

1 **TITLE V—STATE INNOVATION**
2 **AND LOCAL FLEXIBILITY**

3 **SEC. 5001. GENERAL PROVISIONS.**

4 (a) **TITLE VI REDESIGNATIONS.**—Title VI (20
5 U.S.C. 7301 et seq.) is redesignated as title V and further
6 amended—

7 (1) by redesignating sections 6121 through
8 6123 as sections 5101 through 5103, respectively;

9 (2) by redesignating sections 6201 and 6202 as
10 sections 5201 and 5202, respectively;

11 (3) by redesignating sections 6211 through
12 6213 as sections 5211 through 5213, respectively;

13 (4) by redesignating sections 6221 through
14 6224 as sections 5221 through 5224, respectively;

15 and

16 (5) by redesignating sections 6231 through
17 6234 as sections 5231 through 5234, respectively.

18 (b) **STRUCTURAL AND CONFORMING AMEND-**
19 **MENTS.**—Title V (as redesignated by subsection (a) of this
20 section) is further amended—

21 (1) in part A, by striking subparts 1, 3, and 4;

22 (2) by striking “section 6212” each place it ap-
23 pears and inserting “section 5212”;

1 (3) by striking “section 6223” each place it ap-
2 pears and inserting “section 5223”; and

3 (4) by striking “section 6234” each place it ap-
4 pears and inserting “section 5234”.

5 **SEC. 5002. FUNDING TRANSFERABILITY FOR STATE AND**
6 **LOCAL EDUCATIONAL AGENCIES.**

7 Part A of title V, as redesignated and amended by
8 section 5001 of this Act, is further amended—

9 (1) in the part heading, by striking “**IMPROV-**
10 **ING ACADEMIC ACHIEVEMENT**” and inserting
11 “**FUNDING TRANSFERABILITY FOR STATE AND**
12 **LOCAL EDUCATIONAL AGENCIES**”;

13 (2) by striking “**Subpart 2—Funding**
14 **Transferability for State and Local Edu-**
15 **cational Agencies**”;

16 (3) by striking “subpart” each place it appears
17 and inserting “part”;

18 (4) by amending section 5102 to read as fol-
19 lows:

20 **“SEC. 5102. PURPOSE.**

21 “The purpose of this part is to allow States and local
22 educational agencies the flexibility to target Federal funds
23 to the programs and activities that most effectively ad-
24 dress the unique needs of States and localities.”;

25 (5) in section 5103—

1 (A) in subsection (a)—

2 (i) in paragraph (1)—

3 (I) in the matter preceding sub-
4 paragraph (A), by striking “not more
5 than 50 percent of the nonadministra-
6 tive State funds” and inserting “all,
7 or any lesser amount, of State funds”;
8 and

9 (II) by striking subparagraphs
10 (A) through (D) and inserting the fol-
11 lowing:

12 “(A) Part A of title II.

13 “(B) Part A of title IV.

14 “(C) Section 4202(c)(3).”; and

15 (ii) by striking paragraph (2) and in-
16 serting the following;

17 “(2) ADDITIONAL FUNDS.—In accordance with
18 this part, a State may transfer any funds allotted to
19 the State under a provision listed in paragraph (1)
20 for a fiscal year to its allotment under any other of
21 the following provisions:

22 “(A) Part A of title I.

23 “(B) Part C of title I.

24 “(C) Part D of title I.

25 “(D) Part A of title III.

1 “(E) Part B.”.

2 (B) in subsection (b)—

3 (i) in paragraph (1)—

4 (I) in subparagraph (A), by striking
5 ing “(except” and all that follows
6 through “subparagraph (C))” and inserting
7 “may transfer all, or any lesser
8 amount, of the funds allocated to
9 it”;

10 (II) by striking subparagraphs
11 (B) and (C) and inserting:

12 “(B) ADDITIONAL FUNDS.—In accordance
13 with this part, a local educational agency may
14 transfer any funds allotted to such agency
15 under a provision listed in paragraph (2) for a
16 fiscal year to its allotment under any other of
17 the following provisions:

18 “(i) Part A of title I.

19 “(ii) Part C of title I.

20 “(iii) Part D of title I.

21 “(iv) Part A of title III.

22 “(v) Part B.”;

23 (ii) in paragraph (2)—

24 (I) in the matter preceding sub-
25 paragraph (A), by striking “subpara-

1 graph (A), (B), or (C)” and inserting
2 “subparagraph (A) or (B)”;

3 (II) by striking subparagraphs
4 (A) through (D) and inserting the fol-
5 lowing:

6 “(A) Part A of title II.

7 “(B) Part A of title IV.”;

8 (C) by striking subsection (c) and inserting
9 the following:

10 “(c) NO TRANSFER OF CERTAIN FUNDING.—A State
11 or local educational agency may not transfer under this
12 part to any other program any funds allotted or allocated
13 to it for the following provisions:

14 “(1) Part A of title I.

15 “(2) Part C of title I.

16 “(3) Part D of title I.

17 “(4) Part A of title III.

18 “(5) Part B.”; and

19 (D) in subsection (e)(2), by striking “sec-
20 tion 9501” and inserting “section 8501”.

21 **SEC. 5003. RURAL EDUCATION INITIATIVE.**

22 Part B of title V, as redesignated and amended by
23 section 5001 of this Act, is further amended—

24 (1) in section 5211—

1 (A) in subsection (a)(1), by striking sub-
2 paragraphs (A) through (E) and inserting the
3 following:

4 “(A) Part A of title I.

5 “(B) Part A of title II.

6 “(C) Title III.

7 “(D) Part A or B of title IV.”;

8 (B) in subsection (b)(1)—

9 (i) in subparagraph (A)(ii)—

10 (I) by striking “school” before
11 “locale code”; and

12 (II) by striking “7 or 8, as deter-
13 mined by the Secretary; or” and in-
14 serting “41, 42, or 43, as determined
15 by the Secretary;”;

16 (ii) in subparagraph (B), by striking
17 the period at the end and inserting “; or”;
18 and

19 (iii) by adding at the end the fol-
20 lowing:

21 “(C) the local educational agency is a
22 member of an educational service agency that
23 does not receive funds under this subpart and
24 the local educational agency meets the require-
25 ments of this part.”; and

1 (C) in subsection (c), by striking para-
2 graphs (1) through (3) and inserting the fol-
3 lowing:

4 “(1) Part A of title II.

5 “(2) Part A of title IV.”;

6 (2) in section 5212—

7 (A) in subsection (a), by striking para-
8 graphs (1) through (5) and inserting the fol-
9 lowing:

10 “(1) Part A of title I.

11 “(2) Part A of title II.

12 “(3) Title III.

13 “(4) Part A or B of title IV.”;

14 (B) in subsection (b)—

15 (i) by striking paragraph (1) and in-
16 serting the following:

17 “(1) ALLOCATION.—

18 “(A) IN GENERAL.—Except as provided in
19 paragraphs (3) and (4), the Secretary shall
20 award a grant under subsection (a) to a local
21 educational agency eligible under section
22 5211(b) for a fiscal year in an amount equal to
23 the initial amount determined under paragraph
24 (2) for the fiscal year minus the total amount
25 received by the agency under the provisions of

1 law described in section 5211(c) for the pre-
2 ceding fiscal year.

3 “(B) SPECIAL DETERMINATION.—For a
4 local educational agency that is eligible under
5 section 5211(b)(1)(C) and is a member of an
6 educational service agency, the Secretary may
7 determine the award amount by subtracting
8 from the initial amount determined under para-
9 graph (2), an amount that is equal to that local
10 educational agency’s per-pupil share of the total
11 amount received by the educational service
12 agency under the provisions described in section
13 5211(c), as long as a determination under this
14 subparagraph would not disproportionately af-
15 fect any State.”;

16 (ii) by striking paragraph (2) and in-
17 serting the following:

18 “(2) DETERMINATION OF INITIAL AMOUNT.—

19 “(A) IN GENERAL.—The initial amount re-
20 ferred to in paragraph (1) is equal to \$100
21 multiplied by the total number of students in
22 excess of 50 students, in average daily attend-
23 ance at the schools served by the local edu-
24 cational agency, plus \$20,000, except that the
25 initial amount may not exceed \$60,000.

1 “(B) SPECIAL RULE.—For any fiscal year
2 for which the amount made available to carry
3 out this part is \$265,000,000 or more, subpara-
4 graph (A) shall be applied—

5 “(i) by substituting ‘\$25,000’ for
6 ‘\$20,000’; and

7 “(ii) by substituting ‘\$80,000’ for
8 ‘\$60,000.’”; and

9 (iii) by adding at the end the fol-
10 lowing:

11 “(4) HOLD HARMLESS.—For a local edu-
12 cational agency that is not eligible under this sub-
13 part due to amendments made by the Every Student
14 Succeeds Act to section 5211(b)(1)(A)(ii) but met
15 the eligibility requirements under section 6211(b) as
16 such section was in effect on the day before the date
17 of enactment of the Every Student Succeeds Act, the
18 agency shall receive—

19 “(A) for fiscal year 2017, 75 percent of
20 the amount such agency received for fiscal year
21 2015;

22 “(B) for fiscal year 2018, 50 percent of
23 the amount such agency received for fiscal year
24 2015; and

1 “(C) for fiscal year 2019, 25 percent of
2 the amount such agency received for fiscal year
3 2015.”; and

4 (C) by striking subsection (d);
5 (3) by striking section 5213;
6 (4) in section 5221—

7 (A) in subsection (a), by striking “section
8 6222(a)” and inserting “section 5222(a)”

9 (B) in subsection (b)—

10 (i) in paragraph (1)—

11 (I) by striking “(A) 20 percent”
12 and inserting “(A)(i) 20 percent”;

13 (II) by redesignating subpara-
14 graph (B) as clause (ii);

15 (III) in clause (ii) (as redesign-
16 ated by subclause (II))—

17 (aa) by striking “school” be-
18 fore “locale code”;

19 (bb) by striking “6, 7, or 8”
20 and inserting “32, 33, 41, 42, or
21 43”; and

22 (cc) by striking the period at
23 the end and inserting “; or”; and

24 (IV) by adding at the end the fol-
25 lowing:

1 “(B) the agency meets the criteria estab-
2 lished in clause (i) of subparagraph (A) and the
3 Secretary, in accordance with paragraph (2),
4 grants the local educational agency’s request to
5 waive the criteria described in clause (ii) of
6 such subparagraph.”;

7 (ii) by redesignating paragraph (2) as
8 paragraph (3); and

9 (iii) by inserting after paragraph (1)
10 the following:

11 “(2) CERTIFICATION.—The Secretary shall de-
12 termine whether to waive the criteria described in
13 paragraph (1)(A)(ii) based on a demonstration by
14 the local educational agency, and concurrence by the
15 State educational agency, that the local educational
16 agency is located in an area defined as rural by a
17 governmental agency of the State.”;

18 (C) in subsection (c)(1) by striking “Bu-
19 reau of Indian Affairs” and inserting “Bureau
20 of Indian Education”;

21 (5) in section 5222(a), by striking paragraphs
22 (1) through (7) and inserting the following:

23 “(1) Activities authorized under part A of title
24 I.

1 “(2) Activities authorized under part A of title
2 II.

3 “(3) Activities authorized under title III.

4 “(4) Activities authorized under part A of title
5 IV.

6 “(5) Parental involvement activities.”;

7 (6) in section 5223—

8 (A) in subsection (a), by striking “at such
9 time, in such manner, and accompanied by such
10 information” and inserting “at such time and
11 in such manner”; and

12 (B) by striking subsection (b) and insert-
13 ing the following:

14 “(b) CONTENTS.—Each application submitted under
15 subsection (a) shall include information on—

16 “(1) program objectives and outcomes for ac-
17 tivities under this subpart, including how the State
18 educational agency or specially qualified agency will
19 use funds to help all students meet the challenging
20 State academic standards;

21 “(2) if the State educational agency will com-
22 petitively award grants to eligible local educational
23 agencies, as described in section 5221(b)(3)(A), the
24 application under the section shall include—

1 “(A) the methods and criteria the State
2 educational agency will use to review applica-
3 tions and award funds to local educational
4 agencies on a competitive basis; and

5 “(B) how the State educational agency will
6 notify eligible local educational agencies of the
7 grant competition; and

8 “(3) a description of how the State educational
9 agency will provide technical assistance to eligible
10 local educational agencies to help such agencies im-
11 plement the activities described in section 5222.”;

12 (7) in section 5224—

13 (A) by striking the section heading and all
14 that follows through “Each” and inserting the
15 following: “**REPORT.**—Each”;

16 (B) by striking subsections (b) through (e);

17 (C) in the matter preceding paragraph (1),
18 by inserting “or specially qualified agency”
19 after “Each State educational agency”;

20 (D) by striking paragraph (1) and insert-
21 ing the following:

22 “(1) if the report is submitted by a State edu-
23 cational agency, the method the State educational
24 agency used to award grants to eligible local edu-

1 cational agencies, and to provide assistance to
2 schools, under this subpart;” and

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

5 “(3) the degree to which progress has been
6 made toward meeting the objectives and outcomes
7 described in the application submitted under section
8 5223, including having all students in the State or
9 the area served by the specially qualified agency, as
10 applicable, meet the challenging State academic
11 standards.”;

12 (8) by inserting after section 5224 the fol-
13 lowing:

14 **“SEC. 5225. CHOICE OF PARTICIPATION.**

15 “(a) IN GENERAL.—If a local educational agency is
16 eligible for funding under both this subpart and subpart
17 1, such local educational agency may receive funds under
18 either this subpart or subpart 1 for a fiscal year, but may
19 not receive funds under both subparts for such fiscal year.

20 “(b) NOTIFICATION.—A local educational agency eli-
21 gible for funding under both this subpart and subpart 1
22 shall notify the Secretary and the State educational agen-
23 cy under which of such subparts the local educational
24 agency intends to receive funds for a fiscal year by a date

1 that is established by the Secretary for the notification.”;

2 and

3 (9) in section 5234, by striking “\$300,000,000

4 for fiscal year 2002 and such sums as may be nec-

5 essary for each of the 5 succeeding fiscal years,”

6 and inserting “\$169,840,000 for each of the fiscal

7 years 2017 through 2020.”.

8 **SEC. 5004. GENERAL PROVISIONS.**

9 Part C of title V, as redesignated by section 5001
10 of this Act, is amended to read as follows:

11 **“PART C—GENERAL PROVISIONS**

12 **“SEC. 5301. PROHIBITION AGAINST FEDERAL MANDATES,**

13 **DIRECTION, OR CONTROL.**

14 “Nothing in this title shall be construed to authorize
15 an officer or employee of the Federal Government to man-
16 date, direct, or control a State, local educational agency,
17 or school’s specific instructional content, academic stand-
18 ards and assessments, curriculum, or program of instruc-
19 tion, as a condition of eligibility to receive funds under
20 this Act.

21 **“SEC. 5302. RULE OF CONSTRUCTION ON EQUALIZED**

22 **SPENDING.**

23 “Nothing in this title shall be construed to mandate
24 equalized spending per pupil for a State, local educational
25 agency, or school.”.

1 **SEC. 5005. REVIEW RELATING TO RURAL LOCAL EDU-**
2 **CATIONAL AGENCIES.**

3 (a) REVIEW AND REPORT.—Not later than 18
4 months after the date of enactment of this Act, the Sec-
5 retary of Education shall—

6 (1) review the organization, structure, and
7 process and procedures of the Department of Edu-
8 cation for administering its programs and developing
9 policy and regulations, in order to—

10 (A) assess the methods and manner
11 through which, and the extent to which, the De-
12 partment of Education takes into account, con-
13 siders input from, and addresses the unique
14 needs and characteristics of rural schools and
15 rural local educational agencies; and

16 (B) determine actions that the Department
17 of Education can take to meaningfully increase
18 the consideration and participation of rural
19 schools and rural local educational agencies in
20 the development and execution of the processes,
21 procedures, policies, and regulations of the De-
22 partment of Education;

23 (2) make public a preliminary report containing
24 the information described in paragraph (1) and pro-
25 vide Congress and the public with 60 days to com-

1 ment on the proposed actions described in paragraph
2 (1)(B); and

3 (3) issue a final report to the Committee on
4 Health, Education, Labor, and Pensions of the Sen-
5 ate, and the Committee on Education and the Work-
6 force of the House of Representatives, which shall
7 describe the final actions developed pursuant to
8 paragraph (1)(B) after taking into account the com-
9 ments submitted under paragraph (2).

10 (b) IMPLEMENTATION.—Not later than 2 years after
11 the date of enactment of this Act, the Secretary of Edu-
12 cation shall—

13 (1) carry out each action described in the re-
14 port under subsection (a)(3); or

15 (2) in a case in which an action is not carried
16 out, provide a written explanation to the Committee
17 on Health, Education, Labor, and Pensions of the
18 Senate and the Committee on Education and the
19 Workforce of the House of Representatives of why
20 the action was not carried out.