

112TH CONGRESS  
1ST SESSION

# H. R. 1342

To reauthorize the impact aid program under the Elementary and Secondary Education Act of 1965.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2011

Ms. HIRONO (for herself and Mrs. NOEM) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To reauthorize the impact aid program under the Elementary and Secondary Education Act of 1965.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Local Taxpayer Relief  
5 Act”.

6       **SEC. 2. PAYMENTS RELATING TO FEDERAL ACQUISITION**  
7               **OF REAL PROPERTY.**

8       (a) AMENDMENTS.—Section 8002 of the Elementary  
9 and Secondary Education Act of 1965 (20 U.S.C. 7702)  
10 is amended—

1 (1) in subsection (a)(1)(C), by amending the  
2 matter preceding clause (i) to read as follows:

3 “(C) had an assessed value according to  
4 original records (including facsimiles or other  
5 reproductions of those records) or other records  
6 that the Secretary determines to be appropriate  
7 and reliable, including Federal agency records  
8 or local historical records aggregating 10 per-  
9 cent or more of the assessed value of—”;

10 (2) in subsection (b)—

11 (A) in paragraph (1), by adding at the end  
12 the following:

13 “(D) Notwithstanding any other provision of  
14 this subsection, a local educational agency may not  
15 be paid an amount under this section that exceeds  
16 the total current expenditures of the agency in the  
17 second prior fiscal year.”;

18 (B) by striking paragraph (2) and insert-  
19 ing the following:

20 “(2) DETERMINATION OF ESTIMATED AS-  
21 SSESSED VALUE FOR ELIGIBLE FEDERAL PROP-  
22 erty.—

23 “(A) IN GENERAL.—Subject to subpara-  
24 graph (B), in determining the estimated taxable  
25 value of eligible Federal property located within

1 the boundaries of a local educational agency for  
2 fiscal year 2010 and each succeeding fiscal  
3 year, the Secretary shall—

4 “(i) determine the total taxable value  
5 for the purpose of levying a property tax  
6 for school purposes for current expendi-  
7 tures of real property located within the  
8 boundaries of such local educational agen-  
9 cy;

10 “(ii) determine the per acre value of  
11 the eligible Federal property by dividing—

12 “(I) the total taxable value as de-  
13 termined in clause (i), by

14 “(II) the total acres located with-  
15 in the boundaries of the local edu-  
16 cational agency minus the number of  
17 Federal acres eligible under this sec-  
18 tion; and

19 “(iii) multiply the per acre value as  
20 calculated under clause (ii) by the number  
21 of Federal acres eligible under this section.

22 “(B) SPECIAL RULE.—In a case in which  
23 a local educational agency shares eligible Fed-  
24 eral property with 2 or more local educational

1 agencies, the local educational agency may ask  
2 the Secretary to—

3 “(i) calculate the per acre value of  
4 each such local educational agency in ac-  
5 cordance with subparagraph (A); and

6 “(ii) apply the average of the per acre  
7 values to the acres of the Federal property  
8 in that agency.”; and

9 (C) by striking paragraph (3) and insert-  
10 ing the following:

11 “(3) APPLICATION OF CURRENT LEVIED REAL  
12 PROPERTY TAX RATE.—In calculating the amount  
13 that a local educational agency is eligible to receive  
14 for a fiscal year the Secretary shall apply the cur-  
15 rent levied real property tax rate for current expend-  
16 itures levied by fiscally independent local educational  
17 agencies, or imputed for fiscally dependent local edu-  
18 cational agencies, to the current annually deter-  
19 mined estimated taxable value of such acquired Fed-  
20 eral property as calculated under paragraph (2).”;

21 (3) in subsection (f), by striking paragraphs (4)  
22 and (5);

23 (4) by amending subsection (g) to read as fol-  
24 lows:

25 “(g) FORMER DISTRICTS.—

1           “(1) CONSOLIDATIONS.—For fiscal year 2006  
2           and all succeeding fiscal years, if a local educational  
3           agency described in paragraph (2) is formed at any  
4           time after 1938 by the consolidation of 2 or more  
5           former school districts, the local educational agency  
6           may elect to have the Secretary determine its eligi-  
7           bility and any amount for which the local edu-  
8           cational agency is eligible under this section for any  
9           fiscal year on the basis of 1 or more of those former  
10          districts, as designated by the local educational  
11          agency in such election.

12           “(2) ELIGIBLE LOCAL EDUCATIONAL AGEN-  
13          CIES.—A local educational described in this para-  
14          graph is—

15                   “(A) any local educational agency that, for  
16                   fiscal year 1994 or any preceding fiscal year,  
17                   applied for, and was determined to be eligible  
18                   under, section 2(c) of the Act of September 20,  
19                   1950 (Public Law 874, 81st Congress), as that  
20                   section was in effect for that fiscal year; or

21                   “(B) a local educational agency formed by  
22                   the consolidation of 2 or more districts, at least  
23                   1 of which was eligible for assistance under this  
24                   section for the fiscal year preceding the year of  
25                   the consolidation, if—

1           “(i) for fiscal years 2006 through  
2           2011, the local educational agency notifies  
3           the Secretary of the designation made by  
4           the agency in the election described in  
5           paragraph (1) not later than 30 days after  
6           the date of enactment of the Local Tax-  
7           payer Relief Act; and

8           “(ii) for fiscal year 2012 and any sub-  
9           sequent fiscal year, the local educational  
10          agency includes the designation in its ap-  
11          plication under section 8005 or any timely  
12          amendment to such application.

13          “(3) AVAILABILITY OF FUNDS.—Notwith-  
14          standing any other provision of law limiting the pe-  
15          riod during which the Secretary may obligate funds  
16          appropriated for any fiscal year after 2005, the Sec-  
17          retary may obligate funds remaining after final pay-  
18          ments have been made from any of such fiscal years  
19          to carry out this subsection.”;

20          (5) by amending subsection (h) to read as fol-  
21          lows:

22          “(h) PAYMENTS WITH RESPECT TO FISCAL YEARS  
23          IN WHICH INSUFFICIENT FUNDS ARE APPROPRIATED.—  
24          For any fiscal year for which the amount appropriated  
25          under section 8014(a) is insufficient to pay to each eligible

1 local educational agency the full amount determined under  
2 subsection (b), the Secretary shall make payments to each  
3 local educational agency under this section as follows:

4 “(1) FOUNDATION PAYMENTS.—

5 “(A) IN GENERAL.—From the amount ap-  
6 propriated under section 8014(a), the Secretary  
7 shall first make payments to the following local  
8 educational agencies:

9 “(i) Each local educational agency  
10 that received a payment under this section  
11 for fiscal year 2006; and that was eligible  
12 for a payment under this section for fiscal  
13 year 2006.

14 “(ii) Each local educational agency  
15 that did not receive a payment under this  
16 section for fiscal year 2006 but was newly  
17 eligible for a payment under this section  
18 after fiscal year 2006.

19 “(B) AMOUNT.—The amount of payment  
20 under subparagraph (A) for a local educational  
21 shall be determined as follows:

22 “(i) For a local educational agency  
23 described in subparagraph (A)(i), the  
24 amount of payment shall be equal to 90  
25 percent of the amount received by such

1 local educational agency under subsection  
2 (b) for fiscal year 2006.

3 “(ii) For a local educational agency  
4 described in subparagraph (A)(ii) the  
5 amount of payment shall be determined  
6 by—

7 “(I) calculating a payment esti-  
8 mate for fiscal year 2006 under the  
9 same provisions and in the same man-  
10 ner as payments were determined for  
11 those local educational agencies eligi-  
12 ble for and receiving payments for fis-  
13 cal year 2006; and

14 “(II) multiplying the amount de-  
15 termined under clause (i) by 90 per-  
16 cent.

17 “(C) FOUNDATION PAYMENT.—The  
18 amount of payments calculated under clauses  
19 (i) and (ii) of subparagraph (B) shall be consid-  
20 ered the agencies foundation payments for each  
21 succeeding fiscal year.

22 “(D) INSUFFICIENT APPROPRIATIONS.—If  
23 the amount appropriated under section 8014(a)  
24 is insufficient to pay the full amount deter-  
25 mined under this paragraph for all eligible local



1 educational agencies for a fiscal year, the Sec-  
2 retary shall ratably reduce the payment to each  
3 local educational agency under this paragraph  
4 for such fiscal year.

5 “(2) REMAINING FUNDS.—From any funds re-  
6 maining after making payments under paragraph  
7 (1) for a fiscal year, the Secretary shall—

8 “(A) sum the amounts determined under  
9 paragraph (b)(2) for all eligible local edu-  
10 cational agencies;

11 “(B) determine each eligible local edu-  
12 cational agency’s proportional share of the  
13 amount calculated under subparagraph (A); and

14 “(C) pay each eligible local educational  
15 agency its share of the remaining funds based  
16 on the proportion calculated under subpara-  
17 graph (B).”;

18 (6) by striking subsections (i), (k), and (m);

19 and

20 (7) by redesignating subsections (l) and (n) as  
21 subsections (i) and (j), respectively.

22 (b) EFFECTIVE DATE.—Notwithstanding the date of  
23 enactment of this Act, the amendments made by this sec-  
24 tion shall apply to applications submitted for fiscal year  
25 2010 and all succeeding fiscal years.

1 **SEC. 3. PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED**  
2 **CHILDREN.**

3 Section 8003 of that Act (20 U.S.C. 7703) is amend-  
4 ed—

5 (1) in subsection (a)—

6 (A) in paragraph (1), in the matter pre-  
7 ceding subparagraph (A), by inserting after  
8 “such agency,” the following: “including those  
9 children enrolled in a State that has a State  
10 open enrollment policy (but not including chil-  
11 dren enrolled in a distance learning program  
12 not residing within the geographic boundaries  
13 of the agency),”;

14 (B) in paragraph (4)—

15 (i) by inserting “rebuilding or author-  
16 ized for demolition” after “renovation” in  
17 each place it appears; and

18 (ii) in each of clauses (i)(I) and (ii)  
19 (I) of subparagraph (B), by striking “3 fis-  
20 cal years” and inserting “4 fiscal years  
21 (which are not required to run consecu-  
22 tively)”;

23 (C) in paragraph (5)(A), by inserting after  
24 “1984,” the following: “or under lease of off-  
25 base property under subchapter IV of chapter

1 169 of part IV of subtitle A of title 10, United  
2 States Code (10 U.S.C. 2871 et. seq.),”;

3 (2) subsection (b)(2)—

4 (A) in subparagraph (B)—

5 (i) in the subparagraph heading, by  
6 striking “CONTINUING”;

7 (ii) by amending clause (i) to read as  
8 follows:

9 “(i) IN GENERAL.—A heavily im-  
10 pacted local educational agency is eligible  
11 to receive a basic support payment under  
12 subparagraph (A) with respect to a num-  
13 ber of children determined under sub-  
14 section (a)(1) if the agency—

15 “(I) is a local educational agency  
16 whose boundaries are the same as a  
17 Federal military installation or the  
18 boundaries are the same as island  
19 property designated by the Secretary  
20 of the Interior to be property that is  
21 held in trust by the Federal Govern-  
22 ment and the agency has no taxing  
23 authority;

24 “(II) is a local educational agen-  
25 cy—

1           “(aa) that has an enrollment  
2 of children described in sub-  
3 section (a)(1) that constitutes a  
4 percentage of the total student  
5 enrollment of the agency that is  
6 not less than 45 percent;

7           “(bb) that has a per-pupil  
8 expenditure that is less than—

9                   “(AA) for an agency  
10 that has a total student en-  
11 rollment of 500 or more stu-  
12 dents, 125 percent of the av-  
13 erage per-pupil expenditure  
14 of the State in which the  
15 agency is located; or

16                   “(BB) for an agency  
17 that has a total student en-  
18 rollment of less than 500,  
19 150 percent of the average  
20 per-pupil expenditure of the  
21 State in which the agency is  
22 located, or the average per-  
23 pupil expenditure of 3 or  
24 more comparable local edu-  
25 cational agencies in the

1 State in which the agency is  
2 located; and

3 “(cc) that is an agency  
4 that—

5 “(AA) has a tax rate  
6 for general fund purposes  
7 that is at least 95 percent of  
8 the average tax rate for gen-  
9 eral fund purposes of com-  
10 parable local educational  
11 agencies in the State; or

12 “(BB) was eligible to  
13 receive a payment under this  
14 subsection for fiscal year  
15 2008 and is located in a  
16 State that by State law has  
17 eliminated ad valorem tax as  
18 a revenue source for local  
19 educational agencies;

20 “(III) is a local educational agen-  
21 cy that has a total student enrollment  
22 of not less than 25,000 students, of  
23 which not less than 50 percent are  
24 children described in subsection (a)(1)  
25 and not less than 5,500 of such chil-

1           dren are children described in sub-  
2           paragraphs (A) and (B) of subsection  
3           (a)(1); or

4                   “(IV) is a local educational agen-  
5           cy that—

6                           “(aa) has an enrollment of  
7                           children described in subsection  
8                           (a)(1) that constitutes a percent-  
9                           age of the total student enroll-  
10                          ment of the agency that is not  
11                          less than 20 percent;

12                          “(bb) for the 3 fiscal years  
13                          preceding the fiscal year for  
14                          which the determination is made,  
15                          the average enrollment of chil-  
16                          dren who are not described in  
17                          subsection (a)(1) and who are eli-  
18                          gible for a free or reduced price  
19                          lunch under the Richard B. Rus-  
20                          sell National School Lunch Act  
21                          constitutes a percentage of the  
22                          total student enrollment of the  
23                          agency that is not less than 65  
24                          percent; and

1                   “(cc) has a tax rate for gen-  
2                   eral fund purposes which is not  
3                   less than 1.25 percent of the av-  
4                   erage tax rate for general fund  
5                   purposes for comparable local  
6                   educational agencies in the  
7                   State.”; and

8                   (iii) by amending clause (ii) to read as  
9                   follows:

10                   “(ii) LOSS OF ELIGIBILITY.—

11                   “(I) IN GENERAL.—Subject to  
12                   subclause (II), a heavily impacted  
13                   local education agency that met the  
14                   requirements of clause (i) for a fiscal  
15                   year shall be ineligible to receive a  
16                   basic support payment under subpara-  
17                   graph (A) if the agency fails to meet  
18                   the requirements of clause (i) for a  
19                   subsequent fiscal year, except that  
20                   such agency shall continue to receive  
21                   a basic support payment under this  
22                   paragraph for the fiscal year for  
23                   which the ineligibility determination is  
24                   made.

1                   “(II) EXCEPTION.—For a local  
2                   educational agency that is eligible  
3                   under subparagraph (A) but whose  
4                   tax rate for general fund purposes  
5                   falls below 95 percent of the average  
6                   tax rate for general fund purposes of  
7                   local educational agencies in the State  
8                   for two consecutive years shall lose its  
9                   eligibility and be subject to subclause  
10                  (I).”;

11                  (iv) by adding at the end, the fol-  
12                  lowing:

13                  “(iv) SPECIAL RULE.—Notwith-  
14                  standing clause (i)(II), a local educational  
15                  agency shall be considered eligible to re-  
16                  ceive a basic support payment under sub-  
17                  paragraph (A) with respect to the number  
18                  of children determined under subsection  
19                  (a)(1) if the agency—

20                  “(I) has an enrollment of chil-  
21                  dren described in subsection (a)(1),  
22                  including, for purposes of determining  
23                  eligibility, those children described in  
24                  subparagraphs (F) and (G) of such  
25                  subsection, that constitutes a percent-



1 age of the total student enrollment of  
2 the agency that is not less than 35  
3 percent; and

4 “(II) was eligible to receive as-  
5 sistance under subsection (b)(2) for  
6 fiscal year 2001.”;

7 (B) by amending subparagraph (C) to read  
8 as follows:

9 “(C) MAXIMUM AMOUNT FOR HEAVILY IM-  
10 PACTED LOCAL EDUCATIONAL AGENCIES.—

11 “(i) IN GENERAL.—The maximum  
12 amount that a heavily impacted local edu-  
13 cational agency is eligible to receive under  
14 this paragraph for any fiscal year is the  
15 sum of the total weighted student units, as  
16 computed under subsection (a)(2) and sub-  
17 ject to clause (ii), multiplied by the greater  
18 of—

19 “(I) four-fifths of the average  
20 per-pupil expenditure of the State in  
21 which the local educational agency is  
22 located for the third fiscal year pre-  
23 ceding the fiscal year for which the  
24 determination is made; or

1                   “(II) four-fifths of the average  
2                   per-pupil expenditure of all of the  
3                   States for the third fiscal year pre-  
4                   ceding the fiscal year for which the  
5                   determination is made.

6                   “(ii) SPECIAL RULE.—(I)(aa) For a  
7                   local educational agency with respect to  
8                   which 35 percent or more of the total stu-  
9                   dent enrollment of the schools of the agen-  
10                  cy are children described in subparagraphs  
11                  (D) or (E) (or a combination thereof) of  
12                  subsection (a)(1), and has an enrollment of  
13                  children described in subparagraphs (A),  
14                  (B), or (C) of such subsection equal to at  
15                  least 10 percent of the agency’s total en-  
16                  rollment, the Secretary shall calculate the  
17                  weighted student units of those children  
18                  described in subparagraphs (D) or (E) of  
19                  such subsection by multiplying the number  
20                  of such children by a factor of 0.55.

21                  “(bb) For any local educational agen-  
22                  cy that received a payment under this  
23                  clause for fiscal year 2006, the local edu-  
24                  cational agency shall not be required to  
25                  have an enrollment of children described in

1           subparagraph (A), (B), or (C) of such sub-  
2           section equal to at least 10 percent of the  
3           agency’s total enrollment.

4           “(II) For a local educational agency  
5           that has an enrollment of 100 or fewer  
6           children described in subsection (a)(1), the  
7           Secretary shall calculate the total number  
8           of weighted student units for purposes of  
9           subsection (a)(2) by multiplying the num-  
10          ber of such children by a factor of 1.75.

11          “(III) For a local educational agency  
12          that does not qualify under subparagraph  
13          (B)(i)(I) of this subsection and has an en-  
14          rollment of more than 100 but not more  
15          than 1,000 children described in subsection  
16          (a)(1), the Secretary shall calculate the  
17          total number of weighted student units for  
18          purposes of subsection (a)(2) by multi-  
19          plying the number of such children by a  
20          factor of 1.25.”;

21          (C) by amending subparagraph (D) to read  
22          as follows:

23          “(D) MAXIMUM AMOUNT FOR LARGE  
24          HEAVILY IMPACTED LOCAL EDUCATIONAL  
25          AGENCIES.—(i)(I) Subject to clause (ii), the

1 maximum amount that a heavily impacted local  
2 educational agency described in subclause (II)  
3 is eligible to receive under this paragraph for  
4 any fiscal year shall be determined in accord-  
5 ance with the formula described in paragraph  
6 (1)(C).

7 “(II) A heavily impacted local educational  
8 agency described in this subclause is a local  
9 educational agency that has a total student en-  
10 rollment of not less than 25,000 students, of  
11 which not less than 50 percent are children de-  
12 scribed in subsection (a)(1) and not less than  
13 5,500 of such children are children described in  
14 subparagraph (A) and (B) of subsection (a)(1).

15 “(ii) For purposes of calculating the max-  
16 imum amount described in clause (i), the factor  
17 used in determining the weighted student units  
18 under subsection (a)(2) with respect to children  
19 described in subparagraph (A) and (B) of sub-  
20 section (a)(1) shall be 1.35.”.

21 (D) by striking subparagraph (E);

22 (E) by redesignating subparagraph (F) as  
23 subparagraph (E);

24 (F) in subparagraph (E) (as so redesign-  
25 ated by subparagraph (G))—

- 1 (i) by striking clause (ii);
- 2 (ii) by striking “; and” at the end of  
3 clause (i) and inserting a period; and
- 4 (iii) by striking “the Secretary” and  
5 all that follows through “shall use” and in-  
6 serting “the Secretary shall use”;
- 7 (G) by redesignating subparagraph (G) as  
8 subparagraph (F);
- 9 (H) in subparagraph (F) (as so redesign-  
10 ated by subparagraph (I)), in the matter pre-  
11 ceding clause (i), by striking “(C)(i)(II)(bb)”  
12 and inserting “(B)(i)(II)(bb)”;
- 13 (I) by redesignating subparagraph (H) as  
14 subparagraph (G); and
- 15 (J) in subparagraph (G) (as so redesign-  
16 ated by subparagraph (K))—
- 17 (i) in clause (i)—
- 18 (I) by striking “(B), (C), (D), or  
19 (E),” and inserting “(B), (C), or  
20 (D),”;
- 21 (II) by striking “by reason of”  
22 and inserting “due to”;
- 23 (III) by inserting after “clause  
24 (iii),” the following: “or as the direct  
25 result of base realignment and closure

1 or modularization as determined by  
2 the Secretary of Defense and force  
3 structure change or force relocation,”;  
4 and

5 (IV) by inserting before the pe-  
6 riod at the end the following: “or dur-  
7 ing such time as activities associated  
8 with base closure and realignment,  
9 modularization, force structure  
10 change, or force relocation is ongo-  
11 ing”; and

12 (ii) in clause (ii) by striking “(D) or  
13 (E)” in both places such term appears and  
14 inserting “(C) or (D)”;

15 (3) in subsection (b)(3)(B)—

16 (A) by redesignating clause (iv) as clause  
17 (v); and

18 (B) by inserting after clause (iii) the fol-  
19 lowing:

20 “(iv) For any local educational agency  
21 that is providing a program of distant  
22 learning to children not residing within the  
23 geographic boundaries of the agency, the  
24 Secretary shall disregard such children  
25 from such agency’s total enrollment when

1 calculating the percentage under subclause  
2 (I) of clause (i) and shall disregard any  
3 funds received for such children when cal-  
4 culating the total current expenditures at-  
5 tributed to the operation of such agency  
6 when calculating the percentage under sub-  
7 clause (II) of clause (i).”;

8 (4) in subsection (b)(3)(C) by striking “or (E)  
9 of paragraph (2), as the case may be” and inserting  
10 “of paragraph (2)”;

11 (5) by amending subsection (b)(3)(D) to read  
12 as follows:

13 “(D) RATABLE DISTRIBUTION.—For any  
14 fiscal year described in subparagraph (A) for  
15 which the sums available exceed the amount re-  
16 quired to pay each local educational agency 110  
17 percent of its threshold payment the Secretary  
18 shall distribute the excess sums to each eligible  
19 local educational agency that has not received  
20 its full amount computed under paragraphs (1)  
21 or (2) (as the case may be) by multiplying—

22 “(i) a percentage, the denominator of  
23 which is the difference between the full  
24 amount computed under paragraphs (1) or  
25 (2) (as the case may be) for all local edu-

1 cational agencies and the amount of the  
2 threshold payment as calculated under sub-  
3 paragraphs (B) and (C) of all local edu-  
4 cational agencies, and the numerator of  
5 which is the aggregate amount of the ex-  
6 cess sums, by

7 “(ii) the difference between the full  
8 amount computed under paragraphs (1) or  
9 (2) (as the case may be) for the agency  
10 and the amount of the threshold payment  
11 as calculated under subparagraphs (B) and  
12 (C) of the agency.”;

13 (6) in subsection (c), by amending paragraph  
14 (2) to read as follows:

15 “(2) EXCEPTION.—Calculation of payments for  
16 a local educational agency shall be based on data  
17 from the fiscal year for which the agency is making  
18 an application for payment if such agency—

19 “(A) is newly established by a State, for  
20 the first year of operation of such agency only;

21 “(B) was eligible to receive a payment  
22 under this section for the previous fiscal year  
23 and has had an overall increase in enrollment  
24 (as determined by the Secretary in consultation  
25 with the Secretary of Defense, the Secretary of



1 Interior, or the heads of other Federal agen-  
2 cies)—

3 “(i) of not less than 10 percent, or  
4 100 students, of children described in—

5 “(I) subparagraph (A), (B), (C),  
6 or (D) of subsection (a)(1); or

7 “(II) subparagraph (F) or (G) of  
8 subsection (a)(1), but only to the ex-  
9 tent such children are civilian depend-  
10 ents of employees of the Department  
11 of Defense or the Department of the  
12 Interior; and

13 “(ii) that is the direct result of closure  
14 or realignment of military installations  
15 under the base closure process or the relo-  
16 cation of members of the Armed Forces  
17 and civilian employees of the Department  
18 of Defense as part of force structure  
19 changes or movements of units or per-  
20 sonnel between military installations or be-  
21 cause of actions initiated by the Secretary  
22 of Interior or the head of another Federal  
23 agency; or

24 “(C) was eligible to receive a payment  
25 under this section for the previous fiscal year

1 and has had an overall increase in enrollment  
2 (as determined by the Secretary)—

3 “(i) of not less than 10 percent, or  
4 100 students, of children described in sub-  
5 section (a)(1); and

6 “(ii) that is the direct result of the  
7 closure of a local educational agency that  
8 received a payment under subsection (b)(1)  
9 or (b)(2) in the previous fiscal year.”;

10 (7) by amending subsection (e) to read as fol-  
11 lows:

12 “(e) HOLD HARMLESS.—

13 “(1) IN GENERAL.—Subject to paragraph (2),  
14 the total amount the Secretary shall pay a local edu-  
15 cation agency under subsection (b)—

16 “(A) for fiscal year 2012, shall be not less  
17 than 95 percent of the total amount that the  
18 local educational agency received under sub-  
19 section (b)(1), (b)(2), or (b)(2)(B)(ii) for fiscal  
20 year 2011;

21 “(B) for fiscal year 2013, shall be not less  
22 than 90 percent of the total amount that the  
23 local educational agency received under sub-  
24 section (b)(1), (b)(2), or (b)(2)(B)(ii) for fiscal  
25 year 2011; and

1           “(C) for fiscal year 2014, shall be not less  
2           than 85 percent of the total amount that the  
3           local educational agency received under sub-  
4           section (b)(1), (b)(2), or (b)(2)(B)(ii) for fiscal  
5           year 2011.

6           “(2) MAXIMUM PAYMENT.—The total amount  
7           provided to a local educational agency under sub-  
8           paragraph (A), (B), or (C) of paragraph (1) for a  
9           fiscal year shall not exceed the maximum basic sup-  
10          port amount for such agency determined under  
11          paragraph (1) or (2) of subsection (b), as the case  
12          may be.

13          “(3) RATABLE REDUCTION.—

14                 “(A) IN GENERAL.—If the sums made  
15                 available under this title for any fiscal year are  
16                 insufficient to pay the full amounts that all  
17                 local educational agencies in all States are eligi-  
18                 ble to receive under paragraph (1) for such fis-  
19                 cal year, then the Secretary shall ratably reduce  
20                 the payments to all agencies for such year.

21                 “(B) ADDITIONAL FUNDS.—If additional  
22                 funds become available for making payments  
23                 under paragraph (1) for such fiscal year, pay-  
24                 ments that were reduced under subparagraph

1 (A) shall be increased on the same basis as  
2 such payments were reduced.”; and

3 (8) by striking subsection (g).

4 **SEC. 4. APPLICATION FOR PAYMENTS UNDER SECTIONS**  
5 **8002 AND 8003.**

6 Section 8005 of that Act (20 U.S.C. 7705) is amend-  
7 ed by adding at the end the following:

8 “(e) STUDENT COUNT.—For the purpose of meeting  
9 the requirements of section 222.35 of the Code of Federal  
10 Regulations, the Secretary shall establish a third option  
11 for an applicant when counting its federally connected  
12 children by using the date established by the applicant to  
13 register the students of such applicant for the fiscal year  
14 for which the application is filed.”.

15 **SEC. 5. CONSTRUCTION.**

16 Section 8007 of that Act (20 U.S.C. 7707) is amend-  
17 ed—

18 (1) in subsection (a)—

19 (A) in paragraph (1), by striking “40 per-  
20 cent” and inserting “80 percent.”;

21 (B) in paragraph (2) by adding at the end  
22 the following:

23 “(C) The agency is eligible under section  
24 8003(b)(2) or is receiving a basic support pay-

1           ment under circumstances described in section  
2           8003(b)(2)(B)(ii).”; and

3           (C) by striking paragraph (3) and insert-  
4           ing the following:

5           “(3) AMOUNT OF PAYMENTS.—

6           “(A) LOCAL EDUCATION AGENCIES IM-  
7           PACTED BY MILITARY DEPENDENT CHIL-  
8           DREN.—The amount of a payment to each local  
9           educational agency described in this subsection  
10          that is impacted by military dependent children  
11          for a fiscal year shall be equal to—

12           “(i)(I) 40 percent of the amount ap-  
13           propriated under section 8014(e) for such  
14           fiscal year; divided by

15           “(II) the number of children described  
16           in subparagraphs (B) and (D)(i) of section  
17           (8003)(a)(1) who were in average daily at-  
18           tendance for all local educational agencies  
19           described in paragraph (2), including the  
20           number of children attending a school fa-  
21           cility described in section 8008(a) if the  
22           Secretary does not provide assistance for  
23           the school facility under that section for  
24           the fiscal year; multiplied by

1                   “(ii) the number of children deter-  
2                   mined for such agency;

3                   “(I) but not less than \$25,000,  
4                   except that this subparagraph shall  
5                   not apply if the amount available to  
6                   carry out paragraph (1) for such fis-  
7                   cal year is less than \$32,000,000; and

8                   “(II) not more than \$4,000,000.

9                   “(B) LOCAL EDUCATIONAL AGENCIES IM-  
10                  PACTED BY CHILDREN WHO RESIDE ON INDIAN  
11                  LANDS.—The amount of a payment to each  
12                  local educational agency described in the sub-  
13                  section that is impacted by children who reside  
14                  on Indian lands for a fiscal year shall be equal  
15                  to—

16                   “(i)(I) 40 percent of the amount ap-  
17                   propriated under section 8014(e) for such  
18                   fiscal year; divided by

19                   “(II) the number of children described  
20                   in section 8003(a)(1)(C) who were in aver-  
21                   age daily attendance for all local edu-  
22                   cational agencies described in paragraph  
23                   (2); multiplied by—

24                   “(ii) the number of children deter-  
25                   mined for such agency;

1                   “(I) but not less than \$25,000,  
2                   except that this subparagraph shall  
3                   not apply if the amount available to  
4                   carry out paragraph (1) for such fis-  
5                   cal year is less than \$32,000,000; and

6                   “(II) not more than  
7                   \$4,000,000.”; and

8                   (2) in subsection (b)—

9                   (A) in paragraph (1), in the matter pre-  
10                  ceding subparagraph (A), by striking “60 per-  
11                  cent” and inserting “20 percent”;

12                  (B) in paragraph (3)(A), in the matter  
13                  preceding clause (i), by inserting after “an  
14                  emergency grant under paragraph (2)(A)” the  
15                  following: “if the agency is covered by para-  
16                  graph (7), or”;

17                  (C) in paragraph (3)(C)(i)(I) by striking  
18                  “the agency meets at least one” and all that  
19                  follows through the period at the end and in-  
20                  serting “the number of children determined  
21                  under section 8003(a)(1)(C) for the agency for  
22                  the preceding school year constituted at least  
23                  40 percent of the total student enrollment in  
24                  the schools of the agency during the preceding  
25                  school year.”;

1 (D) by striking paragraph (3)(D)(ii)(II)  
2 and inserting the following:

3 “(II) The number of children de-  
4 termined under section 8003(a)(1)(C)  
5 for the school for the preceding school  
6 year constituted at least 40 percent of  
7 the total student enrollment in the  
8 school during the preceding school  
9 year.”;

10 (E) in paragraph (4)(C) by striking “(A),  
11 (B), (C), and (D)” and inserting “(A) and  
12 (C)”;

13 (F) by redesignating paragraph (7) as  
14 paragraph (8); and

15 (G) by inserting after paragraph (6) the  
16 following:

17 “(7) SPECIAL RULE.—Notwithstanding para-  
18 graphs (3)(C)(i)(I) and (3)(D)(ii)(II), a local edu-  
19 cational agency is eligible to receive a grant under  
20 this subsection not to exceed \$4,000,000 in any one  
21 fiscal year if such agency—

22 “(A) was eligible to receive a payment  
23 under section 8003 for the fiscal year prior to  
24 the year for which the application is made; and



1           “(B) has had an overall increase in enroll-  
2           ment—

3                   “(i) during the period between the end  
4                   of the school year preceding the fiscal year  
5                   for which the application is made and the  
6                   beginning of the school year immediately  
7                   preceding that school year;

8                   “(ii) of not less than 250 students or  
9                   10 percent (whichever is lower), are chil-  
10                  dren described in—

11                           “(I) subparagraphs (A), (B), (C),  
12                           or (D) of section 8003(a)(1); or

13                           “(II) subparagraphs (F) or (G)  
14                           of section 8003(a)(1), but only to the  
15                           extent such children are civilian de-  
16                           pendents of employees of the Depart-  
17                           ment of Defense; and

18                   “(iii) that is the direct result of one or  
19                  more of the following:

20                           “(I) Base realignment and clo-  
21                           sure or global rebasing, as determined  
22                           by the Secretary of Defense.

23                           “(II) Force structure changes or  
24                           force reductions.

1                   “(III) An action initiated by the  
2                   Secretary of Interior or head of an-  
3                   other Federal agency.”.

4 **SEC. 6. STATE CONSIDERATION OF PAYMENTS IN PRO-**  
5 **VIDING STATE AID.**

6           Section 8009 of that Act (20 U.S.C. 7709) is amend-  
7 ed—

8                   (1) in subsection (b)(1) by inserting before the  
9                   period at the end the following: “and for which the  
10                  average per-pupil expenditure is equal to or greater  
11                  than the average per-pupil expenditure of all the  
12                  States in the third fiscal year preceding the fiscal  
13                  year for which the State is applying for equalization  
14                  under this section”;

15                  (2) by amending subsection (b)(2) to read as  
16 follows:

17                   “(2) COMPUTATION.—

18                   “(A) STATE CURRENTLY QUALIFYING.—

19                   “(i) IN GENERAL.—For purposes of  
20                   paragraph (1), a program of State aid for  
21                   any State qualifying under this section for  
22                   fiscal year 2006 equalizes expenditures  
23                   among local educational agencies if, in the  
24                   second fiscal year preceding the fiscal year  
25                   for which the determination is made the

1 amount of per-pupil expenditures made by,  
2 or per-pupil revenues available to, the local  
3 educational agency in the State with the  
4 highest such per-pupil expenditures or rev-  
5 enues did not exceed the amount of such  
6 per-pupil expenditures made by, or per-  
7 pupil revenues available to, the local edu-  
8 cational agency in the State with the low-  
9 est such expenditures or revenues by more  
10 than 25 percent as calculated under clause  
11 (ii).

12 “(ii) OTHER FACTORS.—Notwith-  
13 standing regulations in effect prior to the  
14 date of enactment of this subparagraph, in  
15 making a determination under this sub-  
16 paragraph, the Secretary shall—

17 “(I) arrange all local educational  
18 agencies in the State by per-pupil ex-  
19 penditures or revenues in descending  
20 order from the highest to the lowest;

21 “(II) using per-pupil expendi-  
22 tures or revenues as the only criteria  
23 disregard those local educational  
24 agencies that are spending above the

1 95th percentile and those spending  
2 below the 5th percentile;

3 “(III) identify the local edu-  
4 cational agency at the 95th percentile  
5 and the local educational agency at  
6 the 5th percentile;

7 “(IV) subtract the amount of  
8 per-pupil expenditures or revenues of  
9 the local educational agency at the  
10 5th percentile from the amount of  
11 per-pupil expenditures or revenues of  
12 the local educational agency at the  
13 95th percentile and divide the dif-  
14 ference by the per-pupil expenditures  
15 or revenues of the local educational  
16 agency at the 5th percentile; and

17 “(V) take into account the extent  
18 to which a program of State aid re-  
19 flects the additional cost of providing  
20 free public education in particular  
21 types of local educational agencies,  
22 such as those that are geographically  
23 isolated, or to particular types of stu-  
24 dents, such as children with disabil-  
25 ities.

1 “(B) NEW STATES APPLICANTS.—

2 “(i) IN GENERAL.—For purposes of  
3 paragraph (1), a program of State aid for  
4 any State qualifying under this section  
5 after fiscal year 2006 equalizes expendi-  
6 tures among local educational agencies if,  
7 in the second fiscal year preceding the fis-  
8 cal year for which the determination is  
9 made, the amount of per-pupil expendi-  
10 tures made by, or per-pupil revenues avail-  
11 able to, the local educational agency in the  
12 State with the highest such per-pupil ex-  
13 penditures or revenues did not exceed the  
14 amount of such per-pupil expenditures  
15 made by, or per-pupil revenues available  
16 to, the local educational agency in the  
17 State with the lowest such expenditures or  
18 revenues by more than 10 percent as cal-  
19 culated under clause (ii).

20 “(ii) OTHER FACTORS.—Notwith-  
21 standing regulations in effect prior to the  
22 date of the enactment of this subpara-  
23 graph, in making a determination under  
24 this subparagraph, the Secretary shall—

- 1           “(I) arrange all local educational  
2 agencies in the State by per-pupil ex-  
3 penditures or revenues in descending  
4 order from the highest to the lowest;
- 5           “(II) using per-pupil expendi-  
6 tures or revenues as the only criteria  
7 disregard those local educational  
8 agencies that are spending above the  
9 95th percentile and those spending  
10 below the 5th percentile;
- 11          “(III) identify the local edu-  
12 cational agency at the 95th percentile  
13 and the local educational agency at  
14 the 5th percentile;
- 15          “(IV) subtract the amount of  
16 per-pupil expenditures or revenues of  
17 the local educational agency at the  
18 5th percentile from the amount of  
19 per-pupil expenditures or revenues of  
20 the local educational agency at the  
21 95th percentile and divide the dif-  
22 ference by the per-pupil expenditures  
23 or revenues of the local educational  
24 agency at the 5th percentile; and

1                   “(V) take into account the extent  
2                   to which a program of State aid re-  
3                   flects the additional cost of providing  
4                   free public education in particular  
5                   types of local educational agencies,  
6                   such as those that are geographically  
7                   isolated, or to particular types of stu-  
8                   dents, such as children with disabil-  
9                   ities.”; and

10                   (3) in subsection (d)(2)—

11                   (A) by striking “A State” and inserting  
12                   the following:

13                   “(A) IN GENERAL.—A State”; and

14                   (B) by adding at the end of the following:

15                   “(B) STATES THAT ARE NOT EQUALIZED  
16                   STATES.—A State that has not been approved  
17                   as an equalized State under subsection (b) shall  
18                   not consider funds received under section 8002  
19                   or section 8003 of this title in any State for-  
20                   mula or place a limit or direct the use of such  
21                   funds.”.

22 **SEC. 7. TIMELY PAYMENTS.**

23                   Section 8010 of the Elementary and Secondary Edu-  
24                   cation Act of 1965 (20 U.S.C. 7710) is amended by add-  
25                   ing at the end the following:

1 “(d) TIMELY PAYMENTS.—

2 “(1) IN GENERAL.—Subject to paragraph (2),  
3 the Secretary shall pay a local educational agency  
4 the full amount that the agency is eligible to receive  
5 under this title for a fiscal year not later than Sep-  
6 tember 30 of the second fiscal year following the fis-  
7 cal year in which such amount has been appro-  
8 priated if, not later than 1 calendar year following  
9 the fiscal year in which such amount has been ap-  
10 propriated, each local educational agency that is eli-  
11 gible to receive funds under this title for such fiscal  
12 year submits to the Secretary all the data and infor-  
13 mation necessary for the Secretary to pay the full  
14 amount that the agency is eligible to receive under  
15 this title for such fiscal year.

16 “(2) PAYMENTS WITH RESPECT TO FISCAL  
17 YEARS IN WHICH INSUFFICIENT FUNDS ARE APPRO-  
18 PRIATED.—For a fiscal year in which the amount  
19 appropriated under section 8014 is insufficient to  
20 pay the full amount a local educational agency is eli-  
21 gible to receive under this title, paragraph (1) shall  
22 be applied by substituting ‘is available to pay the  
23 agency’ for ‘the agency is eligible to receive’ each  
24 place it appears.”.



1 **SEC. 8. DEFINITIONS.**

2 Section 8013 of that Act (20 U.S.C. 7713) is amend-  
3 ed—

4 (1) in paragraph (1) by striking “and Marine  
5 Corps” and inserting “Marine Corps, and Coast  
6 Guard”;

7 (2) in paragraph (4)—

8 (A) in the first sentence thereof, by strik-  
9 ing “part (A) of title I and title VI” and insert-  
10 ing “title I and part A of title V”; and

11 (B) in the second sentence, by striking “be  
12 determined” and inserting “be made”;

13 (3) in paragraph (5)(A)(iii)—

14 (A) by amending subclause (II) to read as  
15 follows:

16 “(II) used to provide housing for  
17 homeless children at closed military  
18 installations pursuant to section 501  
19 of the McKinney-Vento Homeless As-  
20 sistance Act (42 U.S.C. 11411);”; and

21 (B) by amending subclause (III) to read as  
22 follows:

23 “(III) used for affordable hous-  
24 ing assisted under the Native Amer-  
25 ican Housing Assistance and Self-De-

1 termination Act of 1996 (25 U.S.C.  
2 4101 et seq.); or”;

3 (4) in paragraph (5)(A), by adding at the end  
4 the following:

5 “(VI) exempt from taxation of  
6 real property and personal property  
7 identified by a local governmental en-  
8 tity, including a State government, if  
9 upon such property resides a child  
10 whose parents or guardians are cer-  
11 tified to live on such property is con-  
12 sidered to meet the eligibility require-  
13 ments of section 151.4 of part 150 of  
14 subchapter H of title 25 of the Code  
15 of Federal Regulations; or”;

16 (5) in paragraph (8)(A), by inserting commas  
17 before and after “and verified by”; and

18 (6) in paragraph (9)—

19 (A) by amending subparagraph (A) to read  
20 as follows:

21 “(A) IN GENERAL.—Except as provided in  
22 subparagraph (C), the term ‘local educational  
23 agency’—

24 “(i) means a board of education or  
25 other legally constituted local school au-

1           thority having administrative control and  
2           direction of free public education in a  
3           county, township, independent school dis-  
4           trict, or other school district; and

5                   “(ii) includes any State agency that  
6           directly operates and maintains facilities  
7           for providing free public education;

8           that, except for those local educational agencies  
9           determined to be eligible to receive a payment  
10          under section 8003 prior to the date of the en-  
11          actment of the Local Taxpayer Relief Act, when  
12          submitting an application under this title for  
13          the first time on or after the date of the enact-  
14          ment of such Act, has the authority to tax and  
15          has boundaries as defined by applicable State  
16          law for the purposes of levying such taxes, or  
17          has been granted the authority to receive an  
18          imputed tax from a city, county, township, or  
19          other general-purpose political subdivision of a  
20          State.”; and

21                   (B) in subparagraph (B), by inserting a  
22          comma after “Secretary determines”.

23 **SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

24          Section 8014 of that Act (20 U.S.C. 7714) is amend-  
25 ed—

1           (1) in subsection (a) by striking “\$32,000,000  
2           for fiscal year 2000” and inserting “\$67,208,000 for  
3           fiscal year 2012”;

4           (2) in subsection (b) by striking “\$809,400,000  
5           for fiscal year 2000” and inserting “\$1,138,000,000  
6           for fiscal year 2012”;

7           (3) in subsection (c) by striking “\$50,000,000  
8           for fiscal year 2000” and inserting “\$48,602,000 for  
9           fiscal year 2012”;

10          (4) by redesignating subsection (e) as sub-  
11          section (d);

12          (5) in subsection (d) (as so redesignated by  
13          paragraph 4), by striking “\$10,052,000” and all  
14          that follows through “and such sums” and inserting  
15          “\$17,509,000 for fiscal year 2012 and such sums”;

16          (6) by redesignating subsection (f) as sub-  
17          section (e);

18          (7) in subsection (e) (as so redesignated by  
19          paragraph (6), by striking “\$5,000,000 for fiscal  
20          year 2000” and inserting “\$4,864,000 for fiscal  
21          year 2012”; and

22          (8) by adding at the end of the following:

23          “(f) ALLOCATION OF DOLLARS FROM PREVIOUS FIS-  
24          CAL YEARS.—When final payments are made for a fiscal  
25          year the Secretary shall add any remaining funds to those

1 funds appropriated for such section for the next fiscal year  
2 for the purpose of making payments subject to the provi-  
3 sions of the applicable section.”.

4 **SEC. 10. ADDITIONAL AND CONFORMING AMENDMENTS.**

5 (a) SUBPART 20 OF PART D OF TITLE V.—Subpart  
6 20 (20 U.S.C. 7281 et seq.) of part D of title V of that  
7 Act (relating to additional assistance for certain local edu-  
8 cational agencies impacted by Federal property acquisi-  
9 tion) is repealed.

10 (b) TITLE VIII.—Title VIII of Elementary and Sec-  
11 ondary Education Act (20 U.S.C. 7701 et seq.) is further  
12 amended—

13 (1) in section 8004 (20 U.S.C. 7704)—

14 (A) in subsection (e)(1)(B)(i), by striking  
15 “involved, or if” and inserting “involved or, if”;  
16 and

17 (B) in subsection (f), by striking “upon”  
18 and inserting “on”;

19 (2) in section 8008(a) (20 U.S.C. 7708(a)), by  
20 striking “section 8014(f)” and inserting “section  
21 8014(e)”;

22 (3) in section 8010 (20 U.S.C. 7710)—

23 (A) in subsection (b), by striking out “re-  
24 quire” and inserting in lieu thereof “need”; and

25 (B) in subsection (c)(1)—

1 (i) in subparagraph (A), by striking  
2 “paragraph (3)” and inserting “paragraph  
3 (2)”; and

4 (ii) in subparagraph (B), by striking  
5 “paragraph (3)” and inserting “paragraph  
6 (2)”; and

7 (4) in section 8011(a) (20 U.S.C. 7711 (a)), by  
8 striking “or under” and all that follows through “of  
9 1994”).

○