

“PART B—RURAL EDUCATION INITIATIVE

“SEC. 6201. SHORT TITLE.

“This part may be cited as the ‘Rural Education Achievement Program’.

“SEC. 6202. PURPOSE.

“It is the purpose of this part to address the unique needs of rural school districts that frequently—

“(1) lack the personnel and resources needed to compete effectively for Federal competitive grants; and

“(2) receive formula grant allocations in amounts too small to be effective in meeting their intended purposes.

“Subpart 1—Small, Rural School Achievement Program

“SEC. 6211. USE OF APPLICABLE FUNDING.

“(a) ALTERNATIVE USES.—

“(1) IN GENERAL.—Notwithstanding any other provision of law, an eligible local educational agency may use the applicable funding that the agency is eligible to receive from the State educational agency for a fiscal year to carry out local activities authorized under any of the following provisions:

“(A) Part A of title I.

“(B) Part A or D of title II.

“(C) Title III.

“(D) Part A or B of title IV.

“(E) Part A of title V.

“(2) NOTIFICATION.—An eligible local educational agency shall notify the State educational agency of the local educational agency’s intention to use the applicable funding in accordance with paragraph (1), by a date that is established by the State educational agency for the notification.

“(b) ELIGIBILITY.—

“(1) IN GENERAL.—A local educational agency shall be eligible to use the applicable funding in accordance with subsection (a) if—

“(A)(i)(I) the total number of students in average daily attendance at all of the schools served by the local educational agency is fewer than 600; or

“(II) each county in which a school served by the local educational agency is located has a total population density of fewer than 10 persons per square mile; and

“(ii) all of the schools served by the local educational agency are designated with a school locale code of 7 or 8, as determined by the Secretary; or

“(B) the agency meets the criteria established in subparagraph (A)(i) and the Secretary, in accordance with paragraph (2), grants the local educational agency’s request to waive the criteria described in subparagraph (A)(ii).

“(2) CERTIFICATION.—The Secretary shall determine whether to waive the criteria described in paragraph (1)(A)(ii) based on a demonstration by the local educational agency, and concurrence by the State educational agency, that the local educational agency is located in an area defined as rural by a governmental agency of the State.

“(c) APPLICABLE FUNDING DEFINED.—In this section, the term ‘applicable funding’ means funds provided under any of the following

provisions:

“(1) Subpart 2 and section 2412(a)(2)(A) of title II.

“(2) Section 4114.

“(3) Part A of title V.

“(d) **DISBURSEMENT.**—Each State educational agency that receives applicable funding for a fiscal year shall disburse the applicable funding to local educational agencies for alternative uses under this section for the fiscal year at the same time as the State educational agency disburses the applicable funding to local educational agencies that do not intend to use the applicable funding for such alternative uses for the fiscal year.

“(e) **APPLICABLE RULES.**—Applicable funding under this section shall be available to carry out local activities authorized under subsection (a).

“SEC. 6212. GRANT PROGRAM AUTHORIZED.

“(a) **IN GENERAL.**—The Secretary is authorized to award grants to eligible local educational agencies to enable the local educational agencies to carry out activities authorized under any of the following provisions:

“(1) Part A of title I.

“(2) Part A or D of title II.

“(3) Title III.

“(4) Part A or B of title IV.

“(5) Part A of title V.

“(b) **ALLOCATION.**—

“(1) **IN GENERAL.**—Except as provided in paragraph (3), the Secretary shall award a grant under subsection (a) to a local educational agency eligible under section 6211(b) for a fiscal year in an amount equal to the initial amount determined under paragraph (2) for the fiscal year minus the total amount received by the agency under the provisions of law described in section 6211(c) for the preceding fiscal year.

“(2) **DETERMINATION OF INITIAL AMOUNT.**—The initial amount referred to in paragraph (1) is equal to \$100 multiplied by the total number of students in excess of 50 students, in average daily attendance at the schools served by the local educational agency, plus \$20,000, except that the initial amount may not exceed \$60,000.

“(3) **RATABLE ADJUSTMENT.**—

“(A) **IN GENERAL.**—If the amount made available to carry out this section for any fiscal year is not sufficient to pay in full the amounts that local educational agencies are eligible to receive under paragraph (1) for such year, the Secretary shall ratably reduce such amounts for such year.

“(B) **ADDITIONAL AMOUNTS.**—If additional funds become available for making payments under paragraph (1) for such fiscal year, payments that were reduced under subparagraph (A) shall be increased on the same basis as such payments were reduced.

“(c) **DISBURSEMENT.**—The Secretary shall disburse the funds awarded to a local educational agency under this section for a fiscal year not later than July 1 of that fiscal year.

“(d) **SPECIAL ELIGIBILITY RULE.**—A local educational agency that is eligible to receive a grant under this subpart for a fiscal

year is not eligible to receive funds for such fiscal year under subpart 2.

“SEC. 6213. ACCOUNTABILITY.

“(a) ACADEMIC ACHIEVEMENT ASSESSMENT.—Each local educational agency that uses or receives funds under this subpart for a fiscal year shall administer an assessment that is consistent with section 1111(b)(3).

“(b) DETERMINATION REGARDING CONTINUING PARTICIPATION.—Each State educational agency that receives funding under the provisions of law described in section 6211(c) shall—

“(1) after the third year that a local educational agency in the State participates in a program under this subpart and on the basis of the results of the assessments described in subsection (a), determine whether the local educational agency participating in the program made adequate yearly progress, as described in section 1111(b)(2);

“(2) permit only those local educational agencies that participated and made adequate yearly progress, as described in section 1111(b)(2), to continue to participate; and

“(3) permit those local educational agencies that participated and failed to make adequate yearly progress, as described in section 1111(b)(2), to continue to participate only if such local educational agencies use applicable funding under this subpart to carry out the requirements of section 1116.

“Subpart 2—Rural and Low-Income School Program

“SEC. 6221. PROGRAM AUTHORIZED.

“(a) GRANTS TO STATES.—

“(1) IN GENERAL.—From amounts appropriated under section 6234 for this subpart for a fiscal year that are not reserved under subsection (c), the Secretary shall award grants (from allotments made under paragraph (2)) for the fiscal year to State educational agencies that have applications submitted under section 6223 approved to enable the State educational agencies to award grants to eligible local educational agencies for local authorized activities described in section 6222(a).

“(2) ALLOTMENT.—From amounts described in paragraph (1) for a fiscal year, the Secretary shall allot to each State educational agency for that fiscal year an amount that bears the same ratio to those amounts as the number of students in average daily attendance served by eligible local educational agencies in the State for that fiscal year bears to the number of all such students served by eligible local educational agencies in all States for that fiscal year.

“(3) SPECIALLY QUALIFIED AGENCIES.—

“(A) ELIGIBILITY AND APPLICATION.—If a State educational agency elects not to participate in the program under this subpart or does not have an application submitted under section 6223 approved, a specially qualified agency in such State desiring a grant under this subpart may submit an application under such section directly to the Secretary to receive an award under this subpart.

“(B) DIRECT AWARDS.—The Secretary may award, on a competitive basis or by formula, the amount the State educational agency is eligible to receive under paragraph

(2) directly to a specially qualified agency in the State that has submitted an application in accordance with subparagraph (A) and obtained approval of the application.

“(C) SPECIALLY QUALIFIED AGENCY DEFINED.—In this subpart, the term ‘specially qualified agency’ means an eligible local educational agency served by a State educational agency that does not participate in a program under this subpart in a fiscal year, that may apply directly to the Secretary for a grant in such year under this subsection.

“(b) LOCAL AWARDS.—

“(1) ELIGIBILITY.—A local educational agency shall be eligible to receive a grant under this subpart if—

“(A) 20 percent or more of the children ages 5 through 17 years served by the local educational agency are from families with incomes below the poverty line; and

“(B) all of the schools served by the agency are designated with a school locale code of 6, 7, or 8, as determined by the Secretary.

“(2) AWARD BASIS.—A State educational agency shall award grants to eligible local educational agencies—

“(A) on a competitive basis;

“(B) according to a formula based on the number of students in average daily attendance served by the eligible local educational agencies or schools in the State; or

“(C) according to an alternative formula, if, prior to awarding the grants, the State educational agency demonstrates, to the satisfaction of the Secretary, that the alternative formula enables the State educational agency to allot the grant funds in a manner that serves equal or greater concentrations of children from families with incomes below the poverty line, relative to the concentrations that would be served if the State educational agency used the formula described in subparagraph (B).

“(c) RESERVATIONS.—From amounts appropriated under section 6234 for this subpart for a fiscal year, the Secretary shall reserve—

“(1) one-half of 1 percent to make awards to elementary schools or secondary schools operated or supported by the Bureau of Indian Affairs, to carry out the activities authorized under this subpart; and

“(2) one-half of 1 percent to make awards to the outlying areas in accordance with their respective needs, to carry out the activities authorized under this subpart.

“SEC. 6222. USES OF FUNDS.

“(a) LOCAL AWARDS.—Grant funds awarded to local educational agencies under this subpart shall be used for any of the following:

“(1) Teacher recruitment and retention, including the use of signing bonuses and other financial incentives.

“(2) Teacher professional development, including programs that train teachers to utilize technology to improve teaching and to train special needs teachers.

“(3) Educational technology, including software and hardware, as described in part D of title II.

“(4) Parental involvement activities.

“(5) Activities authorized under the Safe and Drug-Free Schools program under part A of title IV.

“(6) Activities authorized under part A of title I.

“(7) Activities authorized under title III.

“(b) ADMINISTRATIVE COSTS.—A State educational agency receiving a grant under this subpart may not use more than 5 percent of the amount of the grant for State administrative costs and to provide technical assistance to eligible local educational agencies.

“SEC. 6223. APPLICATIONS.

“(a) IN GENERAL.—Each State educational agency or specially qualified agency desiring to receive a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require.

“(b) CONTENTS.—At a minimum, each application submitted under subsection (a) shall include information on specific measurable goals and objectives to be achieved through the activities carried out through the grant, which may include specific educational goals and objectives relating to—

“(1) increased student academic achievement;

“(2) decreased student dropout rates; or

“(3) such other factors as the State educational agency or specially qualified agency may choose to measure.

“SEC. 6224. ACCOUNTABILITY.

“(a) STATE REPORT.—Each State educational agency that receives a grant under this subpart shall prepare and submit an annual report to the Secretary. The report shall describe—

“(1) the method the State educational agency used to award grants to eligible local educational agencies, and to provide assistance to schools, under this subpart;

“(2) how local educational agencies and schools used funds provided under this subpart; and

“(3) the degree to which progress has been made toward meeting the goals and objectives described in the application submitted under section 6223.

“(b) SPECIALLY QUALIFIED AGENCY REPORT.—Each specially qualified agency that receives a grant under this subpart shall provide an annual report to the Secretary. Such report shall describe—

“(1) how such agency uses funds provided under this subpart; and

“(2) the degree to which progress has been made toward meeting the goals and objectives described in the application submitted under section 6223.

“(c) REPORT TO CONGRESS.—The Secretary shall prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate a biennial report. The report shall describe—

“(1) the methods the State educational agencies used to award grants to eligible local educational agencies, and to provide assistance to schools, under this subpart;

local educational agencies and schools used funds provided under this subpart; and

“(3) the degree to which progress has been made toward meeting the goals and objectives described in the applications submitted under section 6223.

“(d) ACADEMIC ACHIEVEMENT ASSESSMENT.—Each local educational agency or specially qualified agency that receives a grant under this subpart for a fiscal year shall administer an assessment that is consistent with section 1111(b)(3).

“(e) DETERMINATION REGARDING CONTINUING PARTICIPATION.—Each State educational agency or specially qualified agency that receives a grant under this subpart shall—

“(1) after the third year that a local educational agency or specially qualified agency in the State receives funds under this subpart, and on the basis of the results of the assessments described in subsection (d)—

“(A) in the case of a local educational agency, determine whether the local educational agency made adequate yearly progress, as described in section 1111(b)(2); and

“(B) in the case of a specially qualified agency, submit to the Secretary information that would allow the Secretary to determine whether the specially qualified agency has made adequate yearly progress, as described in section 1111(b)(2);

“(2) permit only those local educational agencies or specially qualified agencies that made adequate yearly progress, as described in section 1111(b)(2), to continue to receive grants under this subpart; and

“(3) permit those local educational agencies or specially qualified agencies that failed to make adequate yearly progress, as described in section 1111(b)(2), to continue to receive such grants only if the State educational agency disbursed such grants to the local educational agencies or specially qualified agencies to carry out the requirements of section 1116.

“**Subpart 3—General Provisions**

“**SEC. 6231. ANNUAL AVERAGE DAILY ATTENDANCE DETERMINATION.**

“(a) CENSUS DETERMINATION.—Each local educational agency desiring a grant under section 6212 and each local educational agency or specially qualified agency desiring a grant under subpart 2 shall—

“(1) not later than December 1 of each year, conduct a census to determine the number of students in average daily attendance in kindergarten through grade 12 at the schools served by the agency; and

“(2) not later than March 1 of each year, submit the number described in paragraph (1) to the Secretary (and to the State educational agency, in the case of a local educational agency seeking a grant under subpart (2)).

“(b) PENALTY.—If the Secretary determines that a local educational agency or specially qualified agency has knowingly submitted false information under subsection (a) for the purpose of gaining additional funds under section 6212 or subpart 2, then the agency shall be fined an amount equal to twice the difference between the amount the agency received under this section and the correct amount the agency would have received under section 6212 or subpart 2 if the agency had submitted accurate information under subsection (a).

“**SEC. 6232. SUPPLEMENT, NOT SUPPLANT.**

“Funds made available under subpart 1 or subpart 2 shall be used to supplement, and not supplant, any other Federal, State,

or local education funds.

“SEC. 6233. RULE OF CONSTRUCTION.

“Nothing in this part shall be construed to prohibit a local educational agency that enters into cooperative arrangements with other local educational agencies for the provision of special, compensatory, or other education services, pursuant to State law or a written agreement, from entering into similar arrangements for the use, or the coordination of the use, of the funds made available under this part.

“SEC. 6234. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated to carry out this part \$300,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 5 succeeding fiscal years, to be distributed equally between subparts 1 and 2.