

NLWJC - Kagan

DPC - Box 020 - Folder 020

Education - School Construction

Davis-Bacon and School Construction
January 20, 1999

Q: Would Davis-Bacon apply to the Administration's new school construction proposal?

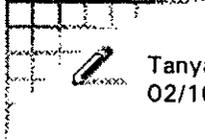
A: First of all, I want to reiterate the Administration is a strong supporter of the application of Davis-Bacon when Federal Government outlays are involved.

- Whether Davis-Bacon should apply to this tax cut proposal is an issue that has come up in the past and we have been asked to take another look at it and we are doing that.

Background:

The Administration position has been Davis-Bacon would not apply to our school construction proposal because it is on the tax side of the budget (where Davis-Bacon historically has not been applied) and not on the spending side (where Davis-Bacon does apply). Other similar tax subsidies, such as tax exempt bonds and the Low Income Housing Tax Credit, have not historically been subject to Davis-Bacon

The AFL, especially the Building Trades, have been aggressively advocating adding Davis-Bacon to our proposal. The President has told them that we will take another look and an inter-agency group is doing that. We are also consulting with our allies on the Hill as well. A Davis-Bacon provision was not included in the Daschle or Lautenberg bills which were introduced on SOTU day.



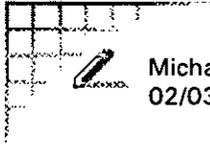
Tanya E. Martin
02/16/99 09:04:00 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Jonathan H. Schnur/OPD/EOP
Subject: School Construction

I left you copies of the NEC paper on the applicability of Davis-Bacon to our school modernization proposal.

In addition to comments on the paper itself, Sally Katzen has asked ED/Treasury/WH offices to indicate a preferred option by c.o.b. Wednesday (decide Davis-Bacon is not applicable; remain silent until bill starts to move; add Davis-Bacon to current proposal; change proposal to add a grant component and, thus, trigger Davis-Bacon).



Michael Cohen
02/03/99 05:54:29 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc:

Subject: School construction talking points



arbitrag.wp

Attached are the talking points from last year, in response to the same proposal from last year. Below are talking points I just did independent of that.

Jake Siewert already had one conversation with USA Today, before we got the details.

Chairman Archer's proposal does not go nearly far enough to meet the \$112 billion in school construction and modernization needs nationwide. His proposal would only benefit those school districts already able to pass school construction bonds and to delay construction, in order to invest the bond funds and a higher interest rate. While we are pleased that Chairman Archer recognizes that the federal government has an important responsibility to assist communities around the country modernize their schools, this proposal doesn't go nearly far enough.

ARBITRAGE DOES NOTHING FOR SCHOOL CONSTRUCTION

Background: House Republicans have proposed extending the period that local governments could retain arbitrage profits on tax-exempt school construction bonds from 2 to 4 years. Some school associations (e.g. school administrators) are supporting the proposal as a step in the right direction. It is good that Republicans are starting to see the importance of the Federal government helping to address record school enrollment and critical backlogs of renovation needs. However:

- **The arbitrage proposal promises nothing for school construction, and may even *delay* construction.** While it allows local governments to keep more profits from investing their bond proceeds, that simply means that the money is *not* being used on much-needed construction and renovation projects.
- **The extra profits would not need to be used for school construction.**
- **Schools that need the most help may get nothing at all.** Only schools that have bond fund sitting in investments would benefit.
- **Urban schools agree: Arbitrage is not enough.** The Nation's largest school districts found that "these limited arbitrage benefits do not compare favorably" to the Administration's school modernization proposal. (Council of Great City Schools, September 22, 1998).

Educ - school
construction



Amy Weiss
02/03/99 04:22:50 PM

Record Type: Record

To: Michael Cohen/OPD/EOP, Laura Emmett/WHO/EOP, Elena Kagan/OPD/EOP

cc:

Subject: school construction

what's the answer beyond react?

----- Forwarded by Amy Weiss/WHO/EOP on 02/03/99 04:22 PM -----



"Henry, Tamara" <thenry @ usatoday.com >
02/03/99 04:26:00 PM

Record Type: Record

To: Amy Weiss/WHO/EOP

cc:

Subject: school construction

Amy,

Also need to know how different this is - other than the fact the proposal applies to all school districts and extends the amount of time school districts have to spend the money.

Tamara

Chairman Archer's proposal would relax the so-called "arbitrage rebate" rules for bonds issued to finance the construction of public schools. As a result, the State and local governments issuing the bonds would face lower costs and greater flexibility regarding construction of public schools. Accordingly, school districts would have more funds to use

for new schools, new equipment, and new teachers. Chairman Archer's proposal means

More money for school districts

Less paperwork for State and local governments

Greater flexibility to school districts regarding issuing bonds and constructing public schools

According to the most recent revenue projections, the proposal's revenue

cost is \$1.4 billion over five years.

CHAIRMAN ARCHER'S SCHOOL CONSTRUCTION PROPOSAL

Arbitrage Rebate

State and local governments may issue bonds to finance school construction (and for other governmental purposes), the interest on which is exempt from Federal income tax. Because the bonds are tax-exempt, the issuer (the State or local government) pays a lower interest rate to the bondholders. The result is lower borrowing costs for State and local governments.

The Internal Revenue Code imposes several restrictions on tax-exempt bonds. One significant restriction is arbitrage rebate: the issuer of a tax-exempt bond is required to rebate to the Federal government any profit that the issuer earns from investing tax-exempt bond proceeds in higher yielding securities (i.e., "arbitrage"). Of course, as in other areas of the tax law, a variety of exceptions and special rules may apply. Small issuers (i.e., governmental units with general taxing powers that issue no more than \$5 million of bonds) are not subject to arbitrage rebate. For State and local governments issuing public school construction bonds, the small issuer exemption may be increased to \$10 million (this provision was added by the Taxpayer Relief Act of 1997). In addition, tax-exempt bonds issued to finance the construction of governmental buildings (such as schools) are subject to a relaxed rebate rule, generally giving the issuer two years to spend the bond proceeds on construction before becoming subject to rebate.

Conceptually, the arbitrage rebate rules make sense. Absent arbitrage rebate restrictions, issuers of tax-exempt bonds would have an incentive to issue more bonds than needed and earlier than needed. The issuer would simply invest the bond proceeds in higher yielding taxable securities until the funds were needed. Still, the actual arbitrage rebate rules are complex and expensive to comply with.

Chairman Archer's Proposal

Chairman Archer's proposal would make it easier for State and local governments issuing public school construction bonds to comply with the arbitrage rebate rules. Generally, the proposal would provide issuers with four years to spend the bond proceeds on construction of public schools (rather than being subject to the current two year rule generally applicable to construction of governmental buildings). Since the issuer would have less rebate to pay to the Federal government, school districts would have more funds to use for new schools, new equipment, and new teachers.

Karen Tramontano

02/20/99

04:17:20 PM

Record Type: Record

To: Charles R. Marr/OPD/EOP

cc: See the distribution list at the bottom of this message

Subject: Re: Revised Davis-Bacon Memo 

The latest thinking at the afl-cio is the following. Ask Charlie Rangel to include a reference in his legislation to the Education Act. As I understand it the Education Act provides that construction -- as well as other activities--must be done in accordance with various federal laws. Apparently there are a whole bunch of federal laws listed -- and guess what -- davis bacon is one of them -- hidden in the underbrush. If Charlie Rangel agrees, and we agree [and the NEA agrees] the building and construction trades have promised that every Republican co-sponsor on the bill will remain on the bill -- and that they will expand the number of republicans on the bill -- I suggest we let this one play out. The reference -- as I had discussed previously--would not jeopardize the tax exemption in any way whatsoever. The reference would require that the Department of Education review the proposal as they apparently do other proposal to see if they are consistent with the provision of the Education Act. For the education folks who are receiving this e-mail -- I may have the name of the Act incorrect -- originally they were thinking of linking this to the Elementary and Secondary Education Act but Sandy Feldman did not like that idea -- so they looked to another statutory reference --- If I am wrong about the specific reference I will clear it up on Monday.

Chuck Marr -- I may need your help in pulling another meeting together as we get more information. Thanks

Message Copied To:

Elena Kagan/OPD/EOP
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Sally Katzen/OPD/EOP
Melissa G. Green/OPD/EOP
Peter A. Weissman/OPD/EOP

Educ - school construction
SK

cc:

Lew
Stein
Reed



UNITED STATES SENATE
WASHINGTON, D. C. 20510

BYRON L. DORGAN
NORTH DAKOTA

September 14, 1998

Mr. Erskine Bowles
Chief of Staff
Office of the President
The White House
Washington, DC 20500

Dear Erskine:

I wanted to follow-up with you on our recent conversation about the importance of the Administration's support for the \$100 million in grant funding for public school construction that has been included in the Senate's FY1999 Labor-HHS-Education Appropriations bill.

As you are well aware, President Clinton has emphasized — and rightly so — the need for federal leadership in providing our children with safe, modern schools. I have been and continue to be a strong supporter of the Administration's School Modernization Bond tax proposal, and I hope we can prevail on this initiative.

The fact is, however, that tax credits alone will not be helpful to some of our nation's poorest, most dangerous schools because they do not have a tax base that can support a bonding program, even with the federal support. That's why I strongly encouraged Chairman Specter and Ranking Member Harkin to provide funding through the School Facilities Infrastructure Improvement program of the Improving America's Schools Act of 1994 to complement the

Administration's School Modernization Bond initiative. I'm pleased that they recognized this need.

This funding would be targeted at the nation's poorest schools, which lack the fiscal capacity to undertake construction or repair projects without virtually total federal assistance. Many of these schools can trace their small tax base directly back to a federal action or presence that has reduced their tax rolls.

The Senate needs to count on the Administration's full and active support for this funding as the appropriations process moves forward. I understand there are many important and competing priorities, particularly among education programs, but with this school construction funding, Democrats in Congress and the Clinton Administration can claim an important victory on this high-profile issue. Thanks in advance for your help.

Sincerely,



Byron L. Dorgan
U.S. Senator

BLD:smm

Needs Enshrine!



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Educ - school construction

and

Educ - block grants

and

Educ - IDEA

STATEMENT OF ADMINISTRATION POLICY

TO: RAHM EMANUEL
LARRY STEIN
TRACY THORNTON
CHUCK BRAIN
JOHN PODESTA
SYLVIA MATHEWS
GENE SPERLING
BOB SHIREMAN
BRUCE REED
MIKE COHEN
RON KLAIN
JOHNSON BRODERICK
JASON GOLDBERG

*Elana -
Should have
included you on
this list. [Signature]*

CC: DEPUTY DIRECTOR LEW
CHARLES KIEFFER

FROM: Alice Shuffield
DATE: April 17, 1998
SUBJECT: FOR YOUR CLEARANCE --
Letters on S. 2646 - The Education Savings Account Legislation

Attached are the following two draft letters regarding H.R. 2646, the Education Savings Account Bill, which will be considered on the Senate floor on Monday:

POTUS ltr: The draft Presidential letter supports the Moseley-Braun amendment to replace the "A-Plus accounts" provision with a provision to invest in school construction. **The letter issues a Presidential veto on the bill if it contains the A-Plus account provision (elevation from the previous Secretarial level veto threat).**

Riley letter: The second letter, from Secretary Riley, would go to the Hill after the President's letter. (We would add appropriate language to reference the President's letter.) **In addition to referencing the President's veto threat on the A-Plus Accounts provision, the Secretary would also issue a veto threat on the provisions regarding Block Grants and IDEA.**

Clearance: Staff at OMB, NEC, and Education are comfortable with the letters. Treasury prefers to omit the 2nd paragraph on the A-Plus Accounts in the Ed letter, as noted.

Timing: We aim to send the President's letter on Monday, and the Education letter would likely follow late Monday or early Tuesday.

Please contact Alice Shuffield or Kate Donovan at 5-9139 with your comments by noon Monday.

April 20, 1998

Draft POTUS Letter

Honorable _____
United States Senate
Washington, DC 20510

Dear Senator _____:

In the next few days, you will have the opportunity to vote for the first time on a version of my proposal to help build and modernize more than 5,000 schools across America. I am writing to ask for your support for this important effort.

Never before have the education infrastructure needs of the Nation been so great. In order to accommodate record enrollments and small class sizes, to repair aging buildings, to take advantage of new technologies, and to better educate children with disabilities, States and localities are faced with unprecedented inventories of construction and renovation needs. The Federal government helps build roads, bridges, and other infrastructure needs, but none of that will matter much if we let the education infrastructure come crumbling down on our children. We must be part of the solution.

The amendment that I understand will be offered by Senator Moseley-Braun to H.R. 2646 would allow communities to issue nearly \$22 billion in bonds. Because bond purchasers would receive interest payments through a Federal tax credit, communities' costs would be reduced by one-third or more.

The Moseley-Braun amendment would replace a provision in the bill that is both bad education policy and bad tax policy. The so-called A-Plus accounts in the reported bill would divert needed resources from public schools, and would disproportionately benefit the most affluent families. Replacing the A-Plus accounts with the school modernization plan would make this a bill that I would be proud to sign. If, however, the bill contains the A-Plus accounts provision, then I would veto it.

Our children deserve schools they can be proud of. I urge you to help our schools provide a learning environment that will prepare our children for the challenges of tomorrow by supporting the Moseley-Braun amendment.

Sincerely,

Draft Ed Letter

DRAFT
APRIL 17, 1998
6:00 PM

Honorable _____
United States Senate
Washington, DC 20510

Dear Senator _____:

I am writing to reiterate my strong objections to the regressive proposal for "A-Plus Accounts" in H.R. 2646, now awaiting action by the Senate, and to express my equally strong objections to possible amendments to that bill that would convert Federal education programs to block grants and revise the Individuals with Disabilities Education Act. I would recommend that the President veto this legislation if it were to reach him with any of those provisions included.

A-Plus Accounts

As the Administration has noted on several prior occasions, the Coverdell/Archer proposal to accord tax benefits to expenses of elementary and secondary education through individual retirement accounts is both bad education policy and bad tax policy. Instead of targeting limited Federal resources to build stronger public schools, which would help ensure that all our Nation's children receive the education they need to become the most productive citizens possible, the bill would divert needed resources from these schools.

[ED would like to keep the following paragraph from its 4/15 draft unless it is included in the President's letter or in a letter from Secretary Rubin:

H.R. 2646 would disproportionately benefit the most affluent families and provide little benefit to lower- and middle-income families or to families whose children attend public schools. Families in the highest income bracket that saved the maximum amount permitted by H.R. 2646 would receive more than twice the benefit of families in the lowest tax bracket that saved the same amount. Moreover, the bill would not create a significant incentive for families to increase their savings for educational purposes; it would instead reward families, particularly those with substantial incomes, for what they already do. Finally, a recent analysis by the Congressional Joint Committee on Taxation shows that taxpayers with children in public schools would receive an average benefit of only \$7 under this proposal in 2002. This is not the way to improve education.]

I understand that Senator Moseley-Braun will propose a substitute amendment, which would devote revenue from this bill to help finance bonds for the construction and renovation of public schools. We must help to ensure that our children are educated

Page 2 - Honorable _____

in safe, modern, and well-equipped schools. I also note that several other possible substitute amendments would do far more to improve education than would the A-Plus Accounts now in H.R. 2646.

Block grants

I would also strongly oppose any amendments to the bill that would convert Federal education programs into block grants. As the President noted last fall, such a step would halt many of our most successful efforts to improve education, including our efforts to raise educational standards, make computers available in every classroom, establish more charter schools, and keep our schools safe and free of drugs. It could also seriously harm the ESEA, Title I program, which provides extra help to low-income students so that they can master the basic skills of reading and math, paving the way for them to reach high academic standards.

The American people rightly look to the Federal Government to focus its efforts not on general aid to school districts, but on national priorities, such as improving educational opportunities for poor children and other children with special needs, combating youth drug-abuse and school violence, and researching and disseminating information on what works. This Administration has worked diligently to eliminate unnecessary regulations and take other steps to promote State and local flexibility in carrying out these targeted efforts, while supporting strong accountability mechanisms, such as the Government Performance and Results Act of 1993, that ensure program effectiveness and results and that justify continued support by the taxpayers. Block grants would replace these worthy efforts with general aid, providing no focus, no accountability for results, and no rationale for ongoing support.

The issue here is not about who controls public education -- we all agree that that responsibility rests at the local and State levels. The question, rather, is whether the Federal Government will maintain its long-standing, bipartisan commitment to helping local communities strengthen accountability, raise standards, and improve student achievement, by providing assistance that focuses on our neediest children and schools and on activities in which national leadership can play a critical role.

Individuals with Disabilities Education Act (IDEA)

As you know, it was less than a year ago that the President signed the IDEA Amendments of 1997 into law. That legislation was the product of comprehensive bipartisan negotiations involving both chambers of Congress and the Administration, with broad public input from many other individuals and interested organizations. The final product involved compromises on many important and sensitive issues, including disciplining children

Page 3 - Honorable _____

with disabilities, and was widely recognized as a significant improvement of P.L. 94-142, the landmark legislation from 1975 that guarantees a free appropriate public education to our Nation's children with disabilities. By passing this legislation overwhelmingly less than a year ago, the Congress expressed its strong support for improving educational results for children with disabilities.

Because I firmly believe that last year's agreement on the IDEA should be honored, I strongly oppose revisiting any aspect of the Act this year. I therefore deeply regret that some would seek to reverse the substantial progress that we made last year by proposing to amend the new IDEA, particularly in complex areas such as discipline. After intense negotiations among all interested parties, the new IDEA gives teachers and schools the tools they need to ensure that our schools and classrooms are safe places of learning, while [scrupulously?] protecting the rights of children with disabilities to due process and an appropriate education. I view with great alarm the proposed amendment by Senator Gregg, which could return us to the days when disciplinary measures were used to remove children with disabilities simply because they were more difficult to educate. [Note: ED's prior draft included "scrupulously", as did the President's statement on signing the new IDEA last June. See p. 833 of the 1997 Weekly Compilation of Presidential Documents.]

I urge you to sustain the major achievements embodied in the bipartisan 1997 IDEA legislation, and to reject any efforts to undermine those achievements by amending the IDEA.

Summary

I urge you to oppose the unwarranted and harmful authority for A-Plus Accounts in H.R. 2646, as well as any amendments that may be offered to convert Federal education programs into block grants or to undo last year's IDEA agreement. I would recommend that the President disapprove this bill if it contains those features. The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program and that enactment of H.R. 2646 with the objectionable features I have described would not be in accord with the President's program.

Yours sincerely,

Richard W. Riley

Administration of William J. Clinton, 1997 / June 5

833

~~approved June 4, was assigned Public Law No. 105-17.~~

Statement on Signing the Individuals With Disabilities Education Act Amendments of 1997

June 4, 1997.

It is with great pleasure that I have today signed into law H.R. 5, the "Individuals with Disabilities Education Act Amendments of 1997." This Act reaffirms and strengthens our national commitment to the education of children with disabilities and their families.

Since the enactment of Public Law 94-142 over 20 years ago, the Individuals with Disabilities Education Act (IDEA) has made it possible for millions of children with disabilities to receive an education, helping them become productive adults. The bill before me today builds on that success story by:

- putting an even sharper focus on improving educational results for these children through greater access to the general curriculum and inclusion in State and districtwide assessments;
- giving parents more information, including regular reports on their children's progress, and a greater role in decisions affecting their children's education;
- reducing paperwork and increasing administrative flexibility;
- asking children with disabilities, along with schools, teachers, and parents to assume greater responsibility for the children's success, and
- promoting the use of mediation to resolve disagreements between parents and schools.

This bill also gives school officials the tools they need to ensure that the Nation's schools are safe and conducive to learning for all children, while scrupulously protecting the rights of children with disabilities. It also includes a substantial commitment from the Federal Government to support the professional development of special and regular education teachers who work with children with disabilities, research and technological innovations to improve their education, the training of

parents, and the provision of technical assistance.

This bipartisan legislation is the result of a unique process involving the Congress, the Department of Education, parents, educators, the disability community, and other interested parties. I thank all who played a part in this great achievement. Successful implementation of the revised IDEA is the key to the future for children with disabilities and it will help them become successful and contributing members of their communities.

William J. Clinton

The White House,
June 4, 1997.

NOTE: H.R. 5, approved June 4, was assigned Public Law No. 105-17.

Statement on Supplemental Disaster Assistance Legislation

June 4, 1997

In moving ahead on this flawed legislation, the Republican leadership is once again delaying the disaster assistance needed by people and communities in the Dakotas, Minnesota, and 30 other States. With individuals, families, and businesses awaiting the assistance they need to rebuild, I urge the Republican leadership to get politics aside and pass a clean disaster assistance bill.

If the Republican majority is set on this course of adding contentious and extraneous provisions, they should send me this bill as quickly as possible. I will veto it as soon as it arrives and send it back so they can send me a clean disaster assistance bill immediately that keeps aid flowing to those in need. Americans in need should not have to endure this unnecessary delay.

Letter to the Federal Election Commission Seeking To End the Soft Money System in Domestic Politics

June 4, 1997

To the Members of the Federal Election Commission:

I am writing to you, pursuant to 11 CFR Part 200, to request that you take action

Educ - school construction
and
Educ - Coverdell

April 16, 1998

MEMORANDUM FOR DISTRIBUTION

**FROM: STACIE SPECTOR
CHANDLER SPAULDING**

SUBJECT: SCHOOL CONSTRUCTION AMENDMENT

Senator Daschle's office has asked for our help with Senator Carol Moseley-Braun's School Construction Amendment. Attached is an overview of our efforts to support this vote that will take place next week on Tuesday, April 21, 1998. We have also attached a five-document package, which can be used in talking about the issue, including a letter from Senators Moseley-Braun, Daschle and others to their colleagues.

EFFORTS ON SCHOOL CONSTRUCTION AMENDMENT
Vote Will Be on Tuesday, April 21

To Do's (tentative)

- recommended POTUS meeting with Democratic leadership on Tuesday followed by a statement on school construction (tentative) (*Chief of Staff meeting)
- POTUS letter to Hill (to be given to Hill point person on Sunday to be distributed on Monday)
- target list from Leg. Affairs for calls from POTUS and VP (Roderick Johnson)

<i>Target States:</i>	California	<i>VP's Community Forum States:</i>	Iowa
	Delaware		Arizona
	Louisiana		Texas
	Florida		North Carolina
	New York		Mississippi
	Pennsylvania		Ohio
	Colorado		Virginia
	Rhode Island		Maryland
	Vermont		Massachusetts
	Maine		*California
	West Virginia		*Delaware
	Connecticut		*Florida
	New Jersey		*New York
			*Pennsylvania
			*Rhode Island
			*Maine
			*New Jersey

- VP calls and possible trip to Hill (John Schnur)
- conference-calls to regional print reporters in 20 states (Estela Mendoza)
- report from community forums in 20 cities to be released by VP Tuesday (John Schnur)
- Talking Points for OPL, Political Affairs, IGA and other friends (Communications--attached)
- one-pager for OPL, Political Affairs, IGA and other friends to distribute to their networks and constituencies (Communications--attached)

Outcomes

- Monday, April 20:*
- POTUS letter to Hill
 - call(s) by POTUS
 - calls by VP
 - press release issued announcing VP visit to Capitol Hill for Tuesday
 - regional conference calls to print reporters
 - calls to print reporters who have written on this already
- Tuesday, April 21:*
- VP brings report of summaries from community forums held in 20 cities last week to CMB/Daschle on the Hill
 - POTUS meeting with Democratic leadership (tentative)
 - highlight construction vote to press as key education issue as Congress prepares to vote (Senior Staff, Communications)

SCHOOL CONSTRUCTION TALKING POINTS

The Vote

- On Tuesday, April 21, the Senate considers the Moseley-Braun School Modernization Amendment to H.R. 2646, the Education Savings Act for Public and Private Schools.
- **Tuesday's vote is critical in determining whether Congress will act this year to provide adequate support for school construction.** With only a few working days left in session, this is the best remaining opportunity for the Senate to ensure that communities get the resources they need to make sure that our students learn in safe, modern, well-equipped schools.
- The School Modernization Amendment replaces provisions in H.R. 2646 that would reward wealthier families who would send their children to private school with or without subsidies, but would do nothing to fix school buildings or build new ones with a simple and effective means of helping communities modernize schools.

The Problem: Deteriorating Schools and Growing Enrollment

- This year, the American Society of Civil Engineers gave our schools an "F" in its infrastructure report card this year, worse than in roads, bridges, mass transit and every other category of investment. One third of all our schools need major repairs. More than one half have major building problems. **The School Modernization Amendment is designed to address a nationwide school facilities crisis.**
- The School Modernization Amendment is especially necessary now, because:

The inventory of repair needs is large and growing. The General Accounting Office (GAO) estimated that the cost of bringing the nation's schools into "good overall condition" was \$112 billion. The amendment will help states and communities stretch their education investments.

The problem is worsening as enrollment surges. The National Center for Education Statistics projects that elementary and secondary enrollments will swell from 52.2 million in 1997 to 54.4 million in 2006. States and communities must act now. To accommodate the larger number of students they will need to build 6,000 new schools in the next decade.

The condition of schools is related to student achievement. A growing body of research links student achievement and behavior to the physical building conditions and overcrowding. Construction and renovation is needed to accommodate smaller class sizes and new technology. Decaying environmental conditions -- peeling paint, crumbling plaster, non-functioning toilets, poor lighting, inoperative heating and cooling systems -- affect the learning as well as the health and the morale of students and staff.

The School Modernization Amendment

- **This amendment leverages our money by creating zero-interest bonds for states and school districts to issue to finance capital improvements.** Communities would be able to issue \$21.8 billion worth of these bonds.
- We spend money at the federal level on roads that are the responsibility of state and local governments, but the most important infrastructure for our future is the infrastructure of education. This amendment creates a smart, effective investment that works at helping states and communities do more with less. **Purchasers of these bonds would receive federal income tax credits in lieu of interest, cutting the cost of upgrading schools by at least a third, and by up to 50 percent in some cases.**
- This amendment replaces current education IRA provisions in H.R. 2646 that would reward wealthier families who would send their children to private school with or without this subsidy. In fact, the average per return tax benefit in tax year 2002 would be only \$7 for taxpayers with children in public schools and only \$37 for taxpayers with children in private schools. The IRA provisions do nothing to fix school buildings and build new ones at a time when public schools face record enrollment for years to come.

**LEGISLATIVE OVERVIEW:
MODERN CLASSROOMS IN PUBLIC SCHOOLS VS. TAX CUTS FOR PRIVATE SCHOOLS**

On Tuesday, April 21, the Senate considers the Moseley-Braun School Modernization Amendment to H.R. 2646, the Education Savings Act for Public and Private Schools. The vote is critical to determining whether legislation will be passed this year that includes adequate support for school construction. With only a few working days left in session, this is the best remaining opportunity for the Senate to ensure that America's communities get the resources they need to make sure that students will be able to learn in safe, modern, well-equipped buildings.

H.R. 2646 would disproportionately benefit the most affluent families and provide little benefit to lower- and middle-income families or to families whose children attend public schools. Families in the highest income bracket that saved the maximum amount permitted by H.R. 2646 would receive more than twice the benefit of families in the lowest tax bracket that saved the same amount. Moreover, the bill would not create a significant incentive for families to increase their savings for educational purposes; it would instead reward families, particularly those with substantial incomes, for what they already do. Finally, a recent analysis by the Congressional Joint Committee on Taxation shows that taxpayers with children in public schools would receive an average benefit of only \$7 under this proposal in 2002. Clearly, the education IRAs proposed in H.R. 2646 won't modernize our schools, they won't bring qualified teachers into our classrooms, and they won't link our schools to the information superhighway. This is not an effective way to improve education.

The School Modernization Amendment replaces the provisions of H.R. 2646 relating to Education Individual Retirement Accounts with a simple and effective means of helping communities revitalize schools. This amendment creates a new category of zero-interest bonds for states and school districts to issue to finance capital improvements. Communities would be able to issue \$21.8 billion worth of these bonds (in addition to \$800 million that is already authorized). Purchasers of these bonds would receive federal income tax credits in lieu of interest, cutting the cost of upgrading schools by at least a third, and by up to 50 percent in some cases.

SENATOR MOSELEY-BRAUN'S AMENDMENT VS. SENATOR COVERDELL'S BILL School Construction or Peanuts for Education

The CMB Amendment: Improving Public Education to Benefit All Americans

- **Addressing the Real Educational Needs in America.** Our nation's schools suffer from problems like overcrowded classrooms, leaky roofs, asbestos and no heat or air conditioning. The CMB Amendment creates and expands tax incentives to help states and local school districts finance the construction and modernization of 5000 schools. With this funding, our children can learn in safe, modern and well-equipped schools.
- **Working to Strengthen Public Schools.** Most middle-class and working families send their children to public schools (approximately 90%). School construction and modernization will reduce class size and improve student achievement.
- **Helping States and Local Communities Prepare Students for the 21st Century.** The CMB Amendment will help states and local communities to provide modern, well-equipped schools. In order for students to be prepared to compete in the global economy, schools must be wired with computers and the latest technology.

The Coverdell Bill

- **Low priority for improving America's schools.** The Coverdell bill will not improve American education. Instead, it will give a tax break of approximately \$96 for high-income families and only \$1 for the lowest income families for educational expenditures like purchasing a home computer.
- **Weakening public schools.** Public schools are facing record enrollment for years to come and need school construction and modernization. The Coverdell bill will not provide for the repair, construction or renovation of public school buildings. Instead, the bill will reward tax benefits to America's wealthier families, many of whom send their children to private schools. In the year 2002, the average per return tax benefit under the Coverdell bill will be \$37 for taxpayers with children in private schools and only \$7 for taxpayers with children in public school.
- **Widening the Technological Gap Among America's Children.** The Coverdell bill will provide high-income families with a subsidy to buy home computers. The bill ignores the need among students who do not have computers at home and need computers in schools for access to technology.

**SCHOOL CONSTRUCTION INITIATIVE:
DISTRIBUTION OF SCHOOL CONSTRUCTION BONDS BY STATE**
(Total=\$22.6 Billion, includes \$0.8 Billion currently authorized)

STATE	Estimated Allocation
Alabama	\$360,478,000
Alaska	\$54,789,000
Arizona	\$345,748,000
Arkansas	\$219,375,000
California	\$2,512,459,000
Colorado	\$211,201,000
Connecticut	\$219,298,000
Delaware	\$54,882,000
District of Columbia	\$61,816,000
Florida	\$1,009,050,000
Georgia	\$590,741,000
Hawaii	\$61,526,000
Idaho	\$65,139,000
Illinois	\$951,617,000
Indiana	\$347,424,000
Iowa	\$155,215,000
Kansas	\$168,327,000
Kentucky	\$371,254,000
Louisiana	\$536,376,000
Maine	\$91,932,000
Maryland	\$302,456,000
Massachusetts	\$443,049,000
Michigan	\$972,061,000
Minnesota	\$268,505,000
Mississippi	\$359,835,000
Missouri	\$382,256,000

STATE	Estimated Allocation
Montana	\$77,823,000
Nebraska	\$95,748,000
Nevada	\$67,983,000
New Hampshire	\$54,985,000
New Jersey	\$496,657,000
New Mexico	\$185,694,000
New York	\$2,031,730,000
North Carolina	\$422,018,000
North Dakota	\$54,944,000
Ohio	\$890,897,000
Oklahoma	\$257,629,000
Oregon	\$206,763,000
Pennsylvania	\$991,422,000
Puerto Rico	\$753,541,000
Rhode Island	\$78,573,000
South Carolina	\$275,251,000
South Dakota	\$56,745,000
Tennessee	\$383,013,000
Texas	\$1,872,997,000
Utah	\$99,548,000
Vermont	\$54,092,000
Virginia	\$347,367,000
Washington	\$332,178,000
West Virginia	\$213,308,000
Wisconsin	\$382,940,000
Wyoming	\$49,910,000

United States Senate
WASHINGTON, DC 20510-1303

April 6, 1998

Dear Colleague:

When the Senate begins consideration of H.R. 2646, the Education Savings Act for Public and Private Schools, we plan to offer an amendment that will help communities rebuild and modernize their schools for the 21st century. We urge you to join us as cosponsors of this amendment.

Our amendment would replace the provisions of H.R. 2646 relating to Education Individual Retirement Accounts with a simple and effective means of helping communities revitalize their schools. The amendment creates a new category of zero-interest bonds for States and school districts to issue to finance capital improvements. States and school districts will be able to issue \$21.8 billion worth of these bonds over the next two years -- doubling the amount of school modernization and construction that would otherwise occur.

Purchasers of these new bonds would receive federal income tax credits in lieu of interest, cutting the cost of upgrading schools by at least a third, and by up to 50 percent in some cases. Over five years, our amendment costs the federal government only \$3.3 billion, which means that every federal dollar spent over the next five years will leverage 5.6 State and local dollars. In addition to striking the proposed changes to the Education IRAs, our amendment restricts a number of unwarranted tax benefits.

Our amendment imposes minimal administrative requirements on States, which need to comply with only two main requirements before issuing school modernization bonds. First, States must document their school facilities needs. Second, they must describe how they intend to allocate the bonding authority to assure that schools with the greatest needs, and the least resources, benefit.

Without this amendment, too many children will continue to attend classes in substandard environments. According to the U.S. General Accounting Office, 14 million children attend schools in need of major renovations or outright replacement. They estimate it will cost \$112 billion just to bring schools up to "good, overall condition." That price tag does not include the cost of building the estimated 6,000 new schools that will be required over the next 10 years to meet soaring enrollment, nor does it include the cost of retrofitting schools so they can accommodate modern technology.

April 6, 1998
Page Two

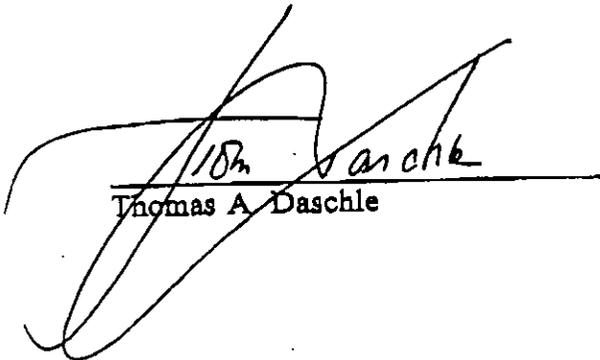
Our current school finance system is failing to satisfy these tremendous needs, in part because State and local tax burdens are already high. By sharply reducing the cost of school modernization and construction, our interest-free school modernization bonds would provide a valuable new tool to communities seeking to improve their schools, and ease property and sales tax pressures on families at the same time.

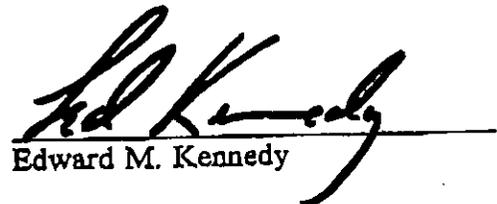
A summary of the amendment is attached for your review. To cosponsor, or for more information, please contact me or have a member of your staff call Steve Collens at 4-2854.

Sincerely,


Carol Moseley-Braun


Daniel Patrick Moynihan


Thomas A. Daschle


Edward M. Kennedy

**PRESIDENT CLINTON AND VICE PRESIDENT GORE:
BUILDING STRONG, MODERN SCHOOLS FOR THE 21st CENTURY**

April 8, 1998

"Every child in America must have the opportunity to learn in facilities they can be proud of... modern, state of the art schools that can help keep class sizes down and restore discipline to the classroom, schools and teachers that can inspire young imaginations, spur ambitions and open doors to a future full of possibility."

President Bill Clinton
April 8, 1998

Today, President Clinton travels to Chicago, Illinois to highlight his K-12 education agenda and to emphasize the importance of reducing class size and modernizing and building new schools. Also during the day, Chicago and 20 other communities hold forums on school construction and report their findings to the Vice President.

THE LARGEST COMMITMENT TO K-12 EDUCATION IN HISTORY. The President's balanced budget proposal includes historic investments in K-12 education, including initiatives to:

- **Modernize And Build Schools To Improve Student Learning.** In order for students to learn and compete in the global economy, schools must be well-equipped and able to accommodate smaller class sizes. The President is proposing federal tax credits to modernize and build more than 5,000 new schools -- half of this support will be allocated to the 100 school districts with the largest number of low-income students.
- **Reduce Class Size.** The President's budget includes a \$12.4 billion initiative over 7 years to help local schools provide small classes with qualified teachers in the early grades. The initiative will reduce class size in grades 1-3 to a nationwide average of 18, and will help local school districts hire an additional 100,000 well-prepared teachers.
- **Achieve High Standards.** The President's balanced budget includes proposals to ensure that all students attend schools where high standards are taken seriously and kids are given the help they need to succeed. It supports the continued development and implementation of high national standards and national tests, and establishes educational opportunity zones in poor urban and rural communities to give students the tools and opportunities needed for success.

IDENTIFYING HOW NEW AND MODERN SCHOOLS CAN BEST MEET STUDENTS' NEEDS. As part of an effort organized by Vice President Gore, officials and organizations across the Nation are holding community forums today and throughout the month to highlight the need for school construction and modernization, and to talk about how newly built or modernized schools can best meet children and community needs.

- **Vice President Gore will hold a conference call today linking these forums.** Many of these forums will occur today, culminating in a conference call with the Vice President, to report on the results of the forums. (1-888-836-6072, 1:00 p.m. EST.)
- **Today's forums take place all across the country** in cities including: Los Angeles, CA; Phoenix, AZ; Des Moines, IA; San Antonio, TX; Cleveland, OH; Charlotte, NC; Hattiesburg, MS; Orlando and Miami, FL; Loudoun County, VA; Wilmington, DE; Baltimore, MD; Pittsburgh, PA; Rochester and Buffalo, NY; Paterson, NJ; Providence, RI; Portland, ME; Springfield and Salem, MA.

**PRESIDENT BILL CLINTON:
SCHOOL MODERNIZATION: INVESTING IN OUR CHILDREN'S FUTURE**

April 21, 1998

"Senator Moseley-Braun has offered an amendment in today's education bill that will help communities raise the funds to modernize 5,000 public schools. If we want our children to be prepared for the challenges of the 21st Century, then they must have 21st Century schools. I urge Congress to adopt this amendment right away. This is the right way to strengthen education in America."

President Bill Clinton
April 21, 1998

Today, President Clinton meets with Senator Daschle and Representative Gephardt to discuss upcoming legislative priorities for the remaining weeks of the 105th Congress. At the top of these priorities is education. After this meeting, the President will call on the Senate to vote, today, to adopt the School Modernization Amendment, an essential step for ensuring adequate support for school modernization.

A MOMENT FOR ACTION. Today, the Senate considers the Moseley-Braun School Modernization Amendment to H.R. 2646, the Education Savings Act for Public and Private Schools. The vote is critical in determining whether this Congress will act to provide adequate support for school modernization. With only a few working days left in session, this is the best remaining opportunity for the Senate to ensure that communities get the resources they need to enable our students to learn in safe, modern, well-equipped schools.

ADDRESSING A NATIONWIDE SCHOOL FACILITIES CRISIS. The School Modernization Amendment addresses a nationwide school facilities crisis. This year, the American Society of Civil Engineers gave our schools an "F" in its infrastructure report card this year, worse than in roads, bridges, mass transit and every other category of investment. One third of all our schools need major repairs. More than one half have major building problems. The School Modernization Amendment is especially necessary now, because:

- **The inventory of repair needs is large and growing.** The General Accounting Office (GAO) estimated that the cost of bringing the nation's schools into "good overall condition" was \$112 billion. The amendment will help states and communities stretch their education investments.
- **The problem is getting worse as enrollment surges.** The National Center for Education Statistics projects that elementary and secondary enrollments will swell from 52.2 million in 1997 to 54.4 million in 2006. States and communities must act now to accommodate the larger number of students.
- **The condition of schools is related to student achievement.** A growing body of research links student achievement and behavior to the physical building conditions and overcrowding. The amendment will help modernize 5,000 schools and strengthen educational opportunity for all children.

FIGHTING FOR AMERICA'S WORKING FAMILIES. The School Modernization Amendment replaces current education IRA provisions in H.R. 2646 that would reward wealthier families who would send their children to private school with or without this subsidy. In fact, the average per return tax benefit in tax year 2002 would be only \$7 for taxpayers with children in public schools and only \$37 for taxpayers with children in private schools. The IRA provisions do nothing to fix school buildings and build new ones at a time when public schools face record enrollment for years to come. This amendment creates a smart, effective investment that works at helping states and communities do more with less, by leveraging our money through zero-interest bonds for states and school districts to issue to finance capital improvements. Communities could issue up to \$21.8 billion worth of these bonds.

March 11, 1998

COVERDELL K-12 IRAs VS. SCHOOL CONSTRUCTION *Educ - coverdell*

and

1. LET'S ADDRESS THE REAL EDUCATIONAL NEEDS IN AMERICA *Educ - school construction*

HIGH PRIORITY: Leaky roofs and overcrowded classrooms are real problems that need to be addressed. The Administration's proposal targets Federal resources to finance the construction and modernization of more than 5,000 stronger schools so that children across America will be able to learn in safe, modern, well-equipped schools.

LOW PRIORITY: The Coverdell proposal gives a tax break that would be worth, on average, \$96 for high-income families earning up to \$150,000 and only \$1 for the lowest income families for expenditures that might be related to education-- home computers, recreational expenses, purchasing cars to get to school, etc.¹ This tax break does nothing to improve the basics of American Education.

2. LET'S WORK TO STRENGTHEN PUBLIC SCHOOLS WHERE 90% OF AMERICAN MIDDLE-INCOME AND WORKING FAMILIES SEND THEIR CHILDREN

STRENGTHEN SCHOOLS: School modernization and construction will help schools reduce class size and provide a safer, more disciplined environment.

WEAKEN SCHOOLS: Coverdell drains-off precious tax dollars in greatest proportion for those in the highest tax bracket and rewards wealthier families who would send their children to private school with or without this subsidy. In fact, the average per return tax benefit in tax year 2002 would be only \$7 for taxpayers with children in public schools and only \$37 for taxpayers with children in private schools.² The Coverdell bill will do nothing to fix school buildings and build new ones at a time when public schools face record enrollment for years to come.

3. LET'S HELP COMMUNITIES PROVIDE MODERN, WELL-EQUIPPED SCHOOLS FOR THESE CHANGING TIMES AND TECHNOLOGICAL AGE

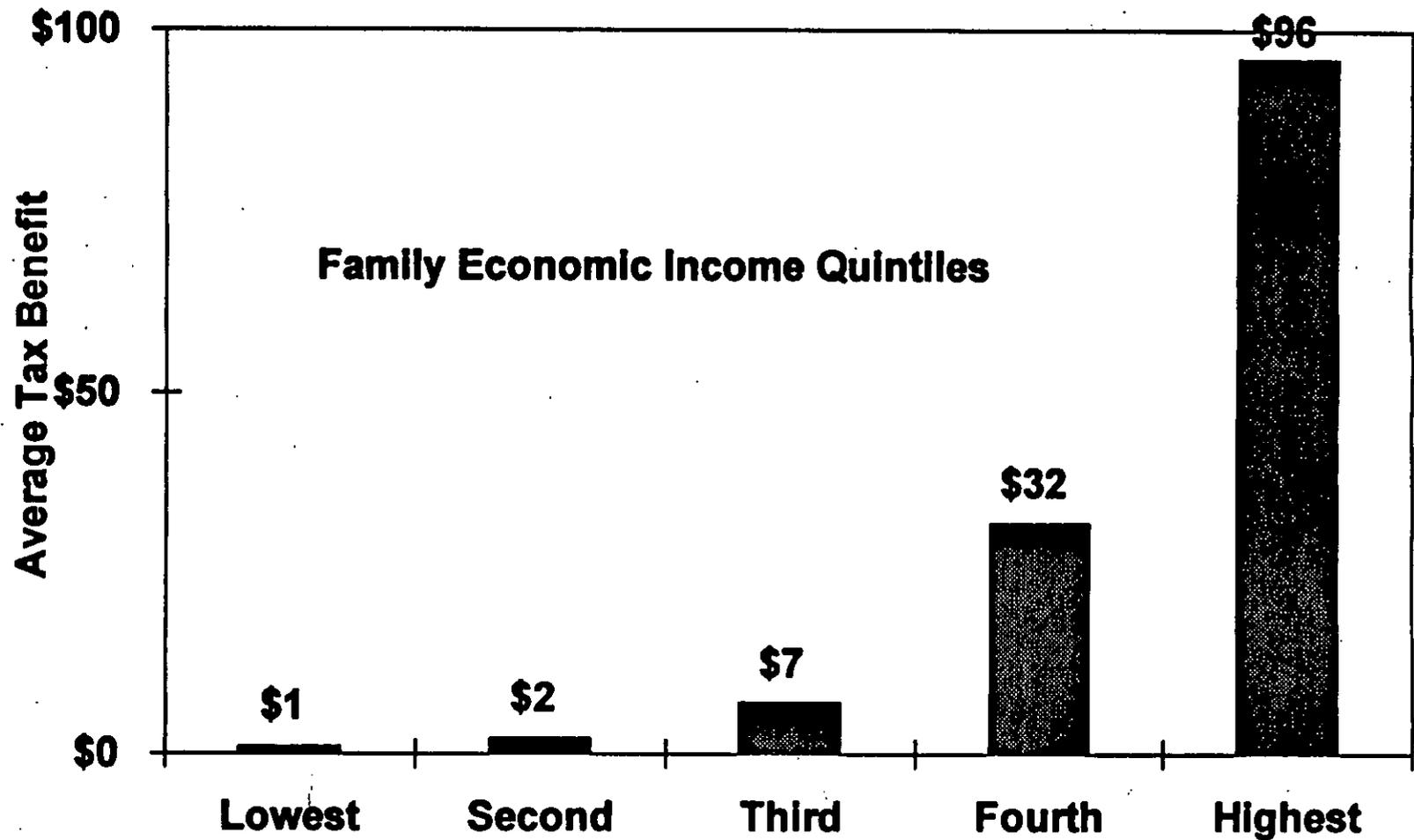
PREPARE OUR CHILDREN FOR CHANGING TIMES: School modernization and construction will help many communities provide modern, well-equipped schools that can be wired for computers and technology so that our children receive the education they need to succeed in the 21st century.

WIDEN THE GAP: The Coverdell bill would provide high-income families with a subsidy to buy home computers, while ignoring the needs of vast majority of children who rely on getting computers in their schools to have access to technology.

¹ These estimates are based on a similar proposal introduced by Senator Coverdell on July 31, 1997 and passed by the House of Representatives (H.R.2426) which would allow \$2,500 annual contributions to an Education IRA. The current proposal under consideration would allow \$2,000 annual contributions and would probably provide even smaller tax breaks.

² Source: Joint Committee on Taxation, U.S. Congress.

Inequities in Coverdell/Archer IRA



NOTE: These estimates are based on a similar proposal introduced by Senator Coverdell on July 31, 1997 and passed by the House of Representatives (H.R.2426) which would allow \$2,500 annual contributions to an Education IRA. The current proposal under consideration would allow \$2,000 annual contributions and would probably provide even smaller tax breaks.



U.S. DEPARTMENT OF EDUCATION

FAX TRANSMISSION

**Office of the Secretary
600 Independence Avenue, SW
Washington, D.C. 20202
Office: (202) 401-8450
Fax: (202) 401-0596**

**TO: Elena Kagan
Mike Cohen
John Schnur
Kathy Stack**

DATE: September 15, 1997

**FAX : 456-2878
456-5581
456-6231
395-4875**

PAGES: , including cover.

**FROM: Susan Frost
Senior Advisor to the Secretary**

SUBJECT: Daschle School Construction Amendment

COMMENTS: Following is the Secretary's statement regarding Sen. Daschle's proposal for School Construction and information regarding the proposal. Please call me at 401-3053 if I can be of assistance.

Thank you.



UNITED STATES DEPARTMENT OF EDUCATION
PUBLIC AFFAIRS

Statement of
Richard. W. Riley
U.S. Secretary of Education

On the Educational Facilities Improvement Act
September 10, 1997

It is clear that the increasing number of young people filling our nation's classrooms will be a central feature that will define American education for years to come. Last year, the United States broke the twenty-five year old enrollment record that was set by the baby boom generation in 1971. This year we will once again break the record with enrollment rising to 52.2 million, and we will continue to break this record for many years to come.

This is both a suburban and urban issue and many states, particularly California, Texas, Georgia, Florida, North Carolina, New York and Arizona will be hard pressed to meet record enrollment. Virginia and Maryland, here in the Washington area, are also two states that have significant enrollment increases in the years ahead.

Six thousand new schools will have to be built to meet this growing enrollment and many more need to be substantially remodeled to replace or modernize the more than a third of the nation's existing schools that are currently over 50 years old.

Temporary measures to meet rising enrollments increases may not be adequate. Unlike the previous baby boom (1947-61), there will be no sharp decline in enrollments after 2007. Instead, the student population will simply plateau at a much higher level as the number of births stabilizes. This finding suggests that many school districts may not be able to adequately meet the needs of their student population by simply buying more portables, or double-shifting students.

I am encouraged by any efforts by the Congress to revisit this issue within a balanced budget framework.

TOM DASCHLE
SOUTH DAKOTA

United States Senate
Office of the Democratic Leader
Washington, DC 20510-7020

EDUCATIONAL FACILITIES IMPROVEMENT ACT
FACT SHEET

Need for Action

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

Summary

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

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

Authorized Activities

The new program funds may be used to:

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

Distribution of the Funds

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

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

Funds to Local Bond Authorities

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

The Secretary will award grants to districts based on a number of criteria, including the numbers of poor children in that district, the overall age and condition of the schools and their potential threat to children's health and safety, the extent of overcrowding, the extent to which construction would otherwise not occur, and other factors.

Funds to States

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

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

Funding

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

09-10-97 09:26AM

TO 94010596

P004

THOMAS A. DASCHLE
SOUTH CAROLINA

United States Senate
Office of the Democratic Leader
Washington, DC 20510-7020

REMARKS BY SENATE DEMOCRATIC LEADER TOM DASCHLE
ANNOUNCING THE EDUCATIONAL FACILITIES IMPROVEMENT ACT
WEDNESDAY, SEPT. 10, 1997

Today, Democrats in the Senate are introducing an important bill today to help local communities expand schools that are overcrowded, and repair or replace schools that are crumbling, or obsolete.

The Labor/HHS/Education bill already contains \$40 million for school construction and repair.

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

Communities can use the money to underwrite up to 50 percent of the interest costs on school construction projects. Every community -- urban, suburban and rural -- will be eligible to apply for the funds.

Democrats in the House will introduce a companion bill as well, which Dick will talk about in just a minute.

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

We need to address this problem now, not next year, not sometime in the future. So we in the Senate will use a special parliamentary option -- known as "Rule 14" -- to skip the normal committee process and place the bill directly on the Senate calendar. We hope our Republican colleagues will join the call for an early vote on this critical issue.

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

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

But the sheer size of America's school facilities problem requires that the federal government be a partner. We can't put America's educational house in order while our schools themselves are falling down. Students can't learn in classrooms that are crowded and buildings that are crumbling. And most local communities can't afford to foot their whole school construction bill themselves.

Our bill will help communities begin to fix the most urgent of the problems. Joining me to talk about the bill are:

- Dick Gephardt;
- Senator Carol Moseley-Braun, who is really the driving force behind this bill in the Senate;
- Rep. Nita Lowey, the chief sponsor in the House; and
- two experts who knows first-hand about crumbling and overcrowded schools: Rita Melius, principal at Abbott Middle School, in Waukegan, Illinois, just north of Chicago; and Pam Latt, principal at Centerville High School in Fairfax County, Virginia.

We also have a short video that shows the condition of some of the school buildings in which America's children are trying to learn.

###

Sch constr.



Janet R. Forsgren

03/10/97 03:48:55 PM

Record Type: Record

To: Kenneth S. Apfel/OMB/EOP
cc: See the distribution list at the bottom of this message
Subject: Re: school construction

I believe that there is only one outstanding issue. This morning, Ellen Seidman asked that section 6215 -- that sets forth the "priorities" and "additional criteria" that States use to determine which localities and activities to support with grant funds -- be modified.

Specifically, she wants to add under "additional criteria", the following language:

"the extent to which the project enables the community to meet its responsibilities under section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act."

We have asked ED whether it can live with this addition. As soon as this issue is resolved, I believe the school construction language will be ready to clear.

Message Copied To:

Barry White/OMB/EOP
Robert M. Shireman/OMB/EOP
Gene B. Sperling/OPD/EOP
Bruce N. Reed/OPD/EOP
Elena Kagan/OPD/EOP