr. BLACKWELL, and Mr. HANSEN.

H. Res. 247: Mr. YOUNG of Florida.

H. Res. 255: Mr. SHAYS, Mr. DEAL, Mr. PETE GEREN of Texas, and Mr. GINGRICH.

H. Res. 365: Mr. ZELIFF.

H. Res. 372: Mr. WALSH and Mr. SCOTT.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3222: Mr. SABO.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

82. By the SPEAKER: Petition of the Office of State Representative Huey McCoulskey, Austin, TX, relative to the practice of polygamy and polygamous cohabitation and a constitutional amendment forbidding such practice; to the Committee on the Judiciary.

83. Also, Petition of the King County Democratic Central Committee, Seattle, WA, relative to the single-payer national health insurance system; jointly, to the Committee on Energy and Commerce and Ways and Means.

DISCHARGE PETITIONS

Under clause 3, rule XXVII the following discharge petitions were filed:

Petition 15, March 24, 1994, by Mr. BILIRAKIS on House Resolution 382, was signed by the following Members: Michael Bilirakis.

DISCHARGE PETITIONS—ADDITIONS OR DELETIONS

The following Members added their names to the following discharge petitions:

Petition 10 by Mr. MCCOLLUM on House Resolution 295.

Petition 11 by Mr. RAMSTAD on House Resolution 247: Dana Rohrabacher, Herbert H. Bateman, C.W. Bill Young, and Robert H. Michel.

Petition 12 by Mr. TRAFICANT on H.R. 3261.

Petition 13 by Mr. CHRISTOPHER SMITH on House Resolution 281: Jim Kolbe, Bob Livingston, Elton Gallegly, David Dreier, Hamilton Fish, Jr., Scott McInnis, Bob Franks, Herbert H. Bateman, and Jim Nussle.