8, 2006, as the day of a National Vigil for Lost Promise.

S. RES. 493

At the request of Mr. DEWINE, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S. Res. 493, a resolution calling on the Government of the United Kingdom to establish immediately a full, independent, public judicial inquiry into the murder of Northern Ireland defense attorney Pat Finucane, as recommended by international Judge Peter Cory as part of the Western Park agreement and a way forward for the Northern Ireland Peace Process.

AMENDMENT NO. 4203

At the request of Mr. KERRY, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of amendment No. 4203 intended to be proposed to S. 2766, an original bill to authorize appropriations for fiscal year 2007 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

AMENDMENT NO. 4205

At the request of Mr. LAUTENBERG, the names of the Senator from Michigan (Ms. STABENOW), the Senator from New Mexico (Mr. BINGAMAN), the Senator from Iowa (Mr. HARKIN), the Senator from Arkansas (Mrs. LINCOLN), the Senator from New Jersey (Mr. MENENDEZ), the Senator from Maryland (Ms. MIKULSKI), the Senator from Louisiana (Ms. LANDRIEU), the Senator from Connecticut (Mr. LIEBERMAN), the Senator from Massachusetts (Mr. KERRY) and the Senator from Washington (Mrs. MURRAY) were added as cosponsors of amendment No. 4205 proposed to S. 2766, an original bill to authorize appropriations for fiscal year 2007 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

AMENDMENT NO. 4206

At the request of Mr. LUGAR, the name of the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of amendment No. 4206 intended to be proposed to S. 2766, an original bill to authorize appropriations for fiscal year 2007 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

AMENDMENT NO. 4208

At the request of Mr. WARNER, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of amendment No. 4208 proposed to S. 2766, an original bill to authorize appropriations for fiscal year 2007 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

At the request of Mr. TALENT, his name was added as a cosponsor of amendment No. 4208 proposed to S. 2766, supra.

At the request of Mr. FRIST, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of amendment No. 4208 proposed to S. 2766, supra.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

Mr. VOINOVICH:

S. 3492. A bill to strengthen performance management in the Federal Government, to make the annual general pay increase for Federal employees contingent on performance, and for other purposes; to the Committee on Homeland Security and Governmental Affairs.

Mr. VOINOVICH. Mr. President, I rise today to introduce the Federal Workforce Performance Appraisal and Management Improvement Act. Before I describe for my colleagues the details of this legislation, I would like to provide background on why I believe it is important for Congress to consider legislation reforming the performance appraisal processes of the government.

My interest in the federal workforce began after working with the Federal Government for 18 years as an outside force, 10 years as mayor of Cleveland and 8 years as Governor of Ohio. Through my work as chairman of the Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia, I continue to observe that investing in personnel and workforce management; in fact, management in general, struggles to be a priority in the Federal Government. My own experience as county auditor, county commissioner, mayor, and governor has taught me that, of all the things in which government can invest, resources dedicated to human capital bring the greatest return.

I continue to applaud the current administration for its systematic approach to improving and scrutinizing the management practices of the Federal Government through the President's Management Agenda and its related scorecard. Each year, the administration raises the bar as to what earns an agency a green, or successful, rating. One of the criteria used to evaluate a department or agency for strategic management of human capital this year is demonstrating a strong performance appraisal system for the Senior Executive Service, agency managers, and 60 percent of the workforce.

I believe that an effective performance management system is fundamental to building a results-oriented organization. By developing a system where employees have regular discussions with their supervisors about expectations for their performance, both employees and supervisors will be more effective in achieving their agency's mission. The primary goal of the Federal Workforce Performance Appraisal and Management Improvement Act of 2006 is to build and maintain this environment.

This legislation would strengthen and improve the employee performance appraisal system, which now is vague in its requirements. While some organizations have taken steps to modernize their performance management systems and tools such as the President's Management Agenda have moved agencies in that direction, there is no comprehensive governmentwide mandate to do so. This legislation would begin the reform process by layering a modern performance management system over the existing General Schedule system.

This legislation would require that every Federal employee receive annually a written performance appraisal. That appraisal must align with the agency's strategic goals, be developed with the employee, make meaningful distinctions among employee performance, and use the results in making decisions for training, rewarding, promoting, reassigning, and removing employees.

This legislation would require the Office of Personnel Management to provide technical assistance to agencies and approve the system. The government must utilize the Office of Personnel Management's institutional expertise.

This legislation would require that managers receive the appropriate training to judge the performance of their subordinates, make expectations clear to employees, and give constructive feedback.

This legislation would stipulate that if an employee does not achieve a successful rating under the new appraisal system, then that employee would be ineligible for the annual pay increase or a within grade increase.

This legislation would provide individuals hired as senior level or senior technical to access level II of the Executive Schedule with an OPM certified performance appraisal system, consistent with statute for the Senior Executive Service.

I am introducing this legislation because I believe that employees should receive a rigorous evaluation each year and that their pay should be determined based upon their performance. I agree with the observation that has been made repeatedly by Comptroller General David Walker, that the passage of time should not be the single most important factor in determining an employee's pay. Instead, it should be determined by productivity, effectiveness, and contributions of that employee.

I have implemented pay for performance before, and it can work. However,

it requires a significant commitment on behalf of managers and leaders. Instead of taking one giant bite at the apple, I believe it will be easier for Federal agencies to implement enhanced employee appraisals first. By instituting a more rigorous performance management standard on top of the current general schedule, I am optimistic this will create less anxiety among Federal employees.

I also would like to stress that I intend this effort to be completely bipartisan. The proposal I have outlined here today is not set in stone, and I imagine that it will undergo many changes.

I would like to transform the culture of the Federal workforce into a high-performing, continually improving organization that focuses on achieving results for the American people. The Federal workforce must be as agile, nimble, and intellectually energetic as the leading nongovernmental organizations or dot-com companies, capable of addressing the wide ranging challenges facing the U.S., from national security to global economic competitiveness to providing vital social services.

We must discuss the challenges before us and ask if the rules and culture of today's Federal workforce get the job done. We must engage in a dialogue about the future of the public service and ask the difficult questions about what we want it to achieve and how do we make it happen. This conversation will make many people uncomfortable, but it must take place. For as all of us who work on Federal workforce issues know, there is great disagreement about the types of reforms and changes that should be made going forward. We must ask, what should the Federal workforce be doing for America to meet the challenges of the 21st century? Once we have answered that question, we can begin to discuss how we build that workforce.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 3492

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Federal Workforce Performance Appraisal and Management Improvement Act of 2006''.

SEC. 2. PERFORMANCE APPRAISAL SYSTEMS.

Subchapter 1 of chapter 43 of title 5, United States Code, is amended—

(1) by amending section 4302 to read as follows:

''§ 4302. Establishment of performance appraisal systems

''(a)(1) Subject to paragraphs (2) and (3), each agency shall establish 1 or more performance appraisal systems to promote high performance.

''(2) In designing and applying a performance appraisal system established under this subsection, each agency shall—

''(A) link the system with the strategic goals and annual performance plan of the agency;

''(B) involve employees in the development of their performance standards;

''(C) provide each employee with a written performance appraisal annually;

''(D) make meaningful distinctions in performance; and

''(E) use the results of performance appraisals as a basis for training, rewarding, compensating, reassigning, promoting, reducing in grade, retaining, and removing employees.

''(3) Consistent with section 4304, each performance appraisal system established under this subsection shall be developed with appropriate technical assistance from the Office of Personnel Management and shall be reviewed before implementation and from time to time thereafter by the Director of the Office to determine whether the system meets the requirements of this subchapter. The agency shall promptly take any corrective action directed by the Director of the Office at any time under section 4304 (b)(3).

''(b) Under regulations which the Director of the Office of Personnel Management shall prescribe, each performance appraisal system shall provide for—

''(1) holding supervisors and managers accountable in their performance appraisal for effectively managing the performance of employees, which includes—

''(A) assessing performance;

''(B) providing ongoing feedback and preparing written performance appraisals;

''(C) addressing poor performance; and

''(D) promoting and rewarding excellent performance;

''(2) establishing performance standards related to relevant assigned tasks for each employee or position under the system which will permit—

''(A) the accurate evaluation of performance on the basis of objective criteria, to the maximum extent feasible; and

''(B) making meaningful distinctions in performance;

''(3) communicating to each employee at the beginning of each appraisal period the performance standards and the critical elements of the employee's position;

''(4) evaluating each employee during the appraisal period on such standards;

''(5) assisting employees in improving unacceptable performance;

''(6) reassigning, reducing in grade, or removing employees who continue to have unacceptable performance, but only after an opportunity to demonstrate acceptable performance;

''(7) establishing multiple levels of summary performance ratings which provide for making meaningful distinctions in performance, including at least—

''(A) a summary level of fully successful (or equivalent);

''(B) a summary level of unacceptable; and

''(C) a summary level above fully successful; and

''(8) recognizing and rewarding employees whose performance so warrants.''; and

(2) by amending section 4304 to read as follows:

''§ 4304. Responsibilities of the Office of Personnel Management

''(a) The Office of Personnel Management shall make technical assistance available to agencies in the development of performance appraisal systems.

''(b)(1) The Director of the Office shall review each performance appraisal system developed by any agency under this subchapter prior to its implementation and determine whether the performance appraisal system as designed meets the requirements of this subchapter.

''(2) The Director of the Office shall—

''(A) review agency performance appraisal systems developed under this subchapter from time to time after their implementation to determine the extent to which the application of any such system meets the requirements of this subchapter; and

''(B) report to the President and Congress any finding that an agency has failed to meet those requirements.

''(3) If the Director of the Office determines that a system does not meet the requirements of this subchapter (including regulations prescribed under section 4305), the Director of the Office shall direct the agency to implement an appropriate system or to correct operations under the system, and any such agency shall take any action so required.''.

SEC. 3. MANDATORY TRAINING PROGRAMS FOR SUPERVISORS.

(a) IN GENERAL.—Section 4121 of title 5, United States Code, is amended to read as follows:

''§ 4121. Specific training programs

''(a) In this section, the term 'supervisor' means—

''(1) a supervisor as defined under section 7103(a)(10); and

''(2) any other employee as the Director of the Office may by regulation prescribe.

''(b) Under operating standards promulgated by, and in consultation with, the Director of the Office of Personnel Management, the head of each agency shall establish—

''(1) a comprehensive management succession program to provide training to employees to develop managers for the agency; and

''(2) a program to provide training to supervisors on actions, options, and strategies a supervisor may use in—

''(A) communicating performance expectations and conducting employee performance appraisals;

''(B) mentoring employees and improving employee performance and productivity;

''(C) dealing with employees whose performance is unacceptable; and

''(D) otherwise carrying out the duties and responsibilities of a supervisor.

''(c)(1) Not later than 1 year after the date on which an individual is appointed to the position of supervisor, and every 5 years thereafter, that individual shall be required to complete the program established under subsection (b)(2).

''(2) Each program established under subsection (b)(2) shall include provisions under which credit may be given for periods of similar training previously completed.

''(d) The Director of the Office of Personnel Management shall prescribe regulations to carry out this section.''.

(b) EFFECTIVE DATE AND APPLICATION.—

(1) IN GENERAL.—The amendments made by this section shall take effect as provided under section 8 and apply to—

(A) each individual appointed to the position of a supervisor, as defined under section 4121(a) of title 5, United States Code, (as added by subsection (a) of this section) on or after that effective date; and

(B) each individual who is employed in the position of a supervisor on that effective date as provided under paragraph (2).

(2) SUPERVISORS ON EFFECTIVE DATE.—Each individual who is employed in the position of a supervisor on the effective date of this section shall be required to —

(A) complete the program established under section 4121(b)(2) of title 5, United States Code (as added by subsection (a) of this section), not later than 3 years after the effective date of this section; and

(B) complete that program every 5 years thereafter in accordance with section 4121(c) of such title.

SEC. 4. PAY RATES AND SYSTEMS.

Chapter 53 of title 5, United States Code, is amended—

(1) in section 5303, by adding at the end the following:

''(h)(1) An employee covered under subchapter III whose summary rating of performance for the most recently completed appraisal period is below the fully successful level, as defined by the Director of the Office of Personnel Management, may not receive an increase in the rate of basic pay of that employee as the result of an adjustment under this section. The Director shall prescribe such rules as may be necessary to administer this subsection, including rules regarding the treatment of an employee whose rate of basic pay falls below the minimum rate of the applicable grade (or between steps of a grade) and the treatment of an employee whose performance subsequently improves.

''(2) When a determination is made that an employee covered under subchapter III will not receive an increase in the rate of basic pay of that employee because the employee's summary rating of performance for the most recently completed appraisal period is below the fully successful level, the employee is entitled to prompt written notice of that determination and an opportunity for reconsideration of the determination within the agency, as specified in the procedures prescribed by the Director of the Office of Personnel Management under section 5335(c). If the determination is affirmed on reconsideration, the employee is entitled to appeal to the Merit Systems Protection Board under the same terms and conditions as specified in such section.'';

(2) in section 5304, by amending subsection (i) to read as follows:

''(i) The Director of the Office of Personnel Management shall prescribe regulations, consistent with this section, governing the payment of comparability payments to employees. The regulations shall provide that, at the time of an increase in a comparability payment, the rate of basic pay of an employee covered under subchapter III, or any other pay system designated by the Director, whose summary rating of performance for the most recently completed appraisal period is below the fully successful level, as defined by the Director, shall be reduced by an amount that results in retaining the employee's total rate of pay under this section and sections 5303 and 5304a, as in effect immediately before any increase under such sections. Such a reduction in an employee's rate of basic pay shall not be considered a reduction in pay for the purpose of applying the adverse action procedures under section 7512.''; and

(3) in section 5305, by amending subsection (f) to read as follows:

''(f)(1) When a schedule of special rates established under this section is adjusted under subsection (d), the special rate of an employee shall be adjusted in accordance with conversion rules prescribed by the Director of the Office of Personnel Management (or by such other agency as the President may designate under the last sentence of subsection (a)(1)).

''(2) The conversion rules prescribed under paragraph (1), shall provide that a covered employee whose summary rating of performance for the most recently completed appraisal period is below the fully successful level, as defined by the Director of the Office of Personnel Management, may not receive an increase in the special rate of that employee as the result of an adjustment under subsection (d). The Director shall prescribe such rules as may be necessary to administer this paragraph, including rules regarding the treatment of an employee whose rate of basic pay falls below the minimum rate of the applicable grade (or between pay rates or steps of a grade) and the treatment of an employee whose performance subsequently improves. The rules may provide for reducing an employee's rate of basic pay to the extent necessary to prevent any increase in the employee's special rate. Such a reduction in an employee's rate of basic pay shall not be considered a reduction in pay for the purpose of applying the adverse action procedures in section 7512.

''(3) When a determination is made that a covered employee will not receive an increase in the special rate of that employee under this subsection because the employee's summary rating of performance for the most recently completed appraisal period is below the fully successful level, the employee is entitled to prompt written notice of that determination and an opportunity for reconsideration of the determination within the agency, as specified in the procedures prescribed by the Director under section 5335(c). If the determination is affirmed on reconsideration, the employee is entitled to appeal to the Merit Systems Protection Board under the same terms and conditions as specified in such section.'';

(4) in section 5335—

(A) in subsection (a) by amending subparagraph (B) to read as follows:

''(B) the employee's summary rating of performance for the most recently completed appraisal period is at least at the fully successful level, as defined by the Director of the Office of Personnel Management.''; and

(B) by amending subsection (c) to read as follows:

''(c)(1) When an employee's summary rating of performance for the most recently completed appraisal period is below the fully successful level, the pay of that employee may not be increased under this section. Such an employee is entitled to prompt written notice of the determination not to increase the pay of that employee and an opportunity for reconsideration of the determination within the agency under uniform procedures prescribed by the Director of the Office of Personnel Management. If the determination is affirmed on reconsideration, the employee is entitled to appeal to the Merit Systems Protection Board. If the reconsideration or appeal results in a reversal of the earlier determination, the new determination supersedes the earlier determination and is deemed to have been made as of the date of the earlier determination. The authority of the Director to prescribe procedures and the entitlement of the employee to appeal to the Board do not apply to a determination made by the Librarian of Congress.

''(2) Notwithstanding any other provision of law, an employee may grieve or appeal the first pay determination under this subsection or under section 5303(h), 5305(f), or 5363(b)(2(C) that is based on the employee's most recent summary rating of performance. An employee may not grieve or appeal any subsequent pay determination made that is based on the same summary rating of performance''; and

(5) by amending section 5338 to read as follows:

''§ 5338. Regulations

''The Director of the Office of Personnel Management may prescribe regulations necessary for the administration of this subchapter. Such regulations shall address how paysetting rules apply to an employee whose rate of basic pay is not equal to 1 of the scheduled step rates as a result of a determination not to increase the rate of basic pay of that employee under section 5303(h) or 5305(f) or to reduce the rate of basic pay of that employee under section 5304(i) or 5305(f).'';

(6) in section 5343 (relating to prevailing rate wage systems)—

(A) in subsection (e)—

(i) by amending paragraph (2) to read as follows:

''(2) A prevailing rate employee under a regular wage schedule whose summary rating of performance for the most recently completed appraisal period is at least at the fully successful level, as defined by the Director of the Office of Personnel Management, shall advance automatically to the next higher step within the grade at the beginning of the first applicable pay period following the completion by that employee of—

''(A) 26 calendar weeks of service in step 1;

''(B) 78 calendar weeks of service in step 2; and

''(C) 104 calendar weeks of service in each of steps 3 and 4.'';

(ii) by amending paragraph (4) to read as follows:

''(4) Supervisory wage schedules and special wage schedules authorized under subsection (c)(3) may have single or multiple rates or steps according to prevailing practices in the industry on which the schedule is based. A prevailing rate employee under a supervisory or special wage schedule with multiple rates or steps whose summary rating of performance for the most recently completed appraisal period is at least at the fully successful level, as defined by the Director of the Office of Personnel Management, shall advance automatically to the next higher step within the grade at the beginning of the first applicable pay period following the completion by that employee of any required waiting period.''; and

(iii) by adding at the end the following:

''(5)(A) When a summary rating of performance of an employee covered under this subchapter for the most recently completed appraisal period is below the fully successful level, as defined by the Director of the Office of Personnel Management, the employee may not be advanced to the next higher step within the grade under paragraph (2) or (4). Such an employee is entitled to prompt written notice of the determination not to increase the pay of that employee and an opportunity for reconsideration of the determination within the agency under uniform procedures prescribed by the Director of the Office of Personnel Management. If the determination is affirmed on reconsideration, the employee is entitled to appeal to the Merit Systems Protection Board. If the reconsideration or appeal results in a reversal of the earlier determination, the new determination supersedes the earlier determination and is deemed to have been made as of the date of the earlier determination.

''(B) Notwithstanding any other provision of law, an employee may grieve or appeal the first pay determination under this paragraph, subsection (g), or section 5363(b)(2)(C) when such determinations are made based on the same summary rating of performance. An employee may not grieve or appeal any subsequent pay determination made that is based on the same summary rating of performance.''

(B) by adding at the end the following:

''(g)(1) An employee covered under this subchapter whose summary rating of performance for the most recently completed appraisal period is below the fully successful level, as defined by the Director of the Office of Personnel Management, may not receive an increase in the rate of basic pay of that employee as the result of an adjustment in any wage schedule established under this subchapter. The Director may prescribe such rules as may be necessary to administer this subsection, including rules regarding the treatment of an employee whose rate of basic pay falls below the minimum rate of the applicable grade (or between steps of a grade) and the treatment of an employee whose performance subsequently improves.

''(2) When a determination is made that a covered employee will not receive an increase in the rate of basic pay of that employee at the time of an adjustment in a wage schedule because the employee's summary rating of performance for the most recently completed appraisal period is below the fully successful level, the employee is entitled to prompt written notice of that determination and an opportunity for reconsideration of the determination within the agency, as specified in the procedures prescribed by the Director of the Office of Personnel Management under subsection (e)(5). If the determination is affirmed on reconsideration, the employee is entitled to appeal to the Merit Systems Protection Board under the same terms and conditions as specified under subsection (e)(5).'';

(7) in section 5363(b)(2) (relating to pay retention)—

(A) in subparagraph (B) by striking ''A rate'' and inserting ''Except as provided in subparagraph (C), a rate''; and

(B) by adding at the end the following:

''(C)(i) An employee's retained rate may not be increased under subparagraph (B) if the employee's summary rating of performance for the most recently completed appraisal period is below the fully successful level, as defined by the Director of the Office of Personnel Management. The Director shall prescribe such rules as may be necessary to administer this subparagraph, including rules regarding the treatment of an employee whose performance subsequently improves.

''(ii) When a determination is made that an employee will not receive an increase in the retained rate of that employee because the employee's summary rating of performance for the most recently completed appraisal period is below the fully successful level, the employee is entitled to prompt written notice of that determination and an opportunity for reconsideration of the determination within the agency, as specified in the procedures prescribed by the Director of the Office of Personnel Management under section 5335(c). If the determination is affirmed on reconsideration, the employee is entitled to appeal to the Merit Systems Protection Board under the same terms and conditions as specified under section 5335(c).'';

(8) in section 5376(b) (relating to pay for certain senior-level positions)—

(A) in paragraph (2), by striking ''Subject to paragraph (1)'' and inserting ''Subject to paragraphs (1) and (3)''; and

(B) by adding at the end the following:

''(3) Notwithstanding any other provision of this section, an employee covered under this section whose summary rating of performance for the most recently completed appraisal period is below the fully successful level, as defined by the Director of the Office of Personnel Management, may not receive an increase in the rate of basic pay of that employee. The Director shall prescribe such rules as may be necessary to administer this paragraph, including rules regarding the treatment of an employee whose rate of basic pay falls below the otherwise applicable minimum rate prescribed by paragraph (1)(A) and the treatment of an employee whose performance subsequently improves.'';

(9) in section 5382(a), in the first sentence, by inserting ''(except as provided by section 5383(a))'' after ''for the Senior Executive Service, and''; and

(10) in section 5383, by amending subsection (a) to read as follows:

''(a) Each appointing authority shall determine, in accordance with criteria established by the Director of the Office of Personnel Management, which of the rates within a range established under section 5382 shall be paid to each senior executive under such appointing authority. Such criteria shall provide that a member of the Senior Executive Service may not receive an increase in the rate of basic pay of that member if such member's summary rating of performance for the most recently completed appraisal period is below the fully successful level, as defined by the Director. The Director shall prescribe such rules as may be necessary to administer this subsection, including rules regarding the treatment of a member whose rate of basic pay falls below the otherwise applicable minimum rate prescribed by section 5382(a) and the treatment of a member whose performance subsequently improves.''.

SEC. 5. SENIOR EXECUTIVE SERVICE PLACEMENT IN OTHER PERSONNEL SYSTEMS.

Section 3594(c)(2) of title 5, United States Code, is amended to read as follows:

''(2)(A) Except as provided in subparagraph (B) of this paragraph, an employee who is receiving basic pay under paragraph (1)(B)(ii) or (iii) is entitled to have the rate of basic pay of the employee increased by 50 percent of the amount of each increase in the maximum rate of basic pay for the grade of the position in which the employee is placed under subsection (a) or (b) until the rate is equal to the rate in effect under paragraph (1)(B)(i) for the position in which the employee is placed.

''(B) A rate of basic pay established under paragraph (1)(B)(ii) or (iii) may not be increased under subparagraph (A) if the employee's summary rating of performance for the most recently completed appraisal period is below the fully successful level, as defined by the Director of the Office of Personnel Management. The Director shall prescribe such rules as may be necessary to administer this subparagraph, including rules regarding the treatment of an employee whose performance subsequently improves.''.

SEC. 6. CERTAIN SENIOR-LEVEL POSITIONS.

(a) LOCALITY PAY.—Section 5304 of title 5, United States Code, as amended by section 4 of this Act, is further amended—

(1) in subsection (g), by amending paragraph (2) to read as follows:

''(2) The applicable maximum under this subsection shall be level III of the Executive Schedule for—

''(A) positions under subparagraphs (A) and (B) of subsection (h)(1); and

''(B) any positions under subsection (h)(1)(C) as the President may determine.''; and

(2) in subsection (h)—

(A) in paragraph (1)—

(i) by striking subparagraph (A);

(ii) by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively;

(iii) in clause (v), by striking ''or'' at the end;

(iv) in clause (vi), by striking the period at the end and inserting ''; or''; and

(v) by adding at the end the following:

''(vii) a position to which section 5376 applies (relating to certain senior-level and scientific and professional positions).'';

(B) in paragraph (2)(B)—

(i) in clause (i)—

(I) by striking ''subparagraphs (A) through (C)'' and inserting ''subparagraphs (A) and (B)''; and

(II) by striking ''or (vi)'' and inserting ''(vi), or (vii)''; and

(ii) in clause (ii)—

(I) by striking ''paragraph (1)(D)'' and inserting ''paragraph (1)(C)''; and

(II) by striking ''or (vi)'' and inserting ''(vi), or (vii)''.

(b) ACCESS TO HIGHER MAXIMUM RATE OF BASIC PAY.—Section 5376(b) of title 5, United States Code, as amended by section 4 of this Act, is further amended—

(1) in paragraph (1) by amending subparagraph (B) to read as follows:

''(B) subject to paragraph (4), not greater than the rate of basic pay payable for level III of the Executive Schedule.''; and

(2) by adding at the end the following:

''(4) In the case of an agency which, under section 5307(d), has a performance appraisal system which, as designed and applied, is certified as making meaningful distinctions based on relative performance, paragraph (1)(B) shall apply as if the reference to 'level III' were a reference to 'level II'.

''(5) No employee may suffer a reduction in pay by reason of transfer from an agency with an applicable maximum rate of pay prescribed under paragraph (4) to an agency with an applicable maximum rate of pay prescribed under paragraph (1)(B).''.

(c) AUTHORITY FOR EMPLOYMENT; APPOINTMENTS; CLASSIFICATION STANDARDS.—Title 5, United States Code is amended—

(1) in section 3104(a), in the second sentence, by striking ''prescribes'' and inserting ''prescribes and publishes in such form as the Office may determine'';

(2) in section 3324(a) by striking ''the Office of Personnel Management'' and inserting: ''the Director of the Office of Personnel Management on the basis of qualification standards developed by the agency involved in accordance with criteria specified in regulations prescribed by the Director'';

(3) in section 3325—

(A) in subsection (a), in the second sentence, by striking ''or its designee for this purpose'' and inserting the following: ''on the basis of standards developed by the agency involved in accordance with criteria specified in regulations prescribed by the Director of the Office of Personnel Management''; and

(B) by adding at the end the following:

''(c) The Director of the Office of Personnel Management shall prescribe such regulations as may be necessary to carry out the purpose of this section.''; and

(4) in section 5108(a)(2) by inserting ''published by the Director of the Office of Personnel Management in such form as the Office may determine'' after ''and procedures''.

SEC. 7. REGULATIONS.

Not later than 1 year after the date of enactment of this Act, the Director of the Office of Personnel Management shall prescribe regulations to carry out this Act, including the amendments made by this Act.

SEC. 8. EFFECTIVE DATES AND IMPLEMENTATION.

(a) SECTIONS 2 AND 3.—

(1) EFFECTIVE DATE.—The amendments made by sections 2 and 3 shall take effect on the earlier of—

(A) 180 days after the date of enactment of this Act; or

(B) the effective date of implementing regulations prescribed by the Director of the Office of Personnel Management.

(2) SUBMISSIONS.—

(A) PERFORMANCE APPRAISAL SYSTEMS.—Not later than July 1, 2007, each agency covered by subchapter I of chapter 43 of title 5, United States Code, shall submit to the Director of the Office of Personnel Management each performance appraisal system established under that subchapter so that the Director may determine whether the system meets the requirements of the subchapter. Each submission under this paragraph shall include all information the Director requires in order to make the determination.

(B) REPORT TO CONGRESS.—Not later than November 1, 2007, the Director of the Office of Personnel Management shall submit a report regarding the Director's review under section 4304(b)(1) of title 5, United States Code, as amended by section 2 of this Act, to the President and Congress.

(b) SECTIONS 4 AND 5.—The amendments made by sections 4 and 5 shall apply with respect to any employee beginning on the first day of the first pay period following the completion of 52 weeks after the date on which the first annual adjustments in rates of basic pay under section 5303 of title 5, United States Code, occur following the date of enactment of this Act.

(c) SECTION 6.—

(1) EFFECTIVE DATE.—The amendments made by section 6 shall take effect on the first day of the first pay period beginning on or after the 180th day following the date of enactment of this Act.

(2) NO REDUCTIONS IN RATES OF PAY.—

(A) IN GENERAL.—The amendments made by section 6 may not result, at the time such amendments take effect, in a reduction in the rate of basic pay for an individual holding a position to which section 5376 of title 5, United States Code, applies.

(B) DETERMINATION OF RATE OF PAY.—For the purposes of subparagraph (A), the rate of basic pay for an individual described in that subparagraph shall be deemed to be the rate of basic pay set for the individual under such section 5376, plus applicable locality pay paid to that individual, as of the effective date under paragraph (1).

(d) REFERENCES TO MAXIMUM RATES.—Except as otherwise provided by law, any reference in a provision of law to the maximum rate under section 5376 of title 5, United States Code—

(1) as provided before the effective date of the amendments made by section 6, shall be considered a reference to the rate of basic pay for level IV of the Executive Schedule; and

(2) as provided on or after the effective date of the amendments made by section 6, shall be considered a reference to—

(A) the rate of basic pay for level III of the Executive Schedule; or

(B) if the head of the agency responsible for administering the applicable pay system certifies that the employees are covered by a performance appraisal system meeting requirements established by the Director of the Office of Personnel Management, level II of the Executive Schedule.

By Mr. BAUCUS (for himself, Mr. SMITH, Mr. MCCAIN, Mr. KERRY, Mr. HAGEL, Mr. LUGAR, Ms. MURKOWSKI, and Mr. CARPER):

S. 3495. A bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam; to the Committee on Finance.

Mr. BAUCUS. Mr. President, today, I introduce with Senator GORDON SMITH a bill to grant Vietnam permanent normal trade relations status.

Thirty-one years ago, the lights went out on the relationship between the United States and Vietnam. Diplomatic relations were broken off, and trade ceased. The story between our two countries became one of refugees, prisoners of war, and soldiers missing in action. Hostility and mistrust prevailed. Normalization was a dream of the visionary or the fool.

In 1991—16 years after the last helicopters took off from the roof of the U.S. Embassy in Saigon—flickers of reconciliation emerged out of the darkness. In April of that year, President George H.W. Bush presented the Vietnamese government with a roadmap for normalization. That started a process of healing that lasted through successive Republican and Democratic administrations and was supported by courageous bipartisan action in the Congress: Between 1991 and 1993, veterans Senator JOHN KERRY, Senator MCCAIN, and former Senator Bob Smith led the Senate Select Committee on POW/MIA Affairs in the most exhaustive investigation of the status of POWs and MIAs ever conducted. In Feberuary of 1994, President Bill Clinton lifted the trade embargo on Vietnam. 17 months later, in July of 1995, he announced the normalization of political relations with Vietnam. In July of 2000, the United States and Vietnam concluded a comprehensive Bilateral Trade Agreement, allowing the United States to provide, for the first time, nondiscriminatory treatment to Vietnam's products. And just last month, the United States and Vietnam signed another trade agreement, paving the way for Vietnam's accession to the World Trade Organization.

Today, we continue the legacy of reconciliation.

This morning, Senator SMITH and I—along with Senators MCCAIN, KERRY, HAGEL, LUGAR, MURKOWSKI, and CARPER—introduced a bill to grant Vietnam Permanent Normal Trade Relations status, or PNTR. I congratulate Representatives RAMSTAD and THOMPSON for introducing the House version of this bill.

This is the final step on the road to normalization. With this bill, we will complete the process begun 15 years ago.

Today, we open a new book to the future.

With 83 million people and a median age just over 25 years old, Vietnam is one of the most important emerging markets in Asia. Our trade with Vietnam has grown to 30 times what it was in 1994.

With PNTR, we begin the story of full engagement between the United States and Vietnam. It is a story of economic cooperation and cultural understanding. It is a story where trade and markets overshadow memories of guns and war.

I look forward to working with my Senate and House colleagues, the administration, and all interested parties to pass this historic bill by the August recess.

I ask that a copy of the text of the bill be printed into the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 3495

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

Congress finds the following:

(1) In July 1995, President Bill Clinton announced the formal normalization of diplomatic relations between the United States and Vietnam.

(2) Vietnam has taken cooperative steps with the United States under the United States Joint POW/MIA Accounting Command (formerly the Joint Task Force-Full Accounting) established in 1992 by President George H. W. Bush to provide the fullest possible accounting of MIA and POW cases.

(3) In 2000, the United States and Vietnam concluded a bilateral trade agreement that included commitments on goods, services, intellectual property rights, and investment. The agreement was approved by joint resolution enacted pursuant to section 405(c) of the Trade Act of 1974 (19 U.S.C. 2435(c)), and entered into force in December 2001.

(4) Since 2001, normal trade relations treatment has consistently been extended to Vietnam pursuant to title IV of the Trade Act of 1974.

(5) Vietnam has undertaken significant market-based economic reforms, including the reduction of government subsidies, tariffs and nontariff barriers, and extensive legal reform. These measures have dramatically improved Vietnam's business and investment climate.

(6) Vietnam is in the process of acceding to the World Trade Organization. On May 31, 2006, the United States and Vietnam signed a comprehensive bilateral agreement providing greater market access for goods and services and other trade liberalizing commitments as part of the World Trade Organization accession process.

SEC. 2. TERMINATION OF APPLICATION OF TITLE IV OF THE TRADE ACT OF 1974 TO VIETNAM.

(a) PRESIDENTIAL DETERMINATIONS AND EXTENSION OF NON-DISCRIMINATORY TREATMENT.—Notwithstanding any provision of title IV of the Trade Act of 1974 (19 U.S.C. 2431 et seq.), the President may—

(1) determine that such title should no longer apply to Vietnam; and

(2) after making a determination under paragraph (1) with respect to Vietnam, proclaim the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of that country.

(b) TERMINATION OF THE APPLICABILITY OF TITLE IV.—On and after the effective date of the extension of nondiscriminatory treatment to the products of Vietnam under subsection (a), title IV of the Trade Act of 1974 shall cease to apply to that country.

Mr. SMITH. Mr. President, I rise to join the Senator from Montana, Mr. BAUCUS, in offering legislation that would grant Vietnam permanent normalized trade relations treatment and help to pave the way for Vietnam's accession to the World Trade Organization. I am proud to also be joined in this effort by Senators MCCAIN, KERRY, HAGEL, LUGAR, MURKOWSKI, and CARPER.

Last December, I was privileged to lead a delegation of U.S. Senators to Vietnam. During our visit, we met with President Luong and other Vietnamese officials to discuss the importance of our bilateral relationship and the need to get a good market access agreement between the United States and Vietnam that will help cement that relationship.

I congratulate Ambassadors Rob Portman and Susan Schwab and the USTR team for their work to get this agreement. This is a great achievement.

Over the last decade, our relationship with Vietnam has been characterized by increased cooperation and engagement. The passage of our legislation will enhance those ties and create new economic opportunities for U.S. businesses.

In recent years, Vietnam has undertaken a number of market-based economic reforms, including the reduction of government subsidies, tariffs, and non-tariff barriers, and extensive legal reforms. These reforms have spurred dramatic economic growth. Vietnam is now the fastest growing economy in Southeast Asia and a growing market for U.S. exporters.

In 2000, the United States and Vietnam concluded a bilateral trade agreement. Since that agreement entered into force, U.S. exports to Vietnam have increased by 150 percent. Last year alone, U.S. exports to Vietnam rose by 24 percent.

The recently negotiated market access agreement will build upon that success by further lowering trade barriers to a wide range of U.S. industrial and agricultural products and services. Upon Vietnam's accession to the WTO, U.S. businesses will enjoy greater access to a market of more than 83 million people.

Agricultural producers will benefit from immediate tariff reductions on U.S. exports as well as new commitments by Vietnam to improve implementation of sanitary and phytosanitary measures. Oregon growers will benefit as tariffs on apples and pears are cut from 40 percent to 10 percent over the next 5 years and tariffs on frozen French fries are reduced from 50 percent to 13 percent over the next 6 years.

Oregon manufacturing and branding companies have long had a presence in Vietnam. These companies will immediately benefit from increased market access and greater regulatory transparency.

Having Vietnam within the rules-based global trading system will be good for U.S. businesses. This accession agreement will be key to ensuring that Vietnam follows global trade rules.

It will also ensure that the Vietnamese people will be able to realize the benefits of trade liberalization. By increasing transparency and implementing market-based reforms, Vietnam is essentially opening itself to international commerce. Countries that open themselves to trade attract investment, which in turn creates jobs and enhances individual welfare.

The passage of PNTR legislation will mark the final step toward normalizing our relationship with Vietnam. This bill represents a historic moment in our relationship with Vietnam and a definitive statement of how we have moved beyond our past divisions.

I am especially pleased with the strong bipartisan support that we have received for this bill. I am hopeful that we will be able to move this bill before Congress leaves for the August recess, so that it can be signed into law before President Bush's visit to Vietnam in November.

By Mr. KYL (for himself and Mr. McCAIN):

S. 3497. A bill to provide for the exchange of certain Bureau of Land Management land in Pima County, Arizona, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. KYL. Mr. President, today I am pleased to join with Senator McCAIN to introduce the Las Cienegas Enhancement Act of 2006. This legislation directs a land exchange between the Bureau of Land Management and the Las Cienegas Conservation, LLC. in southeastern Arizona. The bill is the product of consensus. State and local officials, conservationists, and other stakeholders have worked together to structure an exchange that is fair and in the public interest.

Let me explain the details of the exchange. The land to be transferred out of Federal ownership, approximately 1,280 acres, is referred to as the ''Sahuarita property.'' This property is BLM-managed land south of Tucson near Corona de Tucson. The land is low-lying Sonoran desert and has been identified for disposal by the BLM through its land-use planning process.

The private land to be brought into Federal ownership is approximately 2,392 acres of land referred to as the ''Empirita-Simonson property.'' This property lies north of the Las Cienegas National Conservation Area managed by the BLM. The Empirita-Simonson property lies within the ''Sonoita Valley Acquisition Planning District'' established by Public Law 106–538, which designated the Las Cienegas National Conservation Area. The act directed the Department of the Interior to acquire lands from willing sellers within the planning district for inclusion within the conservation area to further protect the important resource values for which the area was designated.

Although this bill is centered on the land exchange I just described, it also accomplishes two other important objectives: addressing water withdrawals at Ciengas Creek and providing road access to a popular recreation destination, the Whetstone Mountains controlled by the Forest Service.

Let's talk about water. Arizonans understand that protecting our water supply is crucial to the State's future. For this reason, when we can, we look for ways to promote responsible use of our limited water supply. This bill is one of those examples of responsible use. There is a prior claim to a well site on the private land that will be exchanged. That prior claim would allow the developer to withdraw 1,600 acre feet of water a year. Pima County and the community at large are concerned about the future of Ciengas Creek and the entire riparian area if these water withdrawals occur.

To address this concern, the land exchange is conditioned on Las Cienegas Conservation Inc. conveying the well site to Pima County and relinquishing those water rights it controls. The net result is a water savings of 1,050 acre-feet per year. This is a significant benefit to this riparian area.

Overall, this bill allows us to accomplish important environmental and conservation objectives while managing our development. It is a bill with broad support that includes the Governor of Arizona, Pima County, the city of Tucson, and many others. I urge my colleagues to work with me to approve this legislation at the earliest possible date.

By Mr. KYL (for himself, Mr. GRASSLEY, Mr. DEWINE, Mr. CORNYN, Mr. BROWNBACK, Ms. SNOWE, Mr. BURNS, Mrs. HUTCHISON, and Mr. ALLEN):

S. 3499. A bill to amend title 18, United States Code, to protect youth from exploitation by adults using the Internet, and for other purposes; to the Committee on the Judiciary.

Mr. KYL. Mr. President, I rise today to introduce the Internet SAFETY Act of 2006. The word ''SAFETY'' in the bill's title stands for Stop Adults Facilitating the Exploitation of Youth. It is a fairly descriptive acronym, for the provisions of the Internet SAFETY Act are designed to crack down on the spread of Internet child pornography and related conduct. The act does so by creating new Federal offenses and causes of action targeted at those who produce or knowingly facilitate Internet child pornography, by increasing penalties for child pornography, sex trafficking, and sexual abuse offenses, and by increasing resources available for prosecution and prevention of child sexual-abuse offenses, including authorizing 200 new assistant U.S. attorneys across the country to prosecute child pornography and sexual exploitation crimes.

The need for renewed law-enforcement attention to child pornography is demonstrated in a recent report of the U.S. Justice Department titled ''Project Safe Childhood.'' I will ask to have an extended excerpt from the report printed in the RECORD at the conclusion of my remarks. As the report notes, ''judging simply by [recent] crime statistics, it is clear that the Internet is helping to fuel an epidemic of child pornography'' in this country. Unfortunately, by providing greater technical ease and increased anonymity in trading images, the Internet has ''taken down barriers that one time served as a deterrent to child pornographers.'' In 2003, an estimated 20,000 images of child pornography were posted on the Internet every week. Between 1998 and 2004, child pornography reports made to the National Center for Missing and Exploited Children increased from 3,267 to 106,119—a thirty-fold increase over a 6-year period. The Justice Department also notes that there has been an escalation in the severity of abuse depicted in child pornography in recent years, ''with the images found today more frequently involving younger children—including toddlers and even infants—and despicable acts such as penetration of infants.'' The Project Safe Childhood report concludes that ''the nation should be alarmed at the fact that child pornography is being produced,

possessed, and distributed in record numbers.'' As the report notes, child pornography's harm extends beyond that done to the children who are sexually abused to produce such images: ''child pornography [also] plays a central role in child molestations, serving to justify offenders' conduct, assist them in gaining compliance with their victims, and to provide a means to blackmail the children they have molested in order to prevent exposure.''

The Internet SAFETY Act does the following things. It creates a new Federal offense, punishable by a maximum of 10 years in prison, for financially facilitating access to child pornography on the Internet. The act also deters Internet facilitation of child pornography by imposing civil penalties for Internet communications providers that fail to report child pornography, criminal penalties for Web site operators who insert words or images into source code with the intent to deceive persons into viewing obscene material on the Internet, and by requiring commercial Web site operators to place warning marks prescribed by the Federal Trade Commission on Web pages that contain sexually explicit material.

The Internet SAFETY Act also punishes the operation of child pornography enterprises. It creates a new Federal offense, punishable by a minimum of 10 years in prison, for the operation of an enterprise that profits from the sexual exploitation of children. The act also imposes mandatory, consecutive 10 year sentences for any child pornography or exploitation offense committed by a registered sex offender. In addition, the act increases penalties for offenses involving child pornography, child prostitution and sex trafficking, child sexual abuse, and sexual assault.

The Internet SAFETY Act also expands the Federal private right of action against child pornographers. It allows a victim, including parents of a minor victim, to seek civil remedies, and also allows a victim to seek remedies as an adult. This provision is inspired by a young girl named Masha who was adopted from Russia by a man who repeatedly molested her, photographed her, and posted pornographic images of her on the Internet. In addition, the act adds the obscenity and child pornography statutes to the RICO predicates and adds electronic mail fraud to the wiretap predicates.

The Internet SAFETY Act also establishes within the Justice Department an Office on Sexual Violence and Crimes Against Children to coordinate sex offender registration and notification programs and grant programs, and to assist State, local, and tribal governments and other entities with sex offender registration or notification and other measures.

Finally, the act authorizes and directs the Attorney General to make grants to States, local governments, Indian tribes, and nonprofit organizations for child sexual abuse prevention programs. In addition, the act authorizes appropriations for 200 additional child exploitation prosecutors in U.S. Attorneys' Offices around the country and 20 additional Internet Crimes Against Children task forces.

I ask unanimous consent that the following passages from the Justice Department's report Project Safe Childhood be printed in the RECORD.

There being no objection, the additional material was ordered to be printed in the RECORD, as follows:

PROJECT SAFE CHILDHOOD—PROTECTING CHILDREN FROM ONLINE EXPLOITATION AND ABUSE

INTRODUCTION

The Internet and other communications technologies are increasingly used by sexual predators and abusers as tools for exploiting and victimizing our children. First, these technologies have contributed to a significant increase in the proliferation and severity of child pornography. They provide pornographers with an easily accessible and seemingly anonymous means for collecting large number of images of child sexual abuse. Eventually, some predators turn to producing their own images. The result has been that images of child sexual abuse today are more disturbing, more graphic, and more sadistic than ever before, and they involve younger and younger children. Second, as the Internet and related technologies have grown, children have become increasingly at risk of being sexually solicited online by predators. Law enforcement is uncovering an escalating number of ''enticement'' cases, where perpetrators contact children in chat rooms or through instant messaging and arrange to meet at a designated location for the purpose of making sexual contact.

* * * * *

Part II. The Need for a national initiative to protect children

Two types of dangers to children are especially problematic. First, the threat of sexual predators contacting children online, with the hope of luring them to meet in person, has been amply demonstrated by academic studies as well as recent investigative journalism reports. A Youth Internet Safety Survey conducted between August 1999 and January 2000 found that approximately one in five children per year receives an unwanted sexual solicitation online. One in thirty-three children per year receives an aggressive sexual solicitation—i.e., one in which a solicitor asks to meet them somewhere, calls them on the telephone, or sends mail, money, or gifts. And one in four per year has an unwanted exposure to sexually explicit material. Meanwhile, only 25 percent of the youth who encountered a sexual solicitation told a parent. Only a fraction of all episodes were reported to authorities, such as a law enforcement agency, an Internet service provider, or a hotline. According to a recent media report, at any given time, 50,000 predators are on the Internet prowling for children. These figures make clear that the threat of online enticement of children is immense.

Second, the victimization of children through the production and distribution of child pornography is equally troubling, and on the rise. It was estimated, even in 2003, that more than 20,000 images of child pornography are posted on the Internet each week. NCMEC's CyberTipline logged a 39 percent increase in reports of the possession, creation, or distribution of child pornography in 2004. The gravity of these increases is more dramatically demonstrated by comparing the actual number of reports in 1998 to those logged in 2004, rather than merely reciting percentage increases. In 1998, the CyberTipline received 3,267 reports of child pornography. In 2004, the CyberTipline received 106,119 of these reports, marking more than a 30–fold increase in child pornography reports in a six year period. Judging simply by crime statistics, it is clear that the Internet is helping to fuel an epidemic of child pornography.

Not only is there an increase in the volume of pornographic images, there is also an escalation in the severity of the abuse depicted, with the images found today more frequently involving younger children-including toddlers and even infants-and despicable acts such as penetration of infants. And technology lends itself to the dissemination of more graphic images via the web, with its easy access, low cost, and apparent anonymity.

Experts agree that the escalation in both the prevalence and severity of child pornography is driven at least in part by advances in computer technology and increased access to the Internet. According to a recent study, 78.6 percent of Americans go online, and almost two-thirds of Americans use the Internet at home. While it is impossible to determine exactly how many people are looking at child pornography, experts attribute the escalation in the quantity of child pornography being created and distributed to the growth of the Internet, and the concomitant ease with which child predators can now buy, sell, and swap images. The resulting sense of community among child predators is in turn helping to embolden those who may have had misgivings about a sexual interest in children, and it is thus driving a market for new images with fresh faces. Before the Internet, it was difficult and risky for child exploiters to go out and find other child exploiters with whom to share images, which left the child pornography industry relegated to small black markets in underground bookstores or secret mailings. Today, the Internet has provided these pedophiles with an accessible, convenient, and anonymous means for interacting with their community and obtaining illicit material. The Internet has thus taken down borders that at one time served as a deterrent to child pornographers.

THESE ESCALATING TRENDS PRESENT A SERIOUS RISK TO OUR SOCIETY

The harm caused by enticement offenses is beyond question. Sexual abuse is a serious crime that deeply affects any victim, especially children, and it has dramatic secondary effects on our society. The looming danger of our children being preyed upon by pedophiles in chat rooms or through social networking sites is, in short, among the gravest threats facing children today.

The impact of child pornography on victims, and on society as a whole, is far less appreciated today than the threat of enticement offenses. Child pornography images are not just pictures, akin to any number of other images legally available on the Internet. Most images of child pornography depict victims—children—who have been exploited and abused. These images are permanent visual records of child sexual abuse. For this reason, the very term commonly used to describe these terrible images—''child pornography''—does not adequately convey the horrors these images depict. A more accurate term would be ''images of child sexual abuse,'' because the very production of the images necessarily involves the sexual abuse of a child. And the child is re-victimized each time they are viewed.

The nation should be alarmed at the fact that child pornography is being produced, possessed, and distributed in record numbers.

According to a 2005 study entitled ''Child-Pornography Possessors Arrested in Internet-Related Crimes: Findings from the National Juvenile Online Victimization Study,'' which studied defendants arrested and charged with possession of child pornography between July 2000 and June 2001:

More than 80 percent of arrested [child pornography] possessors had images of prepubescent children, and 80 percent had images of minors being sexually penetrated. Approximately 1 in 5 (21 percent) arrested [child pornography] possessors had images of children enduring bondage, sadistic sex, and other sexual violence. More than 1 in 3 (39 percent) [child pornography] possessors had videos depicting child pornography with motion and sound.

Although their identities are often unknown, many of the children in these graphic images were sexually victimized and assaulted. Those who possess these pictures—for sexual gratification, curiosity, as a means of profit, or for other reasons—are adding to the burdens of these young victims, whose trauma may be increased by knowing their pictures are circulating globally on the Internet with no hope of permanent removal or could be entered into circulation in the future.

Child pornography victimizes children in a very real and dramatic way. Of course, no child can consent to being sexually exploited through the production of sexually-explicit images. Each time the image is viewed or distributed, the child is again victimized. ''[N]o mere words could ever truly describe the daily torture of victims who were forced to participate in child pornography years ago and now, as adults, see images of themselves 'performing' on the Internet. In addition to the obvious physical injuries that a child can suffer due to sexual abuse, the emotional and psychological trauma is devastating, and lasting. Many child victims suffer from depression, withdrawal, anger, and other conditions that often continue into adulthood. They experience feelings of guilt and responsibility for the abuse, a sense of powerlessness and feelings of worthlessness.

Thus, for the sole fact of the victimization and damage that child pornography visits upon children, possession of child pornography is a heinous crime that must be stamped out. But that is only half of the story of the pernicious effect of child pornography. Possession of child pornography is a serious crime for four additional reasons, each of which is described more fully below:

1. The exchange of child pornography by and between child exploiters validates and encourages them in their beliefs and behaviors;

2. The greater availability of child pornography has led to the production, receipt, and distribution of more shocking, graphic images, which are increasingly involving younger children and infants;

3. The compulsion to collect child pornography images may lead to a compulsion to molest children, or may be indicative of a propensity to molest children; and

4. Child pornography is frequently used by molesters as an affirmative tool, either to silence their victims, to blackmail them into further exploitation, or to entice other children.

VALIDATION AND ENCOURAGEMENT

Use of the Internet by child pornographers to exchange images and communications regarding those images provides positive reinforcement for them in their beliefs and behaviors, encouraging further exploitation of children. One study of offenders revealed that exploiters' relationships with other offenders, forged online, ''legitimize[d] and normalize[d] their interests'' in their own minds. In short, the process of collecting and trading child pornography bonds the offenders together, and having an extensive child pornography collection heightens an offender's status within this community. The incentives to abuse children, capture the abuse, and share the images are strong, allowing the producer a way into the community and a means for obtaining yet more images of abuse from other producers or distributors. Child pornography is used as a means of establishing trust and camaraderie amongst child exploiters and molesters, as proof of good intentions when initiating contacts with one another. It is, in part, for these reasons that offenders are frequently found with thousands of images.

In considering this factor, one can see the important role that the Internet has played in the growth of the child pornography market. Before the Internet, child exploiters were isolated. Without knowing that others like them existed, pedophilia or a sexual interest in children was a shameful secret. Through the Internet, however, persons who desire to exploit children get to know that others like them exist, they share their preferences and their child pornography, and they no longer feel abnormal. The child exploiter sees in the Internet a way of validating his behavior: he is able to convince himself that his behavior or obsession is not abnormal, but is in fact shared by thousands of other people who, in the predator's mind, are sensitive, intelligent, and caring people.

MORE SHOCKING, GRAPHIC IMAGES

A more distressing trend is that, as pedophiles collect more and more images of child sexual abuse, they become de-sensitized to the horrors contained within their existing collections, and they seek gratification through novel and yet more disturbing images. The only way that this demand can be met is through a supply of new images involving more horrific images of I hands-on sexual abuse than that already present in the person's collection of images. The result has been a rise in demand for pornographic images of younger children, including babies and toddlers. Twenty percent of the images seized depicting sexual exploitation of children involved images of babies and two- and three-year-olds. And, disturbingly, the abuse is getting worse, with the depictions being more sadistic than ever.

INCREASED COMPULSION/PROPENSITY TO MOLEST CHILDREN

As an offender's interest in children draws him to the child pornography market, his compulsion to view and collect images may become entwined with, or lead to, a compulsion to molest children. A study conducted by Ethel Quayle and Max Taylor revealed that the subject's access to child pornography ''intensified his levels of sexual arousal and behavior and fueled his desire to engage in a relationship with a child.'' The subject progressed from viewing images, to entering chat rooms, to attempting to meet children offline.

Several factors other than mere sexual perversion may cause the tendency of child pornography collectors to begin to molest children. For instance, a collector's desire for novel and more graphic images could provide an incentive simply to produce the images himself, and computer technology today makes it easier to create the images and distribute them. In addition, collectors often feel that they have to produce new images because, in order to continue trading for new images, they have to offer up their own new images as part of the rules of some child pornography communities.

Empirical studies support the proposition that individuals who view child pornography are often also child molesters. According to a study completed in 2000 by Dr. Andres E. Hernandez, Director of the Sex Offender Treatment Program at the Butner Federal Correctional Complex in North Carolina, 79.6% of 54 offenders convicted of child pornography offenses admitted that they had molested significant numbers of children without detection. On average, the offenders had 26.37 child sex victims and admitted to over 1,424 contact sexual crimes. Of these 1,400+ contact sexual crimes, only 53 were detected or known about and taken into account at sentencing.

Consistent with these studies, a 1986 Report of the U.S. Senate Permanent Subcommittee on Investigations on Child Pornography and Pedophilia stated: ''No single characteristic of pedophilia is more pervasive than the obsession with child pornography. The fascination of pedophiles with child pornography and child abuse has been documented in many studies and has been established by hundreds of sexually explicit materials involving children.''

Although the U.S. Senate Subcommittee found no direct evidence of causality—i.e., that possession of child pornography causes people to commit child sex offenses—it did conclude that child pornography plays a central role in child molestations, ''serving to justify [the offender's] conduct, assist them in seducing their victims and provide a means to blackmail the children they have molested in order to prevent exposure.'' In a 2005 study of child pornography possessors arrested in Internet-related crimes, the reviewers concluded that ''one out of six [child pornography] possession cases beginning with an investigation of or allegation about [child pornography] possession discovered a dual offender who had also sexually victimized a child or attempted to do so.''

According to Raymond Smith, Assistant Inspector-in-Charge of the Special Investigations Division and the manager of USPIS's Child Exploitation Program, the USPIS began in 1997 compiling statistical information on the number of child pornography suspects arrested by U.S. Postal Inspectors that were also child molesters. Additionally, the USPIS began to collect data on the number of child victims identified and rescued from further sexual abuse as a result of investigations conducted by Postal Inspectors. Since 1997, 802 child molesters were identified and stopped, and 1,048 victimized children were rescued. According to Smith, of the more than 2,400 individuals arrested since 1997 for using the U.S. Mail and the Internet to sexually exploit children, child molesters were identified in one out of every three cases.

AFFIRMATIVE TOOLS OF MOLESTERS

Not only do images of child pornography record horrific abuse and victimization of children, but they often are also used as affirmative tools by the abusers. Abusers frequently use such pornography to lower another child's inhibitions with images that appear to show the victim enjoying the abuse or to validate sex between children and adults as normal. Moreover, offenders use the images to blackmail the victim into silence or into performing further acts of abuse, threatening to release the images to parents, peers, or others if the victim talks or does not allow further exploitation. Such blackmailing even can be aimed at forcing kids into prostitution and the child trafficking trade.

Child pornography plays a central role in child molestations, serving to justify offenders' conduct, to assist them in gaining compliance from their victims, and to provide a means to blackmail the children they have molested in order to prevent exposure. Consequently, child pornography does not simply involve abuse of the individual child victim whose image is created; it is also used

affirmatively to perpetuate the sexual exploitation of the same child or other children.

Child and adult pornography is frequently used by child exploiters to lure children into physical sex acts. After a child molester befriends a child and gains the child's trust, he will expose the child to pornography to persuade the child that the behavior is normal and acceptable, and to coax him or her into participation. The Sexually Exploited Child Unit of the Los Angeles Police Department conducted a ten year study and found that adult and child pornography was reportedly used in over 87% of all their child molestation cases. Child pornography is therefore not just a tool for perpetuating more (and more graphic) child pornography—it is also a tool for exploiters to gain opportunities to exploit and molest even more children.

A CALL TO ARMS

The measures taken to this point have not served to dramatically lessen the number of incidents of child exploitation. Indeed, all of the evidence leads to the conclusion that the exploitation of children is a burgeoning problem. The explosion in the production and trafficking of child pornography, in particular, represents nothing short of an epidemic confronting our country.

By Mr. THOMAS (for himself, Mr. CONRAD, Mr. HARKIN, Mr. ROBERTS, Ms. COLLINS, Mr. DAYTON, Mr. SALAZAR, Mr. DOMENICI, Mr. BURNS, Mr. DORGAN, Mr. THUNE, Mr. JOHNSON, Mr. NELSON of Nebraska, Ms. MURKOWSKI and Ms. SNOWE):

S. 3500. A bill to amend title VIII of the Social Security Act to protect and preserve access of Medicare beneficiaries in rural areas to health care providers under the Medicare program, and for other purposes; to the Committee on Finance.

Mr. THOMAS. Mr. President, I am pleased to rise today to introduce the Rural Hospital and Provider Equity, R–HoPE, Act of 2006 with Senator CONRAD, Senator HARKIN, Senator ROBERTS, and fellow Senate Rural Health Caucus members Senators COLLINS, DAYTON, SALAZAR, BURNS, DOMENICI, DORGAN, THUNE, JOHNSON, BEN NELSON, and MURKOWSKI. As always, it is important to note that rural health care legislation has a long history of bipartisan collaboration and cooperation.

The 108th Congress reaped unparalleled successes in terms of rural health care legislation. When Congress enacted the Medicare Modernization Act, MMA, it included a comprehensive health care package specifically tailored with rural communities, hospitals, and providers in mind. This was the largest rural provider payment package ever considered by Congress.

As Republican cochairman of the Senate Rural Health Caucus, I was proud to help lead the effort to put rural providers on a level playing field with their urban neighbors. We enacted commonsense Medicare payment equity provisions critical to maintaining access to quality health care in isolated and underserved areas. Rural America achieved a significant victory, and we have much to celebrate. However, our mission is not complete. Several of the MMA's rural health provisions have expired, or are set to expire this year. That is why I have introduced the Rural Hospital and Provider Equity Act—to finish the work we started 3 years ago.

This legislation not only reauthorizes expiring rural MMA provisions but also takes additional steps to address inequities in the Medicare payment system that continually place rural providers at a disadvantage. My bill recognizes the unique needs of rural hospitals and levels the playing field between rural and urban providers.

Rural hospitals are more dependent on Medicare payments as part of their total revenue. In fact, Medicare accounts for almost 70 percent of total revenue for small, rural hospitals. Rural hospitals have lower patient volumes, but must compete nationally to recruit providers due to the nursing—and other health professional—workforce shortages. Additional burdens are placed on rural hospitals and providers because of higher uninsured and underinsured rates in rural America. Also, seniors living in rural areas tend to be poorer and have more chronic conditions than their urban and suburban counterparts.

First, the Rural Hospital and Provider Equity Act recognizes the special circumstances rural hospitals face and addresses these issues by equalizing Medicare disproportionate share hospital, DSH, payments. These add-on payments help hospitals cover the costs of serving a high proportion of low-income and uninsured patients. Current law allows urban facilities to receive unlimited add-ons corresponding with the amount of patients served. However, small or rural hospital add-on payments are capped at 12 percent. This measure eliminates the rural hospital cap, bringing their payments in line with the benefits urban facilities receive.

Second, the bill recognizes that low-volume hospitals have a higher cost per case which results in negative operating margins. To alleviate this problem, we established a low-volume inpatient payment adjustment for hospitals that have less than 2000 annual discharges per year and are located more than 15 miles from another hospital. This provision will improve payments for approximately one-third of all rural hospitals.

In addition to these Medicare payment reforms, this legislation strengthens the over 3,000 rural health clinics that serve many rural Americans. Under current law, rural health clinics receive an all-inclusive payment rate that is capped at approximately $63. This payment has not been adjusted—except for inflation—since 1988. To recognize the rising costs of health care, this bill raises the rural health clinic cap to $82, making it comparable to the rate Community Health Centers receive. By caring for folks in underserved areas, rural health clinics and community health centers are a key component of the rural health care delivery system. As not every small town can sustain a hospital, we need to ensure these types of facilities are paid adequately and are provided enough flexibility to meet the health care needs of the communities they serve.

Home health care agencies are another critical element of the continuum of care in rural areas. These providers face unique circumstances in the distances they are required to travel to provide services. The current Medicare payment system does not make adequate adjustments to reflect the reality of rural and frontier health care. This bill recognizes the situation these providers face by ensuring their Medicare payments cover their costs to provide Medicare services.

As you all may know, there are approximately 1,165 hospitals nationwide that have converted to critical access hospital, CAH, status. This program was created in the Balanced Budget Act of 1997 to ensure folks in small, rural communities would have access to 24-hour emergency services as well as some hospital care in their hometowns. Fifty-two percent of my State's hospitals have downsized to Critical Access Hospital status. The measure I have introduced contains several provisions to strengthen this important rural hospital program.

The Rural Hospital and Provider Equity Act will also ensure rural areas can maintain access to important emergency medical services, EMS. Rural EMS providers are primarily volunteers who have difficulty recruiting, retaining, and educating EMS personnel. Rural EMS providers also have less capital to buy and upgrade essential, lifesaving equipment. The legislation will assist ambulance providers in collecting payments for transporting patients to the hospital after answering a 911 call regardless of the final diagnosis. This is a commonsense approach and ensures that all aspects of emergency care are operating under the same definition of emergency.

It is important for the Federal Government to remember that one payment system does not fit all. Rural providers care for patients under much different circumstances than their urban counterparts. This legislation is designed to ensure rural hospitals, rural health clinics, rural ambulance providers, rural home health agencies, rural mental health providers, rural physicians, and other critical allied health clinicians are paid accurately and fairly. I strongly encourage all my colleagues with an interest in rural health to cosponsor this legislation.

Finally, I want to thank the American Hospital Association, the National Rural Health Association, the Federation of American Hospitals, the National Association of Rural Health Clinics, the National Association for Home Care, the American Academy of

Nurse Practitioners, the American Ambulance Association, and the Association of Marriage and Family Therapists, for their work and support in this effort.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 3500

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Rural Hospital and Provider Equity (HoPE) Act of 2006''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Fairness in the Medicare disproportionate share hospital (DSH) adjustment for rural hospitals.
Sec. 3. Extension and Expansion of Medicare hold harmless provision under the prospective payment system for hospital outpatient department (HOPD) services.
Sec. 4. Improvement of definition of low-volume hospital for purposes of the Medicare inpatient hospital payment adjustment.
Sec. 5. Extension of Medicare wage index reclassifications for certain hospitals.
Sec. 6. Extension of Medicare reasonable costs payments for certain clinical diagnostic laboratory tests furnished to hospital patients in certain rural areas.
Sec. 7. Critical access hospital improvements.
Sec. 8. Capital infrastructure revolving loan program.
Sec. 9. Extension of Medicare incentive payment program for physician scarcity areas.
Sec. 10. Extension of floor on medicare work geographic adjustment.
Sec. 11. Medicare home health care planning improvements.
Sec. 12. Rural health clinic improvements.
Sec. 13. Community health center collaborative access expansion.
Sec. 14. Applying add-on policy for home health services furnished in a rural area for 2007.
Sec. 15. Use of medical conditions for coding ambulance services.
Sec. 16. Extension of increased Medicare payments for ground ambulance services in rural areas.
Sec. 17. Improvement in payments to retain emergency and other capacity for ambulances in rural areas.
Sec. 18. Coverage of marriage and family therapist services and mental health counselor services under part B of the Medicare program.
Sec. 19. Medicare remote monitoring pilot projects.
Sec. 20. Facilitating the provision of telehealth services across State lines.

SEC. 2. FAIRNESS IN THE MEDICARE DISPROPORTIONATE SHARE HOSPITAL (DSH) ADJUSTMENT FOR RURAL HOSPITALS.

Section 1886(d)(5)(F)(xiv)(II) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(F)(xiv)(II)) is amended—

(1) by striking ''or, in the case'' and all that follows through ''subparagraph (G)(iv)''; and

(2) by inserting at the end the following new sentence: ''The preceding sentence shall not apply to any hospital with respect to discharges occurring on or after October 1, 2006.''.

SEC. 3. EXTENSION AND EXPANSION OF MEDICARE HOLD HARMLESS PROVISION UNDER THE PROSPECTIVE PAYMENT SYSTEM FOR HOSPITAL OUTPATIENT DEPARTMENT (HOPD) SERVICES.

(a) EXTENSION.—

(1) IN GENERAL.—Section 1833(t)(7)(D)(i) of the Social Security Act (42 U.S.C. 1395l(t)(7)(D)(i)), as amended by section 5105 of the Deficit Reduction Act of 2005 (Public Law 109–171), is amended—

(A) in subclause (I)—

(i) by striking ''(I)'';

(ii) by striking ''(iii)) located in a rural area'' and inserting ''(iii))''; and

(iii) by striking ''before January 1, 2006'' and inserting ''before January 1, 2009''; and

(B) by striking subclause (II).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to covered OPD services furnished on or after January 1, 2006.

(b) STUDY AND REPORT.—

(1) STUDY.—The Secretary of Health and Human Services shall conduct a study to determine if, under the prospective payment system for hospital outpatient department services under section 1833(t) of the Social Security Act (42 U.S.C. 1395l(t)), costs incurred by sole community hospitals (as defined in section 1886(d)(5)(D)(iii) of such Act (42 U.S.C. 1395ww(d)(5)(D)(iii))) located in urban areas by ambulatory payment classification groups (APCs) exceed those costs incurred by other hospitals located in urban areas.

(2) REPORT.—Not later than January 1, 2008, the Secretary of Health and Human Services shall submit to Congress a report on the study conducted under paragraph (1) together with recommendations for such legislation and administrative action as the Secretary determines to be appropriate.

SEC. 4. IMPROVEMENT OF DEFINITION OF LOW-VOLUME HOSPITAL FOR PURPOSES OF THE MEDICARE INPATIENT HOSPITAL PAYMENT ADJUSTMENT.

Section 1886(d)(12)(C)(i) of the Social Security Act (42 U.S.C. 1395ww(d)(12)(C)(i)) is amended by inserting ''(or, beginning with fiscal year 2007, 2,000 discharges)'' after ''800 discharges''.

SEC. 5. EXTENSION OF MEDICARE WAGE INDEX RECLASSIFICATIONS FOR CERTAIN HOSPITALS.

(a) MMA PROVISION.—Section 508 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (42 U.S.C. 1395ww note) is amended by adding at the end the following new subsection:

''(g) THREE-YEAR EXTENSION FOR CERTAIN HOSPITALS.—

''(1) IN GENERAL.—In the case of a hospital described in paragraph (2)—

''(A) subsections (a)(3) and (b) shall be applied by substituting '6-year period' for '3-year period'; and

''(B) the limitation under subsection (e) shall not apply after March 31, 2007.

''(2) HOSPITAL DESCRIBED.—A hospital described in this paragraph is a hospital—

''(A) that is reclassified to an area under this section as of the day before the date of enactment of this subsection; and

''(B)(i) that is located in a State with less than 10 people per square mile; or

''(ii)(I) that is located in a rural area; and

''(II) for which the Secretary has determined the extension under this subsection to be appropriate.''.

(b) ADDITIONAL PROVISION.—The Secretary of Health and Human Services shall extend the special exception reclassification of a sole community hospital located in a State with less than 10 people per square mile (made under the authority of section 1886(d)(5)(I)(i) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(I)(i)) and contained in the final rule promulgated by the Secretary in the Federal Register on August 11, 2004 (69 Fed. Reg. 49107)) for 3 years through fiscal year 2010.

SEC. 6. EXTENSION OF MEDICARE REASONABLE COSTS PAYMENTS FOR CERTAIN CLINICAL DIAGNOSTIC LABORATORY TESTS FURNISHED TO HOSPITAL PATIENTS IN CERTAIN RURAL AREAS.

Section 416(b) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108–173; 117 Stat. 2282; 42 U.S.C. 1395l–4(b)) is amended by striking ''2-year'' and inserting ''4-year''.

SEC. 7. CRITICAL ACCESS HOSPITAL IMPROVEMENTS.

(a) CLARIFICATION OF PAYMENT FOR CLINICAL LABORATORY TESTS FURNISHED BY CRITICAL ACCESS HOSPITALS.—

(1) IN GENERAL.—Section 1834(g)(4) of the Social Security Act (42 U.S.C. 1395m(g)(4)) is amended—

(A) in the heading, by striking ''NO BENEFICIARY COST-SHARING'' and inserting ''TREATMENT OF''; and

(B) by adding at the end the following new sentence: ''For purposes of the preceding sentence and section 1861(mm)(3), clinical diagnostic laboratory services furnished by a critical access hospital shall be treated as being furnished as part of outpatient critical access services without regard to whether—

''(A) the individual with respect to whom such services are furnished is physically present in the critical access hospital at the time the specimen is collected;

''(B) such individual is registered as an outpatient on the records of, and receives such services directly from, the critical access hospital; or

''(C) payment is (or, but for this subsection, would be) available for such services under the fee schedule established under section 1833(h).''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to cost reporting periods beginning on or after October 1, 2003.

(b) ELIMINATION OF ISOLATION TEST FOR COST-BASED AMBULANCE REIMBURSEMENT.—

(1) IN GENERAL.—Section 1834(l)(8) of the Social Security Act (42 U.S.C. 1395m(l)(8)) is amended—

(A) in subparagraph (B)—

(i) by striking ''owned and''; and

(ii) by inserting ''(including when such services are provided by the entity under an arrangement with the hospital)'' after ''hospital''; and

(B) by striking the comma at the end of subparagraph (B) and all that follows and inserting a period.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to services furnished on or after January 1, 2007.

SEC. 8. CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM.

(a) IN GENERAL.—Part A of title XVI of the Public Health Service Act (42 U.S.C. 300q et seq.) is amended by adding at the end the following new section:

''CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM

''SEC. 1603. (a) AUTHORITY TO MAKE AND GUARANTEE LOANS.—

''(1) AUTHORITY TO MAKE LOANS.—The Secretary may make loans from the fund established under section 1602(d) to any rural entity for projects for capital improvements, including—

''(A) the acquisition of land necessary for the capital improvements;

''(B) the renovation or modernization of any building;

''(C) the acquisition or repair of fixed or major movable equipment; and

''(D) such other project expenses as the Secretary determines appropriate.

''(2) AUTHORITY TO GUARANTEE LOANS.—

''(A) IN GENERAL.—The Secretary may guarantee the payment of principal and interest for loans made to rural entities for projects for any capital improvement described in paragraph (1) to any non-Federal lender.

''(B) INTEREST SUBSIDIES.—In the case of a guarantee of any loan made to a rural entity under subparagraph (A), the Secretary may pay to the holder of such loan, for and on behalf of the project for which the loan was made, amounts sufficient to reduce (by not more than 3 percent) the net effective interest rate otherwise payable on such loan.

''(b) AMOUNT OF LOAN.—The principal amount of a loan directly made or guaranteed under subsection (a) for a project for capital improvement may not exceed $5,000,000.

''(c) FUNDING LIMITATIONS.—

''(1) GOVERNMENT CREDIT SUBSIDY EXPOSURE.—The total of the Government credit subsidy exposure under the Credit Reform Act of 1990 scoring protocol with respect to the loans outstanding at any time with respect to which guarantees have been issued, or which have been directly made, under subsection (a) may not exceed $50,000,000 per year.

''(2) TOTAL AMOUNTS.—Subject to paragraph (1), the total of the principal amount of all loans directly made or guaranteed under subsection (a) may not exceed $250,000,000 per year.

''(d) CAPITAL ASSESSMENT AND PLANNING GRANTS.—

''(1) NONREPAYABLE GRANTS.—Subject to paragraph (2), the Secretary may make a grant to a rural entity, in an amount not to exceed $50,000, for purposes of capital assessment and business planning.

''(2) LIMITATION.—The cumulative total of grants awarded under this subsection may not exceed $2,500,000 per year.

''(e) TERMINATION OF AUTHORITY.—The Secretary may not directly make or guarantee any loan under subsection (a) or make a grant under subsection (d) after September 30, 2010.''.

(b) RURAL ENTITY DEFINED.—Section 1624 of the Public Health Service Act (42 U.S.C. 300s–3) is amended by adding at the end the following new paragraph:

''(15)(A) The term 'rural entity' includes—

''(i) a rural health clinic, as defined in section 1861(aa)(2) of the Social Security Act;

''(ii) any medical facility with at least 1 bed, but with less than 50 beds, that is located in—

''(I) a county that is not part of a metropolitan statistical area; or

''(II) a rural census tract of a metropolitan statistical area (as determined under the most recent modification of the Goldsmith Modification, originally published in the Federal Register on February 27, 1992 (57 Fed. Reg. 6725));

''(iii) a hospital that is classified as a rural, regional, or national referral center under section 1886(d)(5)(C) of the Social Security Act; and

''(iv) a hospital that is a sole community hospital (as defined in section 1886(d)(5)(D)(iii) of the Social Security Act).

''(B) For purposes of subparagraph (A), the fact that a clinic, facility, or hospital has been geographically reclassified under the Medicare program under title XVIII of the Social Security Act shall not preclude a hospital from being considered a rural entity under clause (i) or (ii) of subparagraph (A).''.

(c) CONFORMING AMENDMENTS.—Section 1602 of the Public Health Service Act (42 U.S.C. 300q–2) is amended—

(1) in subsection (b)(2)(D), by inserting ''or 1603(a)(2)(B)'' after ''1601(a)(2)(B)''; and

(2) in subsection (d)—

(A) in paragraph (1)(C), by striking ''section 1601(a)(2)(B)'' and inserting ''sections 1601(a)(2)(B) and 1603(a)(2)(B)''; and

(B) in paragraph (2)(A), by inserting ''or 1603(a)(2)(B)'' after ''1601(a)(2)(B)''.

SEC. 9. EXTENSION OF MEDICARE INCENTIVE PAYMENT PROGRAM FOR PHYSICIAN SCARCITY AREAS.

Section 1833(u)(1) of the Social Security Act (42 U.S.C. 1395l(u)(1)) is amended by striking ''before January 1, 2008'' and inserting ''before January 1, 2009''.

SEC. 10. EXTENSION OF FLOOR ON MEDICARE WORK GEOGRAPHIC ADJUSTMENT.

Section 1848(e)(1)(E) of the Social Security Act (42 U.S.C. 1395w–4(e)(1)(E)) is amended by striking ''before January 1, 2007'' and inserting ''before January 1, 2009''.

SEC. 11. MEDICARE HOME HEALTH CARE PLANNING IMPROVEMENTS.

(a) IN GENERAL.—Section 1814(a)(2) of the Social Security Act (42 U.S.C. 1395f(a)(2)), in the matter preceding subparagraph (A), is amended—

(1) by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)'';

(2) by inserting ''(as those terms are defined in section 1861(aa)(5))'' after ''clinical nurse specialist'';

(3) by inserting ''or home health agency (as the case may be)'' after ''facility''; and

(4) by inserting ''(or in the case of services described in subparagraph (C), a physician assistant (as defined in 1861(aa)(5)) under the supervision of a physician)'' after ''collaboration with a physician''.

(b) CONFORMING AMENDMENTS.—(1) Section 1814(a) of the Social Security Act (42 U.S.C. 1395f(a)) is amended—

(A) in paragraph (2)(C), by inserting ''a nurse practitioner, a clinical nurse specialist, or a physician assistant (as the case may be)'' after ''physician'' each place it appears;

(B) in the second sentence, by striking ''or clinical nurse specialist'' and inserting ''clinical nurse specialist, or physician assistant'';

(C) in the third sentence—

(i) by striking ''physician certification'' and inserting ''certification'';

(ii) by inserting ''(or on January 1, 2007, in the case of regulations to implement the amendments made by section 11 of the Rural Hospital and Provider Equity (HoPE) Act of 2006)'' after ''1981''; and

(iii) by striking ''a physician who'' and inserting ''a physician, nurse practitioner, clinical nurse specialist, or physician assistant who''; and

(D) in the fourth sentence, by inserting '', nurse practitioner, clinical nurse specialist, or physician assistant'' after ''physician''.

(2) Section 1835(a) of the Social Security Act (42 U.S.C. 1395n(a)) is amended—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by inserting ''or, in the case of services described in subparagraph (A), a physician, or a nurse practitioner or clinical nurse specialist (as those terms are defined in 1861(aa)(5)), who does not have a direct or indirect employment relationship with the home health agency but is working in collaboration with a physician (or a physician assistant (as defined in 1861(aa)(5)) under the supervision of a physician)'' after ''a physician''; and

(ii) in subparagraph (A) by inserting ''a nurse practitioner, a clinical nurse specialist, or a physician assistant (as the case may be)'' after ''physician'' each place it appears;

(B) in the third sentence, by inserting '', nurse practitioner, clinical nurse specialist, or physician assistant (as the case may be)'' after physician;

(C) in the fourth sentence—

(i) by striking ''physician certification'' and inserting ''certification'';

(ii) by inserting ''(or on January 1, 2007, in the case of regulations to implement the amendments made by section 11 of the Rural Hospital and Provider Equity (HoPE) Act of 2006)'' after ''1981''; and

(iii) by striking ''a physician who'' and inserting ''a physician, nurse practitioner, clinical nurse specialist, or physician assistant who''; and

(D) in the fifth sentence, by inserting '', nurse practitioner, clinical nurse specialist, or physician assistant'' after ''physician''.

(3) Section 1861 of the Social Security Act (42 U.S.C. 1395x) is amended—

(A) in subsection (m)—

(i) in the matter preceding paragraph (1)—

(I) by inserting '', or a nurse practitioner, clinical nurse specialist, or physician assistant (as those terms are defined in subsection (aa)(5))'' after ''physician'' the first place it appears; and

(II) by inserting ''or a nurse practitioner, clinical nurse specialist, or physician assistant'' after ''physician'' the second place it appears; and

(ii) in paragraph (3), by inserting ''or a nurse practitioner, clinical nurse specialist, or physician assistant'' after ''physician''; and

(B) in subsection (o)(2)—

(i) by inserting '', nurse practitioners, clinical nurse specialists, or physician assistants (as those terms are defined in subsection (aa)(5))'' after ''physicians''; and

(ii) by inserting '', nurse practitioner, clinical nurse specialist, physician assistant,'' after ''physician''

(4) Section 1895 of the Social Security Act (42 U.S.C. 1395fff) is amended—

(A) in subsection (c)(1), by inserting '', or the nurse practitioner, clinical nurse specialist, or physician assistant (as those terms are defined in section 1861(aa)(5)),'' after ''physician''; and

(B) in subsection (e)—

(i) in paragraph (1)(A), by inserting '', or a nurse practitioner, clinical nurse specialist, or physician assistant (as those terms are defined in section 1861(aa)(5)),'' after ''physician''; and

(ii) in paragraph (2)—

(I) in the heading, by striking ''PHYSICIAN CERTIFICATION'' and inserting ''RULE OF CONSTRUCTION REGARDING REQUIREMENT FOR CERTIFICATION''; and

(II) by striking ''physician''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services furnished on or after January 1, 2007.

SEC. 12. RURAL HEALTH CLINIC IMPROVEMENTS.

Section 1833(f) of the Social Security Act (42 U.S.C. 1395l(f)) is amended—

(1) in paragraph (1), by striking '', and'' at the end and inserting a semicolon;

(2) in paragraph (2)—

(A) by inserting ''(before 2007)'' after ''in a subsequent year''; and

(B) by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following new paragraphs:

''(3) in 2007, at $82 per visit; and

''(4) in a subsequent year, at the limit established under this subsection for the previous year increased by the percentage increase in the MEI (as so defined) applicable

to primary care services (as so defined) furnished as of the first day of that year.''

SEC. 13. COMMUNITY HEALTH CENTER COLLABORATIVE ACCESS EXPANSION.

Section 330 of the Public Health Service Act (42 U.S.C. 254b) is amended by adding at the end the following:

''(s) MISCELLANEOUS PROVISIONS.—

''(1) RULE OF CONSTRUCTION WITH RESPECT TO RURAL HEALTH CLINICS.—

''(A) IN GENERAL.—Nothing in this section shall be construed to prevent a community health center from contracting with a federally certified rural health clinic (as defined by section 1861(aa)(2) of the Social Security Act) for the delivery of primary health care services that are available at the rural health clinic to individuals who would otherwise be eligible for free or reduced cost care if that individual were able to obtain that care at the community health center. Such services may be limited in scope to those primary health care services available in that rural health clinic.

''(B) ASSURANCES.—In order for a rural health clinic to receive funds under this section through a contract with a community health center under paragraph (1), such rural health clinic shall establish policies to ensure—

''(i) nondiscrimination based upon the ability of a patient to pay; and

''(ii) the establishment of a sliding fee scale for low-income patients.''.

SEC. 14. APPLYING ADD-ON POLICY FOR HOME HEALTH SERVICES FURNISHED IN A RURAL AREA FOR 2007.

Section 421 of Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108–173; 117 Stat. 2283), as amended by section 5201(b) of the Deficit Reduction Act of 2005 (Public Law 109–171), is amended—

(1) in the heading, by striking ''**ONE-YEAR**'' and inserting ''**TEMPORARY**''; and

(2) in subsection (a), by striking ''before January 1, 2007'' and inserting ''before January 1, 2008''.

SEC. 15. USE OF MEDICAL CONDITIONS FOR CODING AMBULANCE SERVICES.

Section 1834(l)(7) of the Social Security Act (42 U.S.C. 1395m(l)(7)) is amended to read as follows:

''(7) CODING SYSTEM.—

''(A) IN GENERAL.—The Secretary shall, in accordance with section 1173(c)(1)(B) and not later than January 1, 2007, establish a mandatory system or systems for the coding of claims for ambulance services for which payment is made under this subsection, including a code set specifying the medical condition of the individual who is transported and the level of service that is appropriate for the transportation of an individual with that medical condition.

''(B) MEDICAL CONDITIONS.—The code set established under subparagraph (A) shall take into account the list of medical conditions developed in the course of the negotiated rulemaking process conducted under paragraph (1).''.

SEC. 16. EXTENSION OF INCREASED MEDICARE PAYMENTS FOR GROUND AMBULANCE SERVICES IN RURAL AREAS.

Section 1834(l)(13) of the Social Security Act (42 U.S.C. 1395m(l)(13)) is amended—

(1) in subparagraph (A), in the matter preceding clause (i), by striking ''before January 1, 2007'' and inserting ''before January 1, 2008'';

(2) in subparagraph (B), in the heading, by striking ''AFTER 2006'' and inserting ''AFTER 2007''.

SEC. 17. IMPROVEMENT IN PAYMENTS TO RETAIN EMERGENCY AND OTHER CAPACITY FOR AMBULANCES IN RURAL AREAS.

(a) IN GENERAL.—Section 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)) is amended by adding at the end the following new paragraph:

''(15) ADDITIONAL PAYMENTS FOR PROVIDERS FURNISHING AMBULANCE SERVICES IN RURAL AREAS.—

''(A) IN GENERAL.—In the case of ground ambulance services furnished on or after January 1, 2007, for which the transportation originates in a rural area (as determined under subparagraph (B)), the Secretary shall provide for a percent increase in the base rate of the fee schedule for a trip identified under this subsection.

''(B) IDENTIFICATION OF RURAL AREAS.—The Secretary, in consultation with the Office of Rural Health Policy, shall use the Rural-Urban Commuting Areas (RUCA) coding system, adopted by that Office, to designate rural areas for the purposes of this paragraph. A rural area is any area in RUCA levels 2 through 10 and any unclassified area.

''(C) TIERING OF RURAL AREAS.—The Secretary shall designate 4 tiers of rural areas, using a ZIP Code population-based methodology generated by the RUCA coding system, as follows:

''(i) TIER 1.—A rural area that is a high metropolitan commuting area, in which 30 percent or more of the commuting flow is to an urban area, as designated by the Bureau of the Census (RUCA level 2).

''(ii) TIER 2.—A rural area that is a low metropolitan commuting area, in which less than 30 percent of the commuting flow is to an urban area or to a large town, as designated by the Bureau of the Census (RUCA levels 3–6).

''(iii) TIER 3.—A rural area that is a small town core, as designated by the Bureau of the Census, in which no significant portion of the commuting flow is to an area of population greater than 10,000 people (RUCA levels 7–9).

''(iv) TIER 4.—A rural area in which there is no dominant commuting flow (RUCA level 10) and any unclassified area.

The Secretary shall consult with the Office of Rural Health Policy not less often than every 2 years to update the designation of rural areas in accordance with any changes that are made to the RUCA system.

''(D) PAYMENT ADJUSTMENTS FOR TRIPS IN RURAL AREAS.—The Secretary shall adjust the payment rate under this section for ambulance trips that originate in each of the tiers established in subparagraph (C) according to the national average cost of full-cost providers for providing ambulance services in each such tier.''.

(b) REVIEW OF PAYMENTS FOR RURAL AMBULANCE SERVICES AND REPORT TO CONGRESS.—

(1) REVIEW.—Not later than July 1, 2009, the Secretary of Health and Human Services shall review the system for adjusting payments for rural ambulance services under section 1834(l)(15) of the Social Security Act, as added by subsection (a), to determine the adequacy and appropriateness of such adjustments. In conducting such review, the Secretary shall consult with providers and suppliers affected by such adjustments and with representatives of the ambulance industry generally to determine—

(A) whether such adjustments adequately cover the additional costs incurred in serving areas of low population density; and

(B) whether the tiered structure for making such adjustments appropriately reflects the difference in costs of providing services in different types of rural areas.

(2) REPORT.—Not later than January 1, 2010, the Secretary shall submit to Congress a report on the review conducted under paragraph (1) together with any recommendations for revision to the systems for adjusting payments for ambulance services in rural areas that the Secretary of Health and Human Services determines appropriate.

(c) CONFORMING AMENDMENTS.—(1) Section 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)), as amended by subsection (a), is amended by adding at the end the following new paragraph:

''(16) DESIGNATION OF RURAL AREAS FOR MILEAGE PAYMENT PURPOSES.—In establishing any differential in the amount of payment for mileage between rural and urban areas in the fee schedule established under paragraph (1), the Secretary shall, in the case of ambulance services furnished on or after January 1, 2007, identify rural areas in the same manner as provided in paragraph (15)(B).''.

(2) Section 1834(l)(12)(A) of the Social Security Act (42 U.S.C. 1395m(l)(12)(A)) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2007''.

(3) Section 1834(l)(13)(A)(i) of the Social Security Act (42 U.S.C. 1395m(l)(13)(A)(i)) is amended—

(A) by inserting ''(or in the case of such services furnished in 2007, in a rural area identified by the Secretary under paragraph (15)(B))'' after ''such paragraph''; and

(B) by striking ''paragraphs (11) and (12)'' and inserting ''paragraphs (11), (12), and (15)''.

SEC. 18. COVERAGE OF MARRIAGE AND FAMILY THERAPIST SERVICES AND MENTAL HEALTH COUNSELOR SERVICES UNDER PART B OF THE MEDICARE PROGRAM.

(a) COVERAGE OF SERVICES.—

(1) IN GENERAL.—Section 1861(s)(2) of the Social Security Act (42 U.S.C. 1395x(s)(2)), as amended by section 5112 of the Deficit Reduction Act of 2005 (Public Law 109–171), is amended—

(A) in subparagraph (Z), by striking ''and'' at the end;

(B) in subparagraph (AA), by inserting ''and'' at the end; and

(C) by adding at the end the following new subparagraph:

''(BB) marriage and family therapist services (as defined in subsection (ccc)(1)) and mental health counselor services (as defined in subsection (ccc)(3));''.

(2) DEFINITIONS.—Section 1861 of the Social Security Act (42 U.S.C. 1395x), as amended by section 5112 of the Deficit Reduction Act of 2005 (Public Law 109–171), is amended by adding at the end the following new subsection:

''Marriage and Family Therapist Services; Marriage and Family Therapist; Mental Health Counselor Services; Mental Health Counselor

''(ccc)(1) The term 'marriage and family therapist services' means services performed by a marriage and family therapist (as defined in paragraph (2)) for the diagnosis and treatment of mental illnesses, which the marriage and family therapist is legally authorized to perform under State law (or the State regulatory mechanism provided by State law) of the State in which such services are performed, as would otherwise be covered if furnished by a physician or as an incident to a physician's professional service, but only if no facility or other provider charges or is paid any amounts with respect to the furnishing of such services.

''(2) The term 'marriage and family therapist' means an individual who—

''(A) possesses a master's or doctoral degree which qualifies for licensure or certification as a marriage and family therapist pursuant to State law;

''(B) after obtaining such degree has performed at least 2 years of clinical supervised experience in marriage and family therapy; and

''(C) in the case of an individual performing services in a State that provides for licensure or certification of marriage and family therapists, is licensed or certified as

a marriage and family therapist in such State.

''(3) The term 'mental health counselor services' means services performed by a mental health counselor (as defined in paragraph (4)) for the diagnosis and treatment of mental illnesses which the mental health counselor is legally authorized to perform under State law (or the State regulatory mechanism provided by the State law) of the State in which such services are performed, as would otherwise be covered if furnished by a physician or as incident to a physician's professional service, but only if no facility or other provider charges or is paid any amounts with respect to the furnishing of such services.

''(4) The term 'mental health counselor' means an individual who—

''(A) possesses a master's or doctor's degree in mental health counseling or a related field;

''(B) after obtaining such a degree has performed at least 2 years of supervised mental health counselor practice; and

''(C) in the case of an individual performing services in a State that provides for licensure or certification of mental health counselors or professional counselors, is licensed or certified as a mental health counselor or professional counselor in such State.''.

(3) PROVISION FOR PAYMENT UNDER PART B.—Section 1832(a)(2)(B) of the Social Security Act (42 U.S.C. 1395k(a)(2)(B)) is amended by adding at the end the following new clause:

''(v) marriage and family therapist services and mental health counselor services;''.

(4) AMOUNT OF PAYMENT.—Section 1833(a)(1) of the Social Security Act (42 U.S.C. 1395l(a)(1)) is amended—

(A) by striking ''and (V)'' and inserting ''(V)''; and

(B) by inserting before the semicolon at the end the following: '', and (W) with respect to marriage and family therapist services and mental health counselor services under section 1861(s)(2)(BB), the amounts paid shall be 80 percent of the lesser of the actual charge for the services or 75 percent of the amount determined for payment of a psychologist under subparagraph (L)''.

(5) EXCLUSION OF MARRIAGE AND FAMILY THERAPIST SERVICES AND MENTAL HEALTH COUNSELOR SERVICES FROM SKILLED NURSING FACILITY PROSPECTIVE PAYMENT SYSTEM.—Section 1888(e)(2)(A)(ii) of the Social Security Act (42 U.S.C. 1395yy(e)(2)(A)(ii)) is amended by inserting ''marriage and family therapist services (as defined in section 1861(ccc)(1)), mental health counselor services (as defined in section 1861(ccc)(3)),'' after ''qualified psychologist services,''.

(6) INCLUSION OF MARRIAGE AND FAMILY THERAPISTS AND MENTAL HEALTH COUNSELORS AS PRACTITIONERS FOR ASSIGNMENT OF CLAIMS.—Section 1842(b)(18)(C) of the Social Security Act (42 U.S.C. 1395u(b)(18)(C)) is amended by adding at the end the following new clauses:

''(vii) A marriage and family therapist (as defined in section 1861(ccc)(2)).

''(viii) A mental health counselor (as defined in section 1861(ccc)(4)).''.

(b) COVERAGE OF CERTAIN MENTAL HEALTH SERVICES PROVIDED IN CERTAIN SETTINGS.—

(1) RURAL HEALTH CLINICS AND FEDERALLY QUALIFIED HEALTH CENTERS.—Section 1861(aa)(1)(B) of the Social Security Act (42 U.S.C. 1395x(aa)(1)(B)) is amended by striking ''or by a clinical social worker (as defined in subsection (hh)(1)),'' and inserting '', by a clinical social worker (as defined in subsection (hh)(1)), by a marriage and family therapist (as defined in subsection (ccc)(2)), or by a mental health counselor (as defined in subsection (ccc)(4)),''.

(2) HOSPICE PROGRAMS.—Section 1861(dd)(2)(B)(i)(III) of the Social Security Act (42 U.S.C. 1395x(dd)(2)(B)(i)(III)) is amended by inserting ''or one marriage and family therapist (as defined in subsection (ccc)(2))'' after ''social worker''.

(c) AUTHORIZATION OF MARRIAGE AND FAMILY THERAPISTS TO DEVELOP DISCHARGE PLANS FOR POST-HOSPITAL SERVICES.—Section 1861(ee)(2)(G) of the Social Security Act (42 U.S.C. 1395x(ee)(2)(G)) is amended by inserting ''marriage and family therapist (as defined in subsection (ccc)(2)),'' after ''social worker,''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to services furnished on or after January 1, 2007.

SEC. 19. MEDICARE REMOTE MONITORING PILOT PROJECTS.

(a) PILOT PROJECTS.—

(1) IN GENERAL.—Not later than 9 months after the date of enactment of this Act, the Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall conduct pilot projects under title XVIII of the Social Security Act for the purpose of providing incentives to home health agencies to utilize home monitoring and communications technologies that—

(A) enhance health outcomes for Medicare beneficiaries; and

(B) reduce expenditures under such title.

(2) SITE REQUIREMENTS.—

(A) URBAN AND RURAL.—The Secretary shall conduct the pilot projects under this section in both urban and rural areas.

(B) SITE IN A SMALL STATE.—The Secretary shall conduct at least 3 of the pilot projects in a State with a population of less than 1,000,000.

(3) DEFINITION OF HOME HEALTH AGENCY.—In this section, the term ''home health agency'' has the meaning given that term in section 1861(o) of the Social Security Act (42 U.S.C. 1395x(o)).

(b) MEDICARE BENEFICIARIES WITHIN THE SCOPE OF PROJECTS.—The Secretary shall specify the criteria for identifying those Medicare beneficiaries who shall be considered within the scope of the pilot projects under this section for purposes of the application of subsection (c) and for the assessment of the effectiveness of the home health agency in achieving the objectives of this section. Such criteria may provide for the inclusion in the projects of Medicare beneficiaries who begin receiving home health services under title XVIII of the Social Security Act after the date of the implementation of the projects.

(c) INCENTIVES.—

(1) PERFORMANCE TARGETS.—The Secretary shall establish for each home health agency participating in a pilot project under this section a performance target using one of the following methodologies, as determined appropriate by the Secretary:

(A) ADJUSTED HISTORICAL PERFORMANCE TARGET.—The Secretary shall establish for the agency—

(i) a base expenditure amount equal to the average total payments made to the agency under parts A and B of title XVIII of the Social Security Act for Medicare beneficiaries determined to be within the scope of the pilot project in a base period determined by the Secretary; and

(ii) an annual per capita expenditure target for such beneficiaries, reflecting the base expenditure amount adjusted for risk and adjusted growth rates.

(B) COMPARATIVE PERFORMANCE TARGET.—The Secretary shall establish for the agency a comparative performance target equal to the average total payments under such parts A and B during the pilot project for comparable individuals in the same geographic area that are not determined to be within the scope of the pilot project.

(2) INCENTIVE.—Subject to paragraph (3), the Secretary shall pay to each participating home care agency an incentive payment for each year under the pilot project equal to a portion of the Medicare savings realized for such year relative to the performance target under paragraph (1).

(3) LIMITATION ON EXPENDITURES.—The Secretary shall limit incentive payments under this section in order to ensure that the aggregate expenditures under title XVIII of the Social Security Act (including incentive payments under this subsection) do not exceed the amount that the Secretary estimates would have been expended if the pilot projects under this section had not been implemented.

(d) WAIVER AUTHORITY.—The Secretary may waive such provisions of titles XI and XVIII of the Social Security Act as the Secretary determines to be appropriate for the conduct of the pilot projects under this section.

(e) REPORT TO CONGRESS.—Not later than 5 years after the date that the first pilot project under this section is implemented, the Secretary shall submit to Congress a report on the pilot projects. Such report shall contain a detailed description of issues related to the expansion of the projects under subsection (f) and recommendations for such legislation and administrative actions as the Secretary considers appropriate.

(f) EXPANSION.—If the Secretary determines that any of the pilot projects under this section enhance health outcomes for Medicare beneficiaries and reduce expenditures under title XVIII of the Social Security Act, the Secretary may initiate comparable projects in additional areas.

(g) INCENTIVE PAYMENTS HAVE NO EFFECT ON OTHER MEDICARE PAYMENTS TO AGENCIES.—An incentive payment under this section—

(1) shall be in addition to the payments that a home health agency would otherwise receive under title XVIII of the Social Security Act for the provision of home health services; and

(2) shall have no effect on the amount of such payments.

SEC. 20. FACILITATING THE PROVISION OF TELEHEALTH SERVICES ACROSS STATE LINES.

(a) IN GENERAL.—For purposes of expediting the provision of telehealth services, for which payment is made under the Medicare program, across State lines, the Secretary of Health and Human Services shall, in consultation with representatives of States, physicians, health care practitioners, and patient advocates, encourage and facilitate the adoption of provisions allowing for multistate practitioner practice across State lines.

(b) DEFINITIONS.—In subsection (a):

(1) TELEHEALTH SERVICE.—The term ''telehealth service'' has the meaning given that term in subparagraph (F) of section 1834(m)(4) of the Social Security Act (42 U.S.C. 1395m(m)(4)).

(2) PHYSICIAN, PRACTITIONER.—The terms ''physician'' and ''practitioner'' have the meaning given those terms in subparagraphs (D) and (E), respectively, of such section.

(3) MEDICARE PROGRAM.—The term ''Medicare program'' means the program of health insurance administered by the Secretary of Health and Human Services under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).

Mr. CONRAD. Mr. President, today I am pleased to join Senator THOMAS in introducing the Rural Hospital and Provider Equity Act, or R–HoPE. This

proposal will help shore up health care in rural areas and give rural Americans hope that health care will be available when they need it.

R–HoPE is the next step in addressing the inequities that exist in Medicare reimbursement and ensuring access to health services, like ambulance, mental health and home health care, in rural communities. The proposal has strong bipartisan support. In fact we're pleased to have over 12 cosponsors today from both sides of the aisle.

Our proposal also has broad support among provider groups including the National Rural Health Association, the American Hospital Association, the American Ambulance Association, Federation of American Hospitals, the National Association of Rural Health Clinics, National Association for Home Care and Hospice, and the American Academy of Nurse Practitioners.

As my colleagues know, prior to the Medicare Modernization Act, Medicare was shortchanging rural providers. Our reimbursement was significantly less than our urban counterparts. For example, Mercy Hospital in Devil's Lake North Dakota received half as much reimbursement for treating pneumonia as Mercy Hospital in New York City did. While I will be the first to admit that health care can be more expensive in urban areas, it certainly isn't twice the cost. And for that matter, rural hospitals don't get a ''rural discount'' when they go to buy supplies or new technology. It costs rural hospitals even more to purchase technology and supplies because they can't achieve the economies of scale that larger, more urban hospitals can.

The MMA recognized this disparity in reimbursement and took steps to close the gap. We secured over $25 billion for rural health care, but most of the changes were only temporary. Even with the MMA funding, many rural hospitals and providers continue to experience negative margins. In 2003, before the MMA passed, rural hospitals had overall Medicare margins of negative 5.4 percent—compared to negative 0.9 percent for urban providers. In its March 2006 report, the Medicare Payment Advisory Commission projected that rural hospitals would experience negative 4.5-percent margins this year. Facilities cannot continue to provide high quality services if they lose over 4 percent on every Medicare patient.

R–HoPE will help continue the progress made by the MMA and add new provisions that will protect access to rural health care.

First, it will help ensure that everyone who chooses to live in a rural community has a hospital nearby. For example, the proposal recognizes that rural facilities can't achieve the same economies of scale as large hospitals by giving extra payments to hospitals with fewer than 2,000 patients a year. R–HoPE also reinstates provisions that protect rural hospitals against losses under the current outpatient payment system. Next, the bill extends an MMA provision that has helped rural hospitals to better meet their labor costs by improving their ''wage index'' calculation. In addition, the proposal would close the gap in payments hospitals receive for serving low-income patients by giving the same level of special ''disproportionate share payments'' that urban areas enjoy. Lastly, the bill establishes a new loan program to help rural hospitals repair crumbling buildings.

Second, R–HoPE would guarantee that rural Americans can see a doctor when they are sick. As is the case with most rural States, much of North Dakota is designated as a health professional shortage area, HPSA. Recruiting doctors to these areas is very difficult, and the Medicare program recognized that extra payments are needed when it established the 10-percent physician scarcity payment for doctors who serve Medicare patients in HPSAs. R–HoPE would extend these vital bonus payments. Our proposal also extends a provision from the MMA that erases geographic inequities in physician payments.

Third, our bill would guarantee that when there is an emergency in a rural area, an ambulance is there to respond. Many rural ambulance services are closing because of low Medicare reimbursement. These services are often staffed by volunteers; few first responders are paid. R–HoPE would protect rural ambulance services by improving how Medicare pays EMS providers in rural areas. The bill also extends a 2-percent bonus payment for rural ambulance services and takes steps to reduce the number of wrongful denials of payment by Medicare contractors.

Fourth, R–HoPE helps to bolster a vital rural health care safety net provider, rural health clinics. Our bill would help preserve this important source of health care by increasing the all-inclusive payment from $63 to $82. In addition, our bill encourages rural health clinics to collaborate with community health centers to provide care in rural areas.

Fifth, R–HoPE takes a number of steps to protect the availability of home and mental health in rural areas by increasing the number of providers who are allowed to order and provide these vital services. It also extends the rural add-on payment for home health services provided in rural areas and creates a pilot project to use home monitoring technology to provide home health services.

This bill also removes barriers to telehealth. Specifically, the bill would address problems that arise when telehealth services are provided across State lines and payment is denied because the practitioner isn't licensed in the State where the patient resides.

Finally, the bill we are introducing includes two small changes to the critical access hospital, CAH, program that will put these facilities on a much sounder financial footing. These provisions would ensure CAHs could afford to provide quality ambulance care and receive fair reimbursement for lab services provided outside the hospital.

Rural America is the backbone of this country. We must not turn our backs on rural Americans and their health care needs. They have a right to the same quality health care enjoyed by other Americans. And that right is being threatened by low Medicare reimbursement and limited access to providers. R–HoPE truly gives hope to those living in rural communities by erasing the inequities in current law that impede access to care.

I want to thank my Senate colleagues who have joined in this effort, as well as the organizations who worked with us, for their cooperation in developing this important health care proposal. It is my hope that this legislation will help strengthen our rural health care system and preserve it for generations to come.

By Mr. McCAIN:

S. 3501. A bill to amend the Shivwits Band of the Paiute Indian Tribe of Utah Water Rights Settlement Act to establish an acquisition fund for the water rights and habitat acquisition program; to the Committee on Indian Affairs.

Mr. McCAIN. Mr. President, today I am introducing legislation to amend the Shivwits Band of Paiute Indian Tribe of Utah Water Rights Settlement Act 2000 in order to bring that settlement to an orderly conclusion. That act ratified a negotiated settlement of the Shivwits Band of Paiute Indian Tribe's water entitlement to flow from the Santa Clara River in Utah. The Department of the Interior requested the amendment and provided technical assistance in crafting the legislation.

As part of section 10, Water Rights Settlement, of the Shivwits Settlement Act a water rights and habitat acquisition program was authorized. Congress authorized $3.0 million to be appropriated to implement section 10. However, when the Department of the Interior attempted to implement the provision in section 10, which was intended to maintain the $3.0 million in an interest bearing account, the Treasury Department advised that the language in section 10 was insufficient for this purpose. The Treasury Department and Department of the Interior developed technical correction language to address this deficiency in the settlement act by amending the statutory language for the establishment of the acquisition fund and investment of the acquisition fund.

The bill I am introducing today will allow the Shivwits Band water rights and habitat acquisition program authorized under section 10 of the settlement act to move forward. This legislation is supported by the Department of the Interior and will fully implement the Shivwits Band of Paiute Indian Tribe of Utah Water Settlement Act of 2000. I urge my colleagues to support this legislation.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 3501

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ACQUISITION FUND.

Section 10 of the Shivwits Band of the Paiute Indian Tribe of Utah Water Rights Settlement Act (Public Law 106–263; 114 Stat. 743) is amended—

(1) in subsection (f), by striking the second sentence; and

(2) by adding at the end the following:

''(g) ACQUISITION FUND.—

''(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the 'Santa Clara Water Rights and Habitat Acquisition Fund' (referred to in this section as the 'Acquisition Fund'), consisting of—

''(A) such amounts as are appropriated to the Acquisition Fund under paragraph (2); and

''(B) any income earned on investment of amounts in the Acquisition Fund under paragraph (4).

''(2) TRANSFERS TO ACQUISITION FUND.—There are appropriated to the Acquisition Fund amounts equivalent to amounts made available under subsection (f).

''(3) EXPENDITURES FROM ACQUISITION FUND.—On request by the Secretary, the Secretary of the Treasury shall transfer from the Acquisition Fund to the Secretary such amounts as the Secretary determines to be necessary to carry out this section.

''(4) INVESTMENT OF AMOUNTS.—

''(A) IN GENERAL.—On request by the Secretary, the Secretary of the Treasury shall invest such portion of the Acquisition Fund as is not, in the judgment of the Secretary, required to meet current withdrawals.

''(B) OBLIGATIONS.—Investments may be made only in public debt securities with maturities suitable to the needs of the Acquisition Fund, as determined by the Secretary, that bear interest at a rate determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturity.

''(C) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

''(i) on original issue at the issue price; or

''(ii) by purchase of outstanding obligations at the market price.

''(D) SALE OF OBLIGATIONS.—Any obligation acquired by the Acquisition Fund may be sold by the Secretary of the Treasury at the market price.

''(E) CREDITS TO ACQUISITION FUND.—The income on, and the proceeds from the sale or redemption of, any obligations held in the Acquisition Fund shall be credited to, and form a part of, the Acquisition Fund.

''(5) TRANSFERS OF AMOUNTS.—

''(A) IN GENERAL.—The amounts required to be transferred to the Acquisition Fund under this subsection shall be transferred at least monthly from the general fund of the Treasury to the Acquisition Fund on the basis of estimates made by the Secretary of the Treasury.

''(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

''(6) MANAGEMENT.—The Acquisition Fund (including the principal of the Acquisition Fund and any interest generated on that principal) shall be managed in accordance with this section.''.

By Mr. KENNEDY (for himself, Mrs. CLINTON, and Mr. KERRY):

S. 3502. A bill to modernize the education system of the United States, to arm individuals with 21st century knowledge and skills in order to preserve the economic and national security of the United States, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. KENNEDY. Mr. President, American families face great challenges in dealing with the rapidly changing global economy. The value of their wages is declining, the cost of living is going up, and many jobs are moving overseas. More and more Americans feel the American dream is slowly slipping out of reach.

We can and must deal more effectively with this problem. We have a responsibility to make the investments that are necessary to our progress—a responsibility to our families, to our economy, to our Nation, and even to our national security.

We can guarantee America's continuing prosperity in the future, but we must work for it. We must sacrifice for it. The rest of the world is playing for keeps. We cannot just tinker at the margins if we expect to continue to be a leader in this rapidly shrinking world.

We must ensure that our citizens can achieve the American dream once again. To do so, our highest priority must be a world class education for every American. We must make the American employee and employer the best educated, best trained, and most capable in the world. We need to strengthen the capacities of every person in the Nation.

This isn't just my opinion. In recent years, study after study has emphasized education as the solution to keeping America competitive in the years to come.

Last year, the Council on Competitiveness urged a focus on lifelong skill development—through elementary, secondary and higher education, and through training and workforce support, as essential to keeping America on the cutting edge of innovation.

A recent National Academy of Sciences report contains these recommendations. Two of the report's four major recommendations state that education is the solution to meeting the global challenge.

The National Association of Manufacturers has also issued a report urging a renewed focus on education and training to keep American businesses competitive.

Other industrialized countries are embracing education as the key to competing in this new economy, but America is slipping behind. We rank 28th out of 40 nations in math education. We were 3rd in the world in 1975 in the production of new scientists and engineers, but now we rank 15th. By 2008, 6 million U.S. jobs will go unfilled because our workforce will not be qualified to fill them.

These shortcomings threaten both our economic security and our national security.

The last time America was shocked into realizing we were unacceptably behind in math and science was in 1957, when the Soviet Union launched Sputnik. To meet that crisis, Republican President Eisenhower worked closely with a Democratic Congress to pass the National Defense Education Act. The new law declared a national ''education emergency,'' and we doubled the Federal investment in education virtually overnight.

Today I join with my colleagues, Senator CLINTON and Senator KERRY, to introduce a new National Defense Education Act for our own day and generation.

To respond to this major challenge, we must ensure our education standards are internationally competitive, so that our high school graduates can succeed in the new economy. We must make a commitment to all students—regardless of the studies they choose to pursue—that cost will not be a barrier to a college degree. We must strengthen math and science education in this country by making college free for students training to become math or science teachers in high need schools.

Our New National Defense Education Act responds to each of these imperatives. It modernizes our education system and equips Americans with 21st century knowledge and skills.

It provides incentives and resources for schools to develop and implement more rigorous standards in math, science and reading.

The legislation updates the Nation's report card—the National Assessment of Educational Progress—to ensure that it sets a national benchmark which is internationally competitive and is aligned with the demands of the 21st century global economy. It expands our ability to monitor science achievement. It requires the NAEP to measure student preparedness to enter college, the 21st century workforce, or the armed services. It also requires the Secretary of Education to examine the gaps in student performance on State-level assessments and NAEP assessments, and to assist States in understanding those gaps. It provides critical resources to states to create PreK–16 Preparedness Councils to help them with their efforts to improve state standards and ensure that they are aligned with the expectations of colleges, employers, and the Armed Services. It also provides funding to States working in collaboration to establish common standards and assessments.

The New NDEA also directs resources to high need schools, to enable them to invest in math, science, engineering and technology textbooks and laboratories, and give their students equal

access to a curriculum that will provide the skills they need to be successful in the 21st century global economy.

The legislation recognizes the critical role of the National Science Foundation in ensuring our children have access to cutting-edge science and technology programs, by doubling the investment in elementary, secondary, and postsecondary education programs at NSF.

The New NDEA also helps open the doors of college to all by creating the Contract for Educational Opportunity grant program, or ''CEO Grants,'' which guarantee students that if they work hard and are admitted to college, their financial need will be met through additional State and Federal financial aid.

The legislation also offers additional grants to make college tuition free for low- and middle-income students studying science, technology, engineering or math, as well as critical-need foreign languages.

The bill provides larger grants to students studying to become teachers in these fields who agree to work in a high poverty school for at least 4 years. It also provides teachers with tax credits, increased loan forgiveness and additional incentives to continue to teach where they are needed the most. It provides grants to institutions of higher education to develop innovative programs for recruiting and training new teachers, and invests in teacher training programs to support their continuing education.

The bill recognizes that it is increasingly important for students to be exposed to other languages and cultures. In recent years, foreign language needs have significantly increased throughout the public and private sector because of the wider range of security threats, the emergence of new nation states, and the globalization of the U.S. economy. American businesses increasingly need employees experienced in foreign languages and international cultures to manage a culturally diverse workforce.

The New NDEA responds to these needs by providing grants for elementary and secondary critical-need language programs, summer institutes to improve teachers' knowledge and instruction of foreign languages and international content, and study abroad and foreign language study opportunities for high school students, and undergraduate and graduate students.

The New NDEA also continues to invest in our current workforce. The bill builds on existing formula funds for job training with competitive grants to support innovative strategies to meet emerging labor market needs.

From our earliest days as a nation, education has been the engine of the American dream. Our country is home to the greatest universities in the world, and our education system has produced the world's leading teachers, scientists, writers, musicians, and inventors. We cannot let these achievements stall. Slogans are not enough. We have to put first things first, and give children, parents, schools, communities and states the support they need to refuel the amazing engine of education and keep our country great in the years ahead.

I urge my colleagues to join us in making this strong new commitment to securing our Nation's future by supporting the New National Defense Education Act.

Mr. President, I ask unanimous consent that the text of the New National Defense Education Act be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 3502

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''New National Defense Education Act of 2006''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Throughout our Nation's history, the skills and education of our workforce have been a major determinant of the standard of living of the people of the United States.

(2) Spurred into action by the launch of Sputnik, Congress passed the National Defense Education Act of 1958 (Public Law 85–864, 72 Stat. 1580). The law, now nearly 50 years old, declared a national ''educational emergency'', and Federal expenditures for education more than doubled in the 4 years after its passage. The programs authorized under the Act helped the United States to improve rapidly in mathematics, science, engineering, technology, and foreign languages and led to our dominance in the arms race and the global economy.

(3) Today, our Nation once again faces an international challenge in education: we must confront a shortage of highly skilled and educated workers, especially in mathematics, science, engineering, technology, and critical-need foreign languages. As a percentage of total first university degrees granted, the United States produced fewer graduates in mathematics, science, and engineering in 2002 than the Nation did in 1985. Currently, the United States Government requires 34,000 employees with foreign language skills in 100 languages across more than 80 Federal agencies. These trends pose a threat to our national security and our economic security.

(4) Student achievement in mathematics and science in elementary school and secondary school lags behind other nations, according to the Trends in International Mathematics and Science study and other studies, including the Programme for International Student Assessment, that recently ranked United States secondary school students 28th out of 40 first- and second-world nations, and tied with Latvia, in mathematics performance and problem solving.

(5) According to the most recent National Assessment of Educational Progress, less than 40 percent of the students in grade 4 and 30 percent of the students in grade 8, and only 17 percent of the students in grade 12, reach the proficient level in mathematics, and approximately ⅓ of the students in grades 4 and 8, and nearly ½ of the students in grade 12, do not reach the basic level in science.

(6) A State-by-State comparison of the 2005 National Assessment of Educational Progress average scale scores for 8th grade mathematics reveals that 31 States—more than ½ of the States in the Nation—scored more than 10 points (about 1 grade level) below the highest scoring State, Massachusetts.

(7) More than 200,000,000 children in China are studying English, a compulsory subject for all Chinese primary school students. By comparison, only about 24,000 of approximately 54,000,000 elementary and secondary school children in the United States are studying Chinese.

(8) There is a significant shortage of trained and qualified mathematics and science teachers in the United States. According to the National Science Board, in 2002, between 17 and 28 percent of public secondary school science teachers (depending on the specific scientific field), and 20 percent of public secondary school mathematics teachers, lacked full certification in their teaching field.

(9) More than ½ of the 20 fastest growing occupations require postsecondary degrees in mathematics or science. According to the National Science Board, out of more than 15,000,000 college students, less than 400,000 Americans a year graduate with a bachelor's degree in mathematics, science, engineering, or technology. According to the National Science Foundation, only 75,000 American undergraduate students obtain a master's degree in mathematics, science, engineering, or technology.

(10) In a 2002 Government Accountability Office report, the United States Army reported that it was experiencing serious shortfalls of translators and interpreters in 5 of its 6 critical languages: Arabic, Korean, Mandarin Chinese, Persian-Farsi, and Russian. According to the Modern Language Association, enrollment in foreign languages declined from 16 percent of college students in 1965 to 8 percent in 1974, rebounding to just 8.6 percent in 2002. Less commonly taught languages accounted for only 12 percent of all language enrollments. This means that 1 percent of American undergraduate students are studying these critical languages.

(11) In 2002, 79 percent of Americans agreed that students should have a study-abroad experience sometime during college. Only 1 percent of all United States undergraduate students studied abroad in the 2001–2002 school year.

(12) The Government Accountability Office estimates that the number of students enrolled in science, technology, engineering, or mathematics doctoral degree programs at United States institutions of higher education declined from 217,395 during the 1995–1996 academic year to 198,504 during the 2003–2004 academic year.

(13) The extent of this crisis requires a coordinated Federal response and an increased Federal investment in programs of the Department of Education and the National Science Foundation.

TITLE I—MODERNIZING AMERICA'S EDUCATION SYSTEM

Subtitle A—Prekindergarten Through Grade 16 Education

SEC. 111. PURPOSES.

The purposes of this subtitle are the following:

(1) To ensure students receive an education competitive with other industrialized countries.

(2) To assist States in improving the rigor of standards and assessments.

(3) To provide for the establishment of prekindergarten through grade 16 student preparedness councils to better link early childhood education and school readiness with elementary school success, elementary student

skills with success in secondary school, and secondary student skills and curricula, especially with respect to reading, mathematics, and science, with the demands of higher education, the 21st century workforce, and the Armed Forces, in order to—

(A) ensure that greater number of students, especially low-income and minority students, complete secondary school with the coursework and skills necessary to enter—

(i) credit-bearing coursework in higher education without the need for remediation;

(ii) high-paying employment in the 21st century workforce; or

(iii) the Armed Forces.

(4) To establish a system that encourages local educational agencies to adopt a curriculum that meets State academic content standards and student academic achievement standards and prepares all students for success in elementary school, secondary school, and post-secondary endeavors in the 21st century.

SEC. 112. DEFINITIONS.

In this subtitle:

(1) IN GENERAL.—The terms ''elementary school'', ''limited English proficient'', ''local educational agency'', ''scientifically based research'', ''secondary school'', ''Secretary'', and ''State educational agency'' have the meanings given such terms in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(2) ACADEMIC CONTENT STANDARDS; STUDENT ACADEMIC ACHIEVEMENT STANDARDS.—The terms ''academic content standards'' and ''student academic achievement standards'', when used with respect to a particular State, mean the academic content standards and student academic achievement standards adopted by a State under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(1)).

(3) 21ST CENTURY CURRICULUM.—The term ''21st century curriculum'' means a course of study identified by a State as preparing secondary school students for entrance into credit-bearing coursework in higher education without the need for remediation, employment in the 21st century workforce, or entrance into the Armed Forces. A State shall define the 21st century curriculum in terms of content as well as course names.

(4) END OF COURSE EXAMINATION.—The term ''end of course examination'' means an assessment of student learning given at the end of a particular course that is used to measure student learning of State academic content standards in the subject matter of the course.

(5) GRADUATION RATE.—The term ''graduation rate'' means the percentage of students who graduate from secondary school with a regular diploma in the standard number of years.

(6) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

(7) PROFESSIONAL DEVELOPMENT.—The term ''professional development'' includes activities that—

(A) improve and increase teachers' knowledge of the academic subjects the teachers teach, and enable teachers to become highly qualified;

(B) are an integral part of broad educational improvement plans across the school and across the local educational agency;

(C) give teachers, principals, and administrators the knowledge and skills to provide students with the opportunity to meet the State academic content standards and student academic achievement standards and the 21st century curriculum demands;

(D) are high-quality, sustained, intensive, and classroom-focused, in order to have a positive and lasting effect on classroom instruction and the teacher's performance in the classroom;

(E) advance teacher understanding of effective instructional strategies that are based on scientifically based research and are directly aligned with the State academic content standards and State assessments;

(F) are designed to give teachers the knowledge and skills to provide instruction and appropriate language and academic support services to limited English proficient students and students with special needs, including the appropriate use of curricula and assessments;

(G) are, as a whole, regularly evaluated for their impact on increased teacher effectiveness and improved student academic achievement, with the findings of the evaluations used to improve the quality of professional development; and

(H) include instruction in the use of data and assessments to inform and instruct classroom practice.

(8) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(9) STATE ASSESSMENT.—The term ''State assessment'', when used with respect to a particular State, means the student academic assessments implemented by the State pursuant to section 1111(b)(3) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(3)).

(10) STUDENT PREPAREDNESS.—The term ''student preparedness'' means preparedness based on the knowledge and skills that—

(A) are prerequisites for entrance into—

(i) credit-bearing coursework in higher education without the need for remediation;

(ii) the 21st century workforce; and

(iii) the Armed Forces;

(B) can be measured and verified objectively using widely accepted professional assessment standards; and

(C) are consistent with widely accepted professional assessment standards and competitive with international levels of preparedness of students for postsecondary success.

SEC. 113. ALIGNING STATE STANDARDS WITH NATIONAL BENCHMARKS.

(a) REPORT ON RESULTS OF STATE ASSESSMENTS AND NATIONAL ASSESSMENT.—Not later than 90 days after each release of the results of the National Assessment of Educational Progress (as carried out under section 303(b)(2) of the National Assessment of Educational Progress Authorization Act (20 U.S.C. 9622(b)(2)) and section 1111(c)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(c)(2)) in reading or mathematics (or, beginning in 2009, science) in grades 4 and 8, the Secretary shall—

(1) prepare and submit to Congress the report described in subsection (b) on the results of the State assessments and the assessments of reading and mathematics, and, beginning in 2009, science, in grades 4 and 8, required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965; and

(2) identify States with significant discrepancies in performance between the 2 assessments, as described in subsection (b)(3).

(b) CONTENTS OF REPORT.—

(1) IN GENERAL.—The report described in this subsection shall include the following information for each subject area and grade described in subsection (a)(1) in each State:

(A) The percentage of students who performed at or above the basic level on the State assessment—

(i) for the most recent applicable year;

(ii) for the preceding year; and

(iii) for the previous year in which the assessment required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965 was given in such subject,

and the change in such percentages between those assessments.

(B) The percentage of students who performed at or above the proficient level on the State assessment—

(i) for the most recent applicable year;

(ii) for the preceding year; and

(iii) for the previous year in which the assessment required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965 was given in such subject,

and the change in such percentages between those assessments.

(C) The percentage of students who performed at or above the basic level on the assessment required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965—

(i) for the most recent applicable year; and

(ii) for the previous such assessment,

and the change in such percentages between those assessments.

(D) The percentage of students who performed at or above the proficient level on the assessment required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965—

(i) for the most recent applicable year; and

(ii) for the previous such assessment,

and the change in such percentages between those assessments.

(E) The difference between—

(i) the percentage of students who performed at or above the basic level for the most recent applicable year on the assessment required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965; and

(ii) the percentage of students who performed at or above the basic level on the State assessment for such year.

(F) The difference between—

(i) the percentage of students who performed at or above the proficient level for the most recent applicable year on the assessment required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965; and

(ii) the percentage of students who performed at or above the proficient level on the State assessment for such year.

(2) ANALYSIS.—In addition to the information described in paragraph (1), the Secretary shall include in the report—

(A) an analysis of how the achievement of students in grades 4, 8, and 12, and the preparedness of students in grade 12 (when such data on preparedness exists from assessments described in section 303 of the National Assessment of Educational Progress Authorization Act), in the United States compares to the achievement and preparedness of students in other industrialized countries; and

(B) possible reasons for any deficiencies identified in the achievement or preparedness of United States students compared to students in other industrialized countries.

(3) RANKING.—The Secretary shall—

(A) using the information described in paragraph (1), rank the States according to the degree to which student performance on State assessments differs from performance on the assessments required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965; and

(B) identify those States with the most significant discrepancies in performance between the State assessments and the assessments required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965.

(c) REPORT ON STATE PROGRESS.—Beginning 5 years after the date of enactment of this Act, the Secretary shall include in the report described in subsection (a)(1) the following:

(1) Information about the progress made by States to decrease discrepancies in student performance on the State assessments and the assessments required under section 1111(c)(2) of the Elementary and Secondary Education Act of 1965.

(2) The differences that exist in States across subject areas and grades.

SEC. 114. NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS CHANGES.

(a) NATIONAL ASSESSMENT GOVERNING BOARD.—Section 302 of the National Assessment of Educational Progress Authorization Act (20 U.S.C. 9621) is amended—

(1) in subsection (a), by striking ''shall formulate'' and all that follows through the period at the end and inserting ''shall—

''(1) formulate policy guidelines for the National Assessment of Educational Progress (carried out under section 303); and

''(2) carry out, upon the request of a State, an alignment analysis (under section 304) comparing a State's academic content standards and student academic achievement standards adopted under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965, assessment specifications, assessment questions, and performance standards with national benchmarks reflected in the assessments authorized under this Act.'';

(2) in subsection (b)(1), by adding at the end the following:

''(O) One representative of the Armed Forces with expertise in military personnel requirements and military preparedness, who shall serve as an ex-officio, nonvoting member.'';

(3) in subsection (c), by striking paragraph (4);

(4) in subsection (e)—

(A) in paragraph (1)—

(i) in subparagraph (B), by inserting ''and grade 12 student preparedness levels'' after ''achievement levels'';

(ii) in subparagraph (D), by inserting ''members of the business and military communities,'' after ''parents,'';

(iii) in subparagraph (E), by inserting ''and'' after ''subject matter,'';

(iv) by redesignating subparagraphs (G), (H), (I), and (J) as subparagraphs (H), (I), (K), and (L), respectively;

(v) by inserting after subparagraph (F) the following:

''(G) consistent with section 303, measure grade 12 student preparedness;'';

(vi) by inserting after subparagraph (I) (as redesignated by clause (iv)) the following:

''(J) ensure the rigor of the National Assessment of Educational Progress framework and assessments, taking into consideration—

''(i) the knowledge and skills that are prerequisite to credit-bearing coursework in higher education without the need for remediation, the 21st century workforce, and the Armed Forces; and

''(ii) rigorous international content and performance standards, and how the achievement of students in grades 4, 8, and 12, and the preparedness of students in grade 12, in the United States compare to the achievement and the preparedness of students in other industrialized countries;'';

(vii) in subparagraph (K) (as redesignated by clause (iv)), by striking ''and'' after the semicolon;

(viii) in subparagraph (L) (as redesignated by clause (iv)), by striking the period and inserting ''; and'';

(ix) by inserting after subparagraph (L) the following:

''(M) conduct an alignment analysis as described in section 304 for each State that requests such analysis.''; and

(x) in the flush matter at the end—

(I) by inserting ''for an assessment'' after ''data'';

(II) by inserting ''Assessment Board's'' after ''prior to the''; and

(III) by striking ''(J)'' and inserting ''(L)'';

(B) in paragraph (4), by inserting ''of Educational Progress'' after ''National Assessment'';

(C) in paragraph (5), in the paragraph heading, by inserting ''ADVICE'' after ''TECHNICAL''; and

(D) in paragraph (6), by inserting ''or grade 12 student preparedness levels'' after ''student achievement levels''; and

(5) in subsection (g)(1), by inserting ''of Educational Progress'' after ''National Assessment''.

(b) NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS.—Section 303 of the National Assessment of Educational Progress Authorization Act (20 U.S.C. 9622) is amended—

(1) in subsection (b)—

(A) in the subsection heading, by striking ''PURPOSE'' and inserting ''PURPOSES'';

(B) by striking paragraph (1) and inserting the following:

''(1) PURPOSES.—The purposes of this section are—

''(A) to provide, in a timely manner, a fair and accurate measurement of student achievement and grade 12 student preparedness in reading, mathematics, science, and other subject matter as specified in this section; and

''(B) to report trends in student achievement and grade 12 student preparedness in reading, mathematics, science, and other subject matter as specified in this section.'';

(C) in paragraph (2)—

(i) in subparagraph (B), by striking ''reading and mathematics'' and inserting ''reading, mathematics, and science'';

(ii) by striking subparagraph (C) and inserting the following:

''(C) conduct a national assessment and collect and report assessment data, including achievement and student preparedness data trends, in a valid and reliable manner on student academic achievement and student preparedness in public and private schools in reading, mathematics, and science at least once every 2 years in grade 12;'';

(iii) in subparagraph (D)—

(I) by striking ''subparagraph (B) are implemented and the requirements described in subparagraph (C) are met,'' and inserting ''subparagraphs (B) and (C) are implemented,''; and

(II) by striking ''science,'';

(iv) in subparagraph (E)—

(I) by striking ''reading and mathematics'' and inserting ''reading, mathematics, and science''; and

(II) by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''; and

(v) in subparagraph (H), by striking ''achievement data'' and inserting ''student achievement data and grade 12 student preparedness data'';

(D) in paragraph (3)—

(i) in subparagraph (A)—

(I) in clause (i), by striking ''reading and mathematics'' and inserting ''reading, mathematics, and science'';

(II) in clause (ii)—

(aa) by inserting ''and grade 12 student preparedness'' after ''achievement''; and

(bb) by striking ''reading and mathematics'' and inserting ''reading, mathematics, and science''; and

(III) in clause (iv), by striking ''an evaluation'' and inserting ''a review''; and

(ii) in subparagraph (C)(ii), by striking ''reading and mathematics'' and inserting ''reading, mathematics, and science'';

(E) in paragraph (4)(B), by striking '', require, or influence'' and inserting ''or require''; and

(F) in paragraph (5)(B), by striking ''academic achievement'' and inserting ''academic achievement or grade 12 student preparedness'';

(2) in subsection (c)(3)(A), by striking ''academic achievement'' and inserting ''academic achievement or grade 12 preparedness'';

(3) in subsection (d)(3)—

(A) in subparagraph (A), by striking ''reading and mathematics in grades 4 and 8'' and inserting ''reading, mathematics, and science in grades 4 and 8''; and

(B) in subparagraph (B), by striking ''reading and mathematics assessments in grades 4 and 8'' and inserting ''reading, mathematics, and science assessments in grades 4 and 8'';

(4) in subsection (e)—

(A) in the subsection heading, by inserting ''AND GRADE 12 STUDENT PREPAREDNESS LEVELS'' after ''LEVELS'';

(B) in paragraph (1)—

(i) by striking the paragraph heading and inserting ''DEVELOPMENT.—''; and

(ii) by inserting '', and develop grade 12 student preparedness levels'' after ''subsection (b)(2)(F)'';

(C) in paragraph (2)—

(i) by striking subparagraph (A) and inserting the following:

''(A) STUDENT ACHIEVEMENT AND GRADE 12 PREPAREDNESS LEVELS.—

''(i) STUDENT ACHIEVEMENT LEVELS.—The student achievement levels described in paragraph (1) shall be determined by—

''(I) identifying the knowledge and skills that—

''(aa) are prerequisite to credit-bearing coursework in higher education without the need for remediation in English, mathematics, or science, participation in the 21st century workforce, and the Armed Forces or, in the case of grade 4 and grade 8 students, are prerequisite to grade 12 preparedness;

''(bb) are competitive with rigorous international content and performance standards; and

''(cc) can be measured and verified objectively using widely accepted professional assessment standards; and

''(II) developing student achievement levels that are—

''(aa) based on the knowledge and skills identified in subclause (I);

''(bb) based on the appropriate level of subject matter knowledge for the grade levels to be assessed, or the age of the students, as the case may be; and

''(cc) consistent with relevant widely accepted professional assessment standards.

''(ii) GRADE 12 STUDENT PREPAREDNESS LEVELS.—The grade 12 student preparedness levels described in paragraph (1) shall be determined by—

''(I) identifying the knowledge and skills that—

''(aa) are prerequisite to credit-bearing coursework in higher education without the need for remediation in English, mathematics, or science, participation in the 21st century workforce, and the Armed Forces;

''(bb) are competitive with rigorous international content and performance standards; and

''(cc) can be measured and verified objectively using widely accepted professional assessment standards; and

''(II) developing grade 12 student preparedness levels that are—

''(aa) based on the knowledge and skills identified in subclause (I); and

''(bb) consistent with widely accepted professional assessment standards.''; and

(ii) in subparagraph (C), by striking ''achievement levels'' and inserting ''student achievement levels and grade 12 student preparedness levels'';

(D) in paragraph (3)—

(i) by striking ''After determining that such levels'' and inserting ''After determining that the student achievement levels and grade 12 student preparedness levels''; and

(ii) by striking ''an evaluation'' and inserting ''a review''; and

(E) in paragraph (4), by inserting ''or grade 12 student preparedness levels'' after ''achievement levels''; and

(5) in subsection (f)(1)—

(A) in subparagraph (A), by inserting ''and grade 12 student preparedness levels'' after ''student achievement levels''; and

(B) in subparagraph (B)—

(i) in clause (i), by inserting ''or grade 12 student preparedness'' after ''achievement'';

(ii) in clause (ii), by inserting ''and grade 12 student preparedness levels'' after ''achievement levels'';

(iii) by striking clause (iii) and inserting the following:

''(iii) whether any authorized assessment is being administered as a random sample and is reporting the trends in student achievement or grade 12 student preparedness in a valid and reliable manner in the subject areas being assessed;'';

(iv) in clause (iv), by striking ''and'' after the semicolon;

(v) in clause (v), by striking ''and mathematical knowledge.'' and inserting ''and mathematical knowledge and scientific knowledge; and''; and

(vi) by adding at the end the following:

''(vi) whether the appropriate authorized assessments are measuring, consistent with this section, the preparedness of students in grade 12 in the United States for entry into—

''(I) credit-bearing coursework in higher education without the need for remediation in English, mathematics, or science;

''(II) the 21st century workforce; and

''(III) the Armed Forces.''.

(c) NATIONAL BENCHMARKS.—The National Assessment of Educational Progress Authorization Act (20 U.S.C. 9621 et seq.) is amended—

(1) by redesignating sections 304 and 305 as sections 305 and 306, respectively; and

(2) by inserting after section 303 the following:

''SEC. 304. NATIONAL BENCHMARKS.

''(a) PURPOSES.—The purposes of this section are—

''(1) to encourage the coordination of, and consistency between—

''(A) a State's academic content standards and student academic achievement standards adopted under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965, assessment specifications, and assessment questions; and

''(B) national benchmarks, as reflected in the National Assessment of Educational Progress;

''(2) to assist States in increasing the rigor of their State academic content standards, student academic achievement standards, assessment specifications, and assessment questions, to ensure that such are competitive with rigorous national and international benchmarks; and

''(3) to improve the instruction and academic achievement of students, beginning in the early grades, to ensure that secondary school graduates are well-prepared to enter—

''(A) credit-bearing coursework in higher education without the need for remediation;

''(B) the 21st century workforce; or

''(C) the Armed Forces.

''(b) ALIGNMENT ANALYSIS.—

''(1) IN GENERAL.—When the chief State school officer of a State identifies a need for, and requests the Assessment Board to conduct, an alignment analysis for the State in reading, mathematics, or science in grades 4 and 8, the Assessment Board shall perform an alignment analysis of the State's academic content standards and student academic achievement standards adopted under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(1)), assessment specifications, and assessment questions, for the identified subject in grades 4 and 8. Such analysis shall begin not later than 180 days after the alignment analysis is requested.

''(2) ASSESSMENT BOARD RESPONSIBILITIES.—As part of the alignment analysis, the Assessment Board shall—

''(A) identify the differences between the State's academic content standards and student academic achievement standards, assessment specifications, and assessment questions for the subject identified by the State, and national benchmarks reflected in the National Assessment of Educational Progress in such subject in grades 4 and 8;

''(B) at the State's request, recommend steps for, and policy questions such State should consider regarding, the alignment of the State's academic content standards and student academic achievement standards in the identified subject, with national benchmarks reflected in the National Assessment of Educational Progress in such subject in grades 4 and 8; and

''(C) at the State's request, and in conjunction with a State prekindergarten through grade 16 student preparedness council established under section 115 of the New National Defense Education Act of 2006, assist in the development of a plan described in section 115(e)(1)(C) of such Act.

''(3) CONTRACT.—At the discretion of the Assessment Board, the Assessment Board may enter into a contract with an entity that possesses the technical expertise to conduct the analysis described in this subsection.

''(4) STATE PANEL.—The chief State school officer of a State participating in an alignment analysis described in this subsection shall appoint a panel of not less than 6 individuals to partner with the Assessment Board in conducting the alignment analysis. Such panel—

''(A) shall include—

''(i) local and State curriculum experts;

''(ii) relevant content and pedagogy experts, including representatives of entities with widely accepted national educational standards and assessments; and

''(iii) not less than 1 entity that possesses the technical expertise to assist the State in implementing standards-based reform, which may be the same entity with which the Assessment Board contracts to conduct the analysis under paragraph (3); and

''(B) may include other State and local representatives and representatives of organizations with relevant expertise.''.

(d) DEFINITION OF SECRETARY.—Section 305 of the National Assessment of Educational Progress Authorization Act (as redesignated by subsection (c)(1)) is amended—

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by inserting after paragraph (1) the following:

''(2) SECRETARY.—The term 'Secretary' means the Secretary of Education.''.

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 306(a) of the National Assessment of Educational Progress Authorization Act (as redesignated by subsection (c)(1)) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) for fiscal year 2007—

''(A) $7,500,000 to carry out section 302;

''(B) $200,000,000 to carry out section 303; and

''(C) $10,000,000 to carry out section 304; and''; and

(2) in paragraph (2)—

(A) by striking ''5 succeeding'' and inserting ''4 succeeding''; and

(B) by striking ''and 303, as amended by section 401 of this Act'' and inserting '', 303, and 304''.

(f) CONFORMING CHANGES AND AMENDMENTS.—

(1) CONFORMING CHANGES TO THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—

(A) STATE PLANS.—Section 1111(c)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(c)(2)) is amended by striking ''and mathematics'' and inserting '', mathematics, and science''.

(B) LOCAL EDUCATIONAL AGENCY PLANS.—Section 1112(b)(1)(F) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6312(b)(1)(F)) is amended by striking ''reading and mathematics'' and inserting ''reading, mathematics, and science''.

(2) CONFORMING AMENDMENT.—Section 113(a)(1) of the Education Sciences Reform Act of 2002 (20 U.S.C. 9513(a)(1)) is amended by striking ''section 302(e)(1)(J)'' and inserting ''section 302(e)(1)(L)''.

SEC. 115. PREKINDERGARTEN THROUGH GRADE 16 STUDENT PREPAREDNESS COUNCIL GRANTS.

(a) PROGRAM AUTHORIZED.—

(1) IN GENERAL.—From amounts appropriated under subsection (g) for a fiscal year, the Secretary is authorized to award, on a competitive basis, grants to States for the purpose of allowing the States to establish State prekindergarten through grade 16 student preparedness councils (referred to in this section as ''councils'') that—

(A) convene stakeholders within the State and create a forum for identifying and deliberating on educational issues that cut across prekindergarten through grade 12 education and higher education, and transcend any single system of education's ability to address;

(B) develop and implement a plan for improving the rigor of a State's academic content standards, student academic achievement standards, assessment specifications, and assessment questions as necessary, to ensure such standards and assessments meet national and international benchmarks as reflected in the assessments required under section 303(b)(2) of the National Assessment of Educational Progress Authorization Act (20 U.S.C. 9622(b)(2)) or as defined by the council as necessary for success in credit-bearing coursework in higher education without the need for remediation, the 21st century workforce, or the Armed Forces;

(C) inform the design and implementation of integrated prekindergarten through grade 16 data systems, which—

(i) will allow the State to track the progress of individual students from prekindergarten through grade 12 and into higher education; and

(ii) shall be capable of being linked with appropriate databases on service in the Armed Forces and participation in the 21st century workforce; and

(D) shall develop challenging—

(i) school readiness standards;

(ii) curricula for elementary schools and middle schools; and

(iii) 21st century curricula for secondary schools.

(2) DURATION.—The Secretary shall award grants under this section for a period of not more than 5 years.

(3) EXISTING STATE COUNCIL.—A State with an existing State council may qualify for the purposes of a grant under this section if—

(A) such council—

(i) has the authority to carry out this section; and

(ii) includes the members required under subsection (b); or

(B) the State amends the membership or responsibilities of the existing council to meet the requirements of subparagraph (A).

(b) COMPOSITION.—

(1) REQUIRED MEMBERS.—The members of a council described in subsection (a) shall include—

(A) the Governor of the State or the designee of the Governor;

(B) the chief executive officer of the State public institution of higher education system, if such a position exists;

(C) the chief executive officer of the State Higher Education Coordinating Board;

(D) the chief State school officer;

(E) not less than 1 representative each from—

(i) the business community; and

(ii) the Armed Forces;

(F) a public elementary school teacher employed in the State; and

(G) a public secondary school teacher employed in the State.

(2) OPTIONAL MEMBERS.—The council described in subsection (a) may also include—

(A) a representative from—

(i) a private institution of higher education;

(ii) the Chamber of Commerce for the State;

(iii) a civic organization;

(iv) a civil rights organization;

(v) a community organization; or

(vi) an organization with expertise in world cultures;

(B) the State official responsible for economic development, if such a position exists; or

(C) a dean or similar representative for a school of education at an institution of higher education or a similar teacher certification or licensure program.

(c) TIMELINE.—A State receiving a grant under this section shall establish a council (or use or amend an existing council in accordance with subsection (a)(3)) not later than 60 days after the receipt of the grant.

(d) APPLICATION.—

(1) IN GENERAL.—Each State desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(2) CONTENTS.—Each application submitted under paragraph (1) shall—

(A) demonstrate that the opinions of the larger education, business, and military community, including parents, students, teachers, teacher educators, principals, school administrators, and business leaders, will be represented during the determination of the State academic content standards and student academic achievement standards, assessment specifications, assessment questions, and the development of curricula, if applicable;

(B) include a comprehensive plan to provide high-quality professional development for teachers, paraprofessionals, principals, and school administrators;

(C) explain how the State will provide assistance to local educational agencies in implementing rigorous State standards through substantive curricula, including scientifically based remediation and acceleration opportunities for students; and

(D) explain how the State and the council will leverage additional State, local, and other funds to pursue curricular alignment and student success.

(e) USE OF FUNDS.—

(1) REQUIRED ACTIVITIES.—A State receiving a grant under this section shall use the grant funds to establish a council that shall carry out the following:

(A) Design and implement an integrated prekindergarten through grade 16 longitudinal data system for the State, if such system does not exist, that will allow the State to track the progress of students from prekindergarten, through grade 12, and into higher education, the 21st century workforce, and the Armed Forces. The data system shall—

(i) include—

(I) a unique statewide student identifier for each student;

(II) student-level enrollment, demographic, and program participation information, including race or ethnicity, gender, and income status;

(III) the ability to match individual students' test records from year to year to measure academic growth;

(IV) information on untested students;

(V) a teacher identifier system with the ability to match teachers to students;

(VI) student-level transcript information, including information on courses completed and grades earned;

(VII) student-level college preparedness examination scores;

(VIII) student-level graduation and dropout data;

(IX) the ability to match student records between the prekindergarten through grade 12 and the postsecondary systems;

(X) a State data audit system assessing data quality, validity, and reliability;

(XI) rates of student attendance at institutions of higher education;

(XII) rates of student enrollment and retention in the Armed Forces; and

(XIII) student nonmilitary postsecondary employment information;

(ii) to the extent possible, coordinate with other relevant State databases, such as criminal justice or social services data systems;

(iii) allow the State to analyze correlations between course-taking patterns in prekindergarten through grade 12 and outcomes after secondary school graduation, including—

(I) entry into higher education;

(II) the need for, and cost of, remediation in higher education;

(III) graduation from higher education;

(IV) entry into the 21st century workforce;

(V) entry into the Armed Forces; and

(VI) to the extent possible through linkages with appropriate databases on service in the Armed Forces and participation in the 21st century workforce, persistence in the Armed Forces and continued participation in the 21st century workforce; and

(iv) ensure that the use of any available data does not allow for the public identification of the individual student's personally identifiable information, and that all data shall be collected and maintained in accordance with section 444 of the General Education Provisions Act (20 U.S.C. 1232g; commonly referred to as the Family Educational Rights and Privacy Act of 1974).

(B) If an integrated prekindergarten through grade 16 longitudinal data system exists or is currently being built, ensure that it complies with the requirements described in subparagraph (A).

(C) Develop and implement a plan to increase the rigor of standards or assessments in reading, mathematics, or science in order to better align such standards or assessments with national benchmarks reflected in the National Assessment of Educational Progress in grades 4 and 8 (in accordance with the results of the alignment analysis conducted under section 304 of the National Assessment of Educational Progress Authorization Act), and in other grades to ensure the alignment of kindergarten through grade 12 standards or assessments with the revisions made in grades 4 and 8, or to align such standards or assessments with the demands of higher education, the 21st century workforce, or the Armed Forces or other national and international benchmarks identified by the council. Such plan may include—

(i) an articulation of the steps necessary—

(I) for revising the State academic content standards and student academic achievement standards, assessment specifications, and assessment questions for the identified subject; and

(II) to better align the standards and the assessment specifications and questions described in subclause (I) with—

(aa) national benchmarks as reflected in the National Assessment of Educational Progress required under section 303 of the National Assessment of Educational Progress Authorization Act (20 U.S.C. 9622) for the identified subject; or

(bb) the demands of higher education, the 21st century workforce, or the Armed Forces or other national or international benchmarks identified by the council;

(ii) an articulation of the steps necessary and the process the State will undertake to revise standards or assessments, or both, in the identified subject;

(iii) a description of the partners the State will work with to revise standards or assessments, or both; and

(iv) a description of the activities the State will undertake to implement the revised standards or assessments, or both, at the State educational agency level and the local educational agency level, which activities may include—

(I) preservice and in-service teacher, paraprofessional, principal, and school administrator training;

(II) statewide meetings to provide professional development opportunities for teachers and administrators;

(III) development of curricula and instructional methods and materials;

(IV) the redesign of existing assessments, or the development or purchase of new high-quality assessments, with a focus on ensuring that such assessments are rigorous, measure significant depth of knowledge, use multiple measures and formats (such as student portfolios), and are sensitive to inquiry-based, project-based, or differentiated instruction; and

(V) other activities necessary for the effective implementation of the new State standards or assessments, or both.

(D) Analyze the State's level of prekindergarten through grade 16 curricular alignment and the success of the State's education system in preparing students for higher education, the 21st century workforce, and the Armed Forces by—

(i) using the data produced by a data system described in subparagraph (A) or (B), or other information as appropriate; and

(ii) exploring a possible agreement between the State educational agency and the higher education system in the State on a common assessment or assessments that—

(I) shall follow established guidelines to guarantee reliability and validity;

(II) shall provide adequate accommodations for students who are limited English proficient and students with disabilities; and

(III) may be a placement examination, end of course examination, college, workforce, or Armed Forces preparedness examination, or

admissions examination, that measures secondary students' preparedness to succeed in postsecondary, credit-bearing courses.

(E) If the State has an officially designated college preparatory curriculum at the time the State applies for a grant under this section—

(i) describe the extent to which students who completed the college preparatory curriculum are more or less successful than other students, including students who did not complete a college preparatory curriculum, in entering and graduating from a program of study at an institution of higher education or entering the 21st century workforce or the Armed Forces;

(ii) examine the extent to which the expectations of the college preparatory curriculum are aligned with the entry standards of the State's institutions of higher education, including whether such curriculum enables secondary school students to enter credit-bearing coursework in higher education without the need for remediation; and

(iii) examine the extent to which the curriculum allows graduates to attain the skills necessary to enter the 21st century workforce or the Armed Forces.

(F) If the State has not designated a college preparatory curriculum at the time the State applied for a grant under this section, or if the curriculum described in subparagraph (E) does not result in a higher number of students enrolling in and graduating from institutions of higher education or entering the 21st century workforce or the Armed Forces, or is not aligned with the entry standards described in subparagraph (E)(ii), develop a 21st century curriculum that—

(i) may be adopted by the local educational agencies in the State for use in secondary schools;

(ii) enables secondary school students to enter credit-bearing coursework in higher education without the need for remediation;

(iii) allows graduates to attain the skills necessary to enter the 21st century workforce or the Armed Forces;

(iv) reflects the input of teachers, principals, school administrators, and college faculty; and

(v) focuses on providing rigorous core courses that reflect the State academic content standards and student academic achievement standards.

(G) Develop and make available specific opportunities for extensive professional development for teachers, paraprofessionals, principals, and school administrators, to improve instruction and support mechanisms for students using a curriculum described in subparagraph (E) or (F).

(H) Develop a plan to provide remediation and additional learning opportunities for students below grade level to ensure that all students will have the opportunity to meet the curricular standards of a curriculum described in subparagraph (E) or (F).

(I) Use data gathered by the council to improve instructional methods, better tailor student support services, and serve as the basis for all school reform initiatives.

(J) Implement activities designed to ensure the enrollment of all students in rigorous coursework, which may include—

(i) specifying the courses and performance levels required for acceptance into public institutions of higher education;

(ii) collaborating with institutions of higher education or other State educational agencies to develop assessments aligned to State academic content standards and a curriculum described in subparagraph (E) or (F), which assessments may be used as measures of student achievement in secondary school as well as for entrance or placement at institutions of higher education;

(iii) creating ties between elementary schools and secondary schools, and institutions of higher education, to offer—

(I) accelerated learning opportunities, particularly with respect to mathematics, science, engineering, technology, and critical-need foreign languages (as determined by the Secretary under section 222) to secondary school students, which may include—

(aa) granting postsecondary credit for secondary school courses;

(bb) providing early enrollment opportunities in postsecondary education for secondary students enrolled in postsecondary-level coursework;

(cc) creating dual enrollment programs;

(dd) creating satellite secondary school campuses on the campuses of institutions of higher education; and

(ee) providing opportunities for higher education faculty who are highly qualified, as such term is defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801), to teach credit-bearing postsecondary courses in secondary schools; and

(II) professional development activities for teachers, which may include—

(aa) mentoring opportunities; and

(bb) summer institutes;

(iv) expanding or creating higher education awareness programs for middle school and secondary school students;

(v) expanding opportunities for students to enroll in highly rigorous postsecondary preparatory courses, such as Advanced Placement and International Baccalaureate courses; and

(vi) developing a high-quality professional development curriculum to provide professional development opportunities for paraprofessionals, teachers, principals, and administrators.

(2) PLANNING AND IMPLEMENTATION.—A State receiving a grant under this section may use grant funds received for the first fiscal year to form the council and plan the activities described in paragraph (1). Grant funds received for subsequent fiscal years shall be used for the implementation of the activities described in such paragraph.

(f) REPORTS AND PUBLICATION.—

(1) REPORTS.—

(A) INITIAL REPORT.—Not later than 9 months after a State receives a grant under this section, the State shall submit a report to the Secretary that includes—

(i) an analysis of alignment and articulation across the State's systems of public education for prekindergarten through grade 16, including data that indicates the percent of students who—

(I) graduate from secondary school with a regular diploma in the standard number of years;

(II) complete a curriculum described in subparagraph (E) or (F) of subsection (e)(1);

(III) matriculate into an institution of higher education (disaggregated by 2-year and 4-year degree-granting programs);

(IV) are secondary school graduates who need remediation in reading, writing, mathematics, or science before pursuing credit-bearing post-secondary courses in English, mathematics, or science;

(V) persist in an institution of higher education into the second year; and

(VI) graduate from an institution of higher education within 150 percent of the expected time for degree completion (within 3 years for a 2-year degree program and within 6 years for a baccalaureate degree);

(ii) an analysis of the strengths and weaknesses of the State—

(I) in transitioning students from the prekindergarten through grade 12 education system into higher education, the 21st century workforce, and the Armed Forces; and

(II) in transitioning students from the prekindergarten through grade 12 education system into mathematics, science, engineering, technology, and critical-need foreign language degree programs at institutions of higher education;

(iii) an analysis of the quality and rigor of the State's curriculum described in subparagraph (E) or (F) of subsection (e)(1), and the accessibility of the curriculum to all students in prekindergarten through grade 12;

(iv) an analysis of the strengths and weaknesses of the State in recruiting, retaining, and supporting qualified teachers, including—

(I) whether the State needs to recruit additional teachers at the secondary level for specific subjects (such as mathematics, science, engineering and technology education, (as such term is defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801), and critical-need foreign languages (as determined by the Secretary under section 222)), particular schools, or local educational agencies; and

(II) recommendations on how to set and achieve goals in this pursuit; and

(v) a detailed action plan that describes how the council will accomplish the goals and tasks required by the grant under this section, including a timeline for accomplishing all activities under the grant.

(B) ANNUAL REPORTS.—Not later than 1 year following the submission of the initial report described in subparagraph (A), and annually thereafter for the duration of the grant, a State receiving a grant under this section shall prepare and submit to the Secretary a report that describes the State's progress in accomplishing the goals and tasks required by the grant, including progress on each item described in subparagraph (A). The final annual report under this subparagraph shall be submitted 1 year after the expiration of the grant.

(2) PUBLICATION.—A State submitting a report in accordance with this subsection shall publish and widely disseminate the report to the public, including posting the report on the Internet.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $200,000,000 for fiscal year 2007, and such sums as may be necessary for each of the 4 succeeding fiscal years.

SEC. 116. COLLABORATIVE STANDARDS AND ASSESSMENTS GRANTS.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE STATE.—The term ''eligible State'' means a State that demonstrates that it has analyzed and, where applicable, revised the State standards and assessments, through participation in a prekindergarten through grade 16 student preparedness council described in section 115 or through other State action, to ensure the standards and assessments—

(A) are aligned with the demands of the 21st century; and

(B) prepare students for entry into—

(i) credit-bearing coursework in higher education without the need for remediation;

(ii) the 21st century workforce; and

(iii) the Armed Forces

(2) ELIGIBLE CONSORTIUM.—

(A) IN GENERAL.—The term ''eligible consortium'' means a consortium of 2 or more eligible States that agrees to allow the Secretary, under subsection (e), to make available any assessment developed by the consortium under this section to a State that so requests, including a State that is not a member of the consortium.

(B) ADDITIONAL MEMBERS.—An eligible consortium may include, in addition to 2 or more eligible States, an entity with the

technical expertise to carry out a grant under this section.

(b) PROGRAM AUTHORIZED.—From amounts authorized under subsection (f), the Secretary shall award grants, on a competitive basis, to eligible consortia to enable the eligible consortia to develop common standards and assessments that—

(1) are highly rigorous, internationally competitive, and aligned with the demands of higher education, the 21st century workforce, and the Armed Forces; and

(2) in the case of assessments, set rigorous performance standards comparable to rigorous national and international benchmarks.

(c) APPLICATION.—An eligible consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(d) REPORT.—Not later than 90 days after the end of the grant period, an eligible consortium receiving a grant under this section shall prepare and submit a report to the Secretary describing the grant activities.

(e) AVAILABILITY OF ASSESSMENTS.—The Secretary shall—

(1) make available, to a State that so requests and at no charge to the State, any rigorous, high-quality assessment developed by an eligible consortium under this section; and

(2) notify potential eligible States, at reasonable intervals, of all assessments currently under development by eligible consortia under this section.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $75,000,000 for fiscal year 2007 and such sums as are necessary for each of the 4 succeeding fiscal years.

Subtitle B—Investing in Teachers

SEC. 121. PURPOSE.

The purpose of this subtitle is to increase the number and quality of teachers of mathematics, science, engineering and technology education, and critical-need foreign languages, in order to prepare students for entry into credit-bearing courses in higher education without the need for remediation, the 21st century workforce, and the Armed Forces.

SEC. 122. DEFINITION OF ENGINEERING AND TECHNOLOGY EDUCATION.

(a) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—Section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801) is amended—

(1) by redesignating paragraphs (19) through (43) as paragraphs (20) through (44), respectively; and

(2) by inserting after paragraph (18) the following:

''(19) ENGINEERING AND TECHNOLOGY EDUCATION.—The term 'engineering and technology education' means a curriculum and instruction that—

''(A) uses technology as a knowledge base or as a way of teaching innovation using an engineering design process and context;

''(B) develops an appreciation and fundamental understanding of technology through design skills and the use of materials, tools, processes, and limited resources;

''(C) is taught in conjunction with applied mathematics, science, language arts, fine arts, and social studies as a part of a comprehensive education;

''(D) applies the use of tools and skills employed by a globalized skilled 21st century workforce that are necessary for communication, manufacturing, construction, energy systems, biomedical systems, transportation systems, and other related fields; and

''(E) through the application of engineering principles and concepts, develops proficiency in abstract ideas and in problem-solving techniques that build a comprehensive education.''.

(b) HIGHER EDUCATION ACT OF 1965.—Section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003) is amended—

(1) by redesignating paragraphs (5) through (16) as paragraphs (6) through (17), respectively; and

(2) by inserting after paragraph (4) the following:

''(5) ENGINEERING AND TECHNOLOGY EDUCATION.—The term 'engineering and technology education' has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965.''.

SEC. 123. EXPANDING TEACHER LOAN FORGIVENESS.

(a) INCREASED AMOUNT; APPLICABILITY OF EXPANDED PROGRAM TO READING SPECIALIST.—Sections 428J(c)(3) and 460(c)(3) of the Higher Education Act of 1965 (20 U.S.C. 1078–10(c)(3), 1087j(c)(3)) are each amended—

(1) by striking the paragraph heading and inserting ''ADDITIONAL AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, ENGINEERING AND TECHNOLOGY EDUCATION, A CRITICAL-NEED FOREIGN LANGUAGE, OR SPECIAL EDUCATION'';

(2) in the matter preceding subparagraph (A), by striking ''$17,500'' and inserting ''$23,000''; and

(3) in subparagraph (A)(ii), by striking ''or science'' and all that follows through ''; and'' and inserting '', science, engineering and technology education, or a critical-need foreign language (as determined by the Secretary under section 222 of the New National Defense Education Act of 2006), on a full-time basis; and''.

(b) ANNUAL INCREMENTS INSTEAD OF END OF SERVICE LUMP SUMS.—

(1) FFEL LOANS.—Section 428J(c) of the Higher Education Act of 1965 (20 U.S.C. 1078–10(c)) is amended by adding at the end the following:

''(4) ANNUAL INCREMENTS.—Notwithstanding paragraph (1), in the case of an individual qualifying for loan forgiveness under paragraph (3), the Secretary shall, in lieu of waiting to assume an obligation only upon completion of 5 complete years of service, assume the obligation to repay—

''(A) after each of the first and second years of service by an individual in a position qualifying under paragraph (3), 15 percent of the total amount of principal and interest of the loans described in paragraph (1) to such individual that are outstanding immediately preceding such first year of such service;

''(B) after each of the third and fourth years of such service, 20 percent of such total amount; and

''(C) after the fifth year of such service, 30 percent of such total amount.''.

(2) DIRECT LOANS.—Section 460(c) of the Higher Education Act of 1965 (20 U.S.C. 1087j(c)) is amended by adding at the end the following:

''(4) ANNUAL INCREMENTS.—Notwithstanding paragraph (1), in the case of an individual qualifying for loan cancellation under paragraph (3), the Secretary shall, in lieu of waiting to assume an obligation only upon completion of 5 complete years of service, assume the obligation to repay—

''(A) after each of the first and second years of service by an individual in a position qualifying under paragraph (3), 15 percent of the total amount of principal and interest of the loans described in paragraph (1) to such individual that are outstanding immediately preceding such first year of such service;

''(B) after each of the third and fourth years of such service, 20 percent of such total amount; and

''(C) after the fifth year of such service, 30 percent of such total amount.''.

SEC. 124. EXCLUSION FROM GROSS INCOME OF COMPENSATION OF TEACHERS AND PRINCIPALS IN CERTAIN HIGH-NEED SCHOOLS AND TEACHING HIGH-NEED SUBJECTS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 139A the following new section:

''SEC. 139B. COMPENSATION OF CERTAIN TEACHERS AND PRINCIPALS.

''(a) PRINCIPALS IN HIGH-NEED SCHOOLS.—In the case of an individual employed as a principal in a high-need school during the taxable year, gross income does not include so much remuneration for such employment (which would but for this paragraph be includible in gross income) as does not exceed $15,000.

''(b) TEACHERS IN HIGH-NEED SCHOOLS AND OF HIGH-NEED SUBJECTS.—

''(1) IN GENERAL.—In the case of an individual employed as a teacher of high-need subjects and in a high-need school during the taxable year, gross income does not include so much remuneration for such employment (which would but for this paragraph be includible in gross income) as does not exceed $15,000.

''(2) TEACHER OF HIGH-NEED SUBJECTS.—For purposes of this subsection, the term 'teacher of high-need subjects' means any teacher in a public elementary or secondary school who—

''(A)(i) teaches primarily 1 or more high-need subjects in 1 or more of grades 9 through 12, or

''(ii) teaches 1 or more high-need subjects in 1 or more of grades kindergarten through 8,

''(B) received a baccalaureate or similar degree from an eligible educational institution (as defined in section 25A(f)(2)) with a major in a high-need subject, and

''(C) is highly qualified (as defined in section 9101 of the Elementary and Secondary Education Act of 1965 or, in the case of a special education teacher, in section 602 of the Individuals with Disabilities Education Act).

''(3) HIGH-NEED SUBJECTS.—For purposes of this subsection, the term 'high-need subject' means mathematics, science, engineering and technology education, a critical-need foreign language (as determined by the Secretary of Education under section 222 of the New National Defense Education Act of 2006), special education, teaching English language learners, or any other subject identified as a high-need subject by the Secretary of Education for purposes of this section.

''(c) LIMITATION ON TOTAL REMUNERATION TAKEN INTO ACCOUNT.—In the case of any individual whose employment is described in subsections (a) and (b)(1), the total amount of remuneration which may be taken into account with respect to such employment under this section for the taxable year shall not exceed $25,000.

''(d) HIGH-NEED SCHOOL.—For purposes of this section, the term 'high-need school' means a public elementary school or secondary school that is eligible for assistance under section 1114(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6314(a)).''.

(b) CLERICAL AMENDMENT.—The table of sections of such part is amended by inserting after the item relating to section 139A the following new item:

''Sec. 139B. Compensation of certain teachers and principals''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to remuneration received in taxable years beginning after the date of the enactment of this Act.

SEC. 125. MATHEMATICS AND SCIENCE EDUCATION PARTNERSHIPS AND TEACHER INSTITUTES FOR THE 21ST CENTURY THROUGH THE NATIONAL SCIENCE FOUNDATION.

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) SENSE OF THE SENATE.—It is the sense of the Senate that—

(A) the activities of the mathematics and science education partnerships of the National Science Foundation, described in section 9 of the National Science Foundation Authorization Act of 2002, meet a distinct need separate from other Federal investments in improving science, technology, engineering, and mathematics education;

(B) funding for the mathematics and science education partnerships for fiscal year 2007 should be increased to the $400,000,000 level authorized for fiscal year 2005 under section 5 of such Act, and increased by 10 percent annually for each of the fiscal years 2008 through 2011; and

(C) the increase in funding for the mathematics and science education partnerships should be in addition to any other amounts authorized or appropriated for the National Science Foundation.

(2) AUTHORIZATION OF APPROPRIATIONS FOR NSF MATHEMATICS AND SCIENCE EDUCATION PARTNERSHIPS.—There is authorized to be appropriated to the National Science Foundation for education and human resources to carry out the mathematics and science education partnerships described in section 9 of the National Science Foundation Authorization Act of 2002, in addition to the amounts authorized under section 214(b), amounts as follows:

(A) For fiscal year 2007, $400,000,000, of which $50,000,000 shall be for the teacher institutes for the 21st century under section 9(a)(3)(B) of the National Science Foundation Authorization Act of 2002.

(B) For fiscal year 2008, $440,000,000, of which $60,000,000 shall be for the teacher institutes for the 21st century under such section.

(C) For fiscal year 2009, $484,000,000, of which $70,000,000 shall be for the teacher institutes for the 21st century under such section.

(D) For fiscal year 2010, $532,400,000, of which 80,000,000 shall be for the teacher institutes for the 21st century under such section.

(E) For fiscal year 2011, $585,640,000, of which $90,000,000 shall be for the teacher institutes for the 21st century under such section.

(b) TEACHER INSTITUTES FOR THE 21ST CENTURY.—Section 9(a) of the National Science Foundation Authorization Act of 2002 (42 U.S.C. 1862n(a)) is amended—

(1) in paragraph (3)(B), by striking ''summer or'' and inserting ''teacher institutes for the 21st century, as described in paragraph (7)'';

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

(3) by inserting after paragraph (6) the following:

''(7) TEACHER INSTITUTES FOR THE 21ST CENTURY.—

''(A) IN GENERAL.—Teacher institutes for the 21st century carried out in accordance with paragraph (3)(B) shall—

''(i) be carried out in conjunction with a school served by the local educational agency in the partnership;

''(ii) be science, mathematics, engineering, and technology focused institutes that provide professional development to elementary school and secondary school teachers during the summer;

''(iii) serve teachers who are considered highly qualified (as defined in section 9101 of the Elementary and Secondary Education Act of 1965), teach high-need subjects, and teach in high-need schools (as defined in section 1114(a) of the Elementary and Secondary Education Act of 1965);

''(iv) focus on the theme and structure developed by the Director under subparagraph (C);

''(v) be content-based and build on school year curricula that are object-centered, experiment-oriented, content-based, and grounded in current research;

''(vi) ensure that any pedagogy component is designed around specific strategies that are relevant to teaching the subject and content on which teachers are being trained, which may include training teachers in the essential components of adolescent literacy instruction in order to improve student reading skills within the subject areas of mathematics, science, and engineering and technology education (as defined in section 9101 of the Elementary and Secondary Education Act of 1965);

''(vii) be a multiyear program that is conducted for a period of not less than 2 weeks per year;

''(viii) provide for direct interaction between students and faculty of the teacher institute;

''(ix) have a component that includes the use of the Internet;

''(x) provide for followup training in the classroom during the academic year for a period of not less than 3 days, which may or may not be consecutive, for participants in the teacher institute, except that for teachers in rural local educational agencies, the followup training may be provided through the Internet;

''(xi) provide teachers participating in the teacher institute with travel expense reimbursement, stipends, and classroom materials related to the teacher institute; and

''(xii) establish a mechanism to provide supplemental support during the academic year for teacher institute participants.

''(B) OPTIONAL MEMBERS OF THE PARTNERSHIP.—In addition to the partnership requirement under paragraph (2), an institution of higher education or eligible nonprofit organization (or consortia) desiring a grant for a teacher institute for the 21st century may also partner with a museum or educational partnership organization.

''(C) THEME AND STRUCTURE.—Each year, not later than 180 days before the application deadline for a grant under this section, the Director shall, in consultation with a broad group of professional education organizations, develop a theme and structure for the teacher institutes of the 21st century supported under paragraph (3)(B).''.

SEC. 126. TEACH GRANTS; RECRUITING TEACHERS WITH MATHEMATICS, SCIENCE, ENGINEERING, TECHNOLOGY, OR LANGUAGE MAJORS.

(a) TEACH GRANTS.—Title II of the Higher Education Act of 1965 (20 U.S.C. 1021 et seq.) is amended by adding at the end the following:

''PART C—TEACH GRANTS

''SEC. 231. PURPOSES.

''The purposes of this part are—

''(1) to improve student academic achievement;

''(2) to help recruit and prepare teachers to meet the national demand for a highly qualified teacher in every classroom; and

''(3) to increase opportunities for Americans of all educational, ethnic, class, and geographic backgrounds to become highly qualified teachers.

''SEC. 232. PROGRAM ESTABLISHED.

''(a) PROGRAM AUTHORITY.—

''(1) PAYMENTS REQUIRED.—For each of the fiscal years 2007 through 2014, the Secretary shall pay to each eligible institution of higher education such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) who files an application and agreement in accordance with section 233, and qualifies under subsection (a)(2) of such section, a TEACH Grant in the amount of $7,000 for each academic year during which that student is in attendance at an institution of higher education.

''(2) REFERENCE.—Grants made under this part shall be known as 'Teacher Education Assistance for College and Higher Education Grants' or 'TEACH Grants'.

''(b) PAYMENT METHODOLOGY.—

''(1) PREPAYMENT.—Not less than 85 percent of such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in an accurate and timely manner, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system of payment.

''(2) DIRECT PAYMENT.—Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to students, in advance of the beginning of the academic term, an amount for which they are eligible, in cases where the eligible institution elects not to participate in the disbursement system required by paragraph (1).

''(3) DISTRIBUTION OF GRANTS TO STUDENTS.—Payments under this part shall be made, in accordance with regulations promulgated by the Secretary for such purpose, in such manner as will best accomplish the purposes of this part. Any disbursement allowed to be made by crediting the student's account shall be limited to tuition and fees and, in the case of institutionally owned housing, room and board. The student may elect to have the institution provide other such goods and services by crediting the student's account.

''(c) REDUCTIONS IN AMOUNT.—

''(1) PART-TIME STUDENTS.—In any case where a student attends an institution of higher education on less than a full-time basis (including a student who attends an institution of higher education on less than a half-time basis) during any academic year, the amount of the TEACH Grant for which that student is eligible shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis, in accordance with a schedule of reductions established by the Secretary for the purpose of this part, computed in accordance with this part. Such schedule of reductions shall be established by regulation and published in the Federal Register in accordance with section 482 of this Act.

''(2) NO EXCEEDING COST OF ATTENDANCE.—No TEACH Grant for a student under this part shall exceed the cost of attendance (as defined in section 472) at the institution that such student attends. If, with respect to any student, it is determined that the amount of a TEACH Grant exceeds the cost of attendance for that year, the amount of the TEACH Grant shall be reduced until the TEACH Grant does not exceed the cost of attendance at such institution.

''(d) PERIOD OF ELIGIBILITY FOR GRANTS.—

''(1) UNDERGRADUATE STUDENTS.—The period during which an undergraduate student may receive TEACH Grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by the student at the institution that the student attends, except that—

''(A) any period during which the student is enrolled in a noncredit or remedial course

of study, subject to paragraph (3), shall not be counted for the purpose of this paragraph; and

''(B) the total amount that a student may receive under this part for undergraduate study shall not exceed $28,000.

''(2) GRADUATE STUDENTS.—The period during which a graduate student pursuing a master's degree or doctoral degree may receive TEACH Grants shall be the period required for the completion of a course of study for the degree at the institution the student attends, except that the total amount that a student may receive under this part for graduate study shall not exceed $14,000 for a student pursuing a master's degree or $28,000 for a student pursuing a doctoral degree.

''(3) REMEDIAL COURSE; STUDY ABROAD.—Nothing in this section shall exclude from eligibility a course of study that is noncredit or remedial in nature (including a course in English language acquisition) if such course is determined by the institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to utilize existing knowledge, training, or skills. Nothing in this section shall exclude from eligibility a program of study abroad that is approved for credit by the home institution at which the student is enrolled.

''SEC. 233. ELIGIBILITY AND APPLICATIONS FOR GRANTS.

''(a) APPLICATIONS; DEMONSTRATION OF ELIGIBILITY.—

''(1) FILING REQUIRED.—The Secretary shall from time to time set dates by which students shall file applications for TEACH Grants under this part. Each student desiring a TEACH Grant for any year shall file an application therefore containing such information and assurances as the Secretary may deem necessary to enable the Secretary to carry out the functions and responsibilities of this part.

''(2) DEMONSTRATION OF ELIGIBILITY.—Each such application shall contain such information as is necessary to demonstrate that—

''(A) if the applicant is an enrolled student—

''(i) the student is an eligible student for purposes of section 484 (other than subsection (r) of such section);

''(ii) the student—

''(I) has a grade point average that is determined, under standards prescribed by the Secretary, to be comparable to a 3.25 average on a zero to 4.0 scale, except that, if the student is in the first year of a program of undergraduate education, such grade point average shall be determined on the basis of the student's cumulative secondary school grade point average; or

''(II) displayed high academic aptitude by receiving a score above the 75th percentile on at least 1 of the batteries in an undergraduate or graduate school admissions test; and

''(iii) the student is completing coursework and other requirements necessary to begin a career in teaching, or plans to complete such coursework and requirements prior to graduating; or

''(B) if the applicant is a current or prospective teacher applying for a grant to obtain a graduate degree—

''(i) the applicant is a teacher or a retiree from another occupation with expertise in a field in which there is a shortage of teachers, such as mathematics, science, engineering and technology education, a critical-need foreign language (as determined by the Secretary under section 222 of the New National Defense Education Act of 2006), special education, English language acquisition, or another high-need subject; or

''(ii) the applicant is or was a teacher who is using high-quality alternative certification routes, such as Teach for America, to get certified.

''(b) AGREEMENTS TO SERVE.—Each application under subsection (a) shall contain or be accompanied by an agreement by the applicant that—

''(1) the applicant will—

''(A) serve as a full-time teacher for a total of not less than 4 academic years within 8 years after completing the course of study for which the applicant receives a TEACH Grant under this part;

''(B) teach—

''(i) in a school eligible for assistance under section 1114(a) of the Elementary and Secondary Education Act of 1965; and

''(ii) in any of the following fields: mathematics, science, engineering and technology education, a critical-need foreign language (as determined by the Secretary under section 222 of the New National Defense Education Act of 2006), bilingual education, or special education, or as a reading specialist, or another field documented as high-need by the Federal Government, State government, or local educational agency and submitted to the Secretary;

''(C) submit evidence of such employment in the form of a certification by the chief administrative officer of the school upon completion of each year of such service; and

''(D) comply with the requirements for being a highly qualified teacher as defined in section 9101 of the Elementary and Secondary Education Act of 1965 or, in the case of a special education teacher, in section 602 of the Individuals With Disabilities Education Act; and

''(2) in the event that the applicant is determined to have failed or refused to carry out such service obligation, the sum of the amounts of such TEACH Grants will be treated as a loan and collected from the applicant in accordance with subsection (c) and the regulations thereunder.

''(c) REPAYMENT FOR FAILURE TO COMPLETE SERVICE.—In the event that any recipient of a TEACH Grant fails or refuses to comply with the service obligation in the agreement under subsection (b), the sum of the amounts of such TEACH Grants provided to such recipient shall be treated as a Direct Loan under part D of title IV, and shall be subject to repayment in accordance with terms and conditions specified by the Secretary in regulations promulgated to carry out this part.

''SEC. 234. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $600,000,000 for fiscal year 2007 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''PART D—RECRUITING TEACHERS WITH MATHEMATICS, SCIENCE, ENGINEERING, TECHNOLOGY, OR LANGUAGE MAJORS

''SEC. 241. PROGRAM AUTHORIZED.

''(a) DEFINITION OF HIGH-NEED SCHOOL.—In this section, the term 'high-need school' means a school described in section 1114(a) of the Elementary and Secondary Education Act of 1965.

''(b) GRANTS AUTHORIZED.—

''(1) IN GENERAL.—From the amounts appropriated under section 242, the Secretary shall make competitive grants to institutions of higher education to improve the availability and recruitment of teachers from among students majoring in mathematics, science, engineering, technology, a critical-need foreign language (as determined by the Secretary under section 222 of the New National Defense Education Act of 2006), special education, or teaching the English language to students with limited English proficiency.

''(2) PRIORITY.—In awarding grants under paragraph (1), the Secretary shall give priority to institutions of higher education offering programs that—

''(A) focus on preparing teachers in subjects in which there is a shortage of highly qualified teachers and increasing the number of teachers from minority or underrepresented groups; and

''(B) prepare students to teach in high-need schools.

''(c) APPLICATION.—Any institution of higher education desiring to obtain a grant under this section shall submit to the Secretary an application at such time, in such form, and containing such information and assurances as the Secretary may require, which shall—

''(1) include reporting on baseline production of teachers—

''(A) with expertise in mathematics, science, a critical-need foreign language, special education, or teaching students with limited English proficiency;

''(B) from minorities or underrepresented groups; and

''(C) who teach for 5 years or more in a high-need school; and

''(2) establish a goal and timeline for increasing the number of teachers described in each subparagraph of paragraph (1) who are prepared for teaching by the institution.

''(d) GRANT AWARD AMOUNTS.—In determining the amount of a grant award under this section to an institution of higher education, the Secretary shall consider—

''(1) the extent to which the institution—

''(A) focuses on preparing teachers in subjects in which there is a shortage of highly qualified teachers and increasing the number of teachers from minority or underrepresented groups; and

''(B) prepares students to teach in high-need schools; and

''(2) in the case of an institution that has previously received a grant under this section, the progress made by the institution in increasing the number of teachers described in subsection (c)(1), as compared to the baseline production of such teachers reported in the institution's initial application.

''(e) USE OF FUNDS.—Funds made available by a grant under this section—

''(1) shall be used to create new recruitment incentives to teaching for students from other majors, with an emphasis on high-need subjects such as mathematics, science, engineering and technology education, a critical-need foreign language, special education, and teaching the English language to students with limited English proficiency and other subjects identified as high-need by the Federal Government, State government, or local educational agency;

''(2) may be used to upgrade the curriculum in order to provide all students studying to become teachers with high-quality instructional strategies for teaching reading and teaching the English language to students with limited English proficiency, and for modifying instruction to teach students with special needs;

''(3) may be used to integrate school of education faculty with other arts and science faculty in mathematics, science, engineering, technology, a critical-need foreign language, or teaching the English language to students with limited English proficiency, through steps such as—

''(A) dual appointments for faculty between schools of education and schools of arts and science or engineering; and

''(B) integrating coursework with clinical experience;

''(4) may be used to develop strategic plans between schools of education and local educational agencies to better prepare teachers

for high-need schools, including the creation of professional development partnerships for training new teachers in state-of-the-art practice;

''(5) may be used to create pilot programs to foster collaborations at the institution of higher education between a school of science, mathematics, or engineering, or a foreign language department or language center, and a school of education in order to enable the collaborating entities to develop a 4-year program of study that would combine a baccalaureate degree in mathematics, science, engineering, or technology with concurrent teacher certification or licensure; and

''(6) may be used to develop and implement a master's degree program for current mathematics, science, or engineering and technology education teachers that—

''(A) will strengthen the participating teachers' subject area knowledge and pedagogical skills; and

''(B) shall be designed to allow a teacher to enroll in the program on a part-time basis and obtain a master's degree within a 2-year period.

''(f) REPORTS.—For each year that an institution of higher education receives a grant under this section, the institution of higher education shall prepare and submit to the Secretary an annual report documenting the baseline data regarding the teachers described in subsection (c)(1) and the progress made toward increasing the number of such teachers, as described in subsection (c)(2).

''SEC. 242. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $500,000,000 for fiscal year 2007 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

(b) PART A AUTHORIZATION.—Section 210 of the Higher Education Act of 1965 (20 U.S.C. 1030) is amended by striking ''$300,000,000 for fiscal year 1999'' and inserting ''$400,000,000 for fiscal year 2007''.

Subtitle C—Ensuring College Access for All

SEC. 131. CONTRACT FOR EDUCATIONAL OPPORTUNITY (CEO) GRANTS.

(a) DEFINITIONS.—In this section:

(1) COHORT.—The term ''cohort'' means a group of students in a State who are in the same grade for an identified school year.

(2) EXPECTED FAMILY CONTRIBUTION.—The term ''expected family contribution'', with respect to a student, means the student's expected family contribution as determined in accordance with part F of the Higher Education Act of 1965 (20 U.S.C. 1087kk et seq.).

(3) UNMET NEED.—The term ''unmet need'', with respect to a student, means the difference between the cost of attendance (as defined in section 472 of the Higher Education Act of 1965 (20 U.S.C. 108711) to attend an institution of higher education for an academic year and the resources available to the student for such academic year, including Federal, State, and institutional financial assistance and the student's expected family contribution.

(b) PURPOSES.—The purposes of this section are—

(1) to encourage States to provide a financial aid guarantee for low-income students;

(2) to increase student academic performance and achievement;

(3) to increase public school secondary school graduation rates as well as enrollment, persistence, and graduation rates in public and private institutions of higher education, especially among low-income and underrepresented minority students; and

(4) to improve the overall quality and supply of a State's workforce.

(c) PAYMENTS TO STATES AUTHORIZED.—

(1) IN GENERAL.—The Secretary shall pay to States the Federal share, as determined under subsection (e), in order to assist the States in awarding contract for educational opportunity grants (referred to in this section as ''CEO grants''), under subsection (g) to students in a cohort who sign a contract for educational opportunity in grade 8 and satisfy the requirements of the contract. A CEO grant shall provide each such student with a need-based financial aid guarantee, in an amount equal to the student's calculated unmet need to attend a 2- or 4-year degree-granting public institution of higher education in the State, to enable the student to attend a 2- or 4-year degree-granting public or private institution of higher education in the State.

(2) MANDATORY SPENDING.—This subsection constitutes budget authority in advance of appropriations Acts and represents the obligation of the Secretary to provide for the payment of amounts provided under this subsection.

(d) APPLICATION.—

(1) IN GENERAL.—A State desiring a payment under subsection (c) shall submit, through the State agency identified in the application, to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(2) APPLICATION.—An application submitted under paragraph (1) shall include the following:

(A) A description of how the State will establish a State benchmark for increasing the overall public school secondary school graduation rate and the enrollment, persistence, and graduation rates at the State's 2- and 4-year degree-granting public and private institutions of higher education, as well as a description of strategies and activities the State will employ to achieve the State's set goals as reflected in the benchmark.

(B) The identification of the State agency that will administer the CEO grants program, and a description of the State agency's capacity to administer such program.

(C) A description of the entities that will contribute funds for the non-Federal share of the CEO grants program.

(D) A description of the State's academic and nonacademic components of the contract for educational opportunity, including 100 hours of community service, and how the State defines satisfactory academic progress toward completing coursework that leads to a secondary school diploma.

(E) A description of how the State agency will provide access for all students to a State curriculum that prepares the students to enter into credit-bearing coursework in higher education without the need for remediation, the 21st century workforce, or the Armed Forces.

(F) A description of how the State agency will notify students in grade 7 of their eligibility to participate in the CEO grants program and earn a CEO grant, as well as how the State will specifically target students from low-income and underrepresented minority families.

(G) A description of how the State agency will regularly communicate with a cohort from the time the students sign the contract for educational opportunity through the period that the students are eligible for CEO grants.

(H) An assurance that the State will award a CEO grant, in the amount of the student's calculated unmet need to attend a 2- or 4-year degree-granting public institution of higher education in the State, to each student who successfully meets the requirements of the contract for educational opportunity.

(I) An assurance that decisions regarding the State's higher education budget shall not lead to increases in tuition and fees at public 2- or 4-year degree-granting institutions of higher education that are greater than the Consumer Price Index.

(J) An assurance that the State shall maintain current levels of investment in State student aid programs in addition to providing the non-Federal share required under subsection (e)(4).

(e) PAYMENTS; USE OF FUNDS.—

(1) IN GENERAL.—The Secretary shall pay the Federal share of the CEO grants program, in the amount described in paragraph (4), to each State that submits a complete application pursuant to subsection (d).

(2) USE OF FUNDS.—The Federal share and non-Federal share described in paragraph (4) shall be used exclusively for awarding financial aid grants to cover the unmet need for all students in a cohort who have successfully met the components of the State's contract, except that a State may use not more than 2 percent of such funds for administrative purposes.

(3) SUBSEQUENT PAYMENTS.—

(A) IN GENERAL.—The Secretary shall make subsequent annual payments for future cohorts to States, in accordance with paragraph (4), that receive a payment under this section and that are not determined to be ineligible under subparagraph (B).

(B) INELIGIBILITY.—

(i) IN GENERAL.—Except as provided in clause (ii), the Secretary shall determine a State to be temporarily ineligible to receive a payment under subparagraph (A) if—

(I) the State fails to submit an annual report pursuant to subsection (h); or

(II) the Secretary determines, based on information submitted in the annual report submitted under subsection (h), that—

(aa) the State is not effectively meeting the terms and goals of the application; or

(bb) that the State is not making satisfactory progress toward the benchmark set forth in subsection (d)(2)(A).

(ii) INELIGIBILITY NOT TO AFFECT CERTAIN COHORTS.—A determination of ineligibility to receive subsequent payments for future cohorts under clause (i) with respect to a State shall not apply to payments for students in a cohort in the State who are in grade 8, 9, 10, 11, or 12 at the time of the determination.

(iii) REINSTATEMENT.—If the Secretary determines a State is ineligible under clause (i), the Secretary may enter into an agreement with the State setting forth the terms and conditions under which the State may regain eligibility to receive payments under this section.

(4) MATCHING REQUIREMENT.—The amount of the Federal share under this section for an academic year shall be equal to the amount of the non-Federal share provided by the State for such year. The sum of the Federal share and the non-Federal share for an academic year shall be an amount equal to the total unmet need, for the academic year, to attend a 2- or 4-year degree-granting public institution of higher education in the State, for all students in an identified cohort that complete all eligibility requirements of a contract for educational opportunity.

(f) REALLOTMENT OR REDISTRIBUTION OF FUNDS.—If funds remain for a cohort for 6 years after the cohort has graduated from secondary school, the State shall return excess Federal funds to the Secretary. Any returned excess funds shall be used by the Secretary to carry out the program under this section.

(g) CEO GRANTS.—

(1) IN GENERAL.—A State receiving a payment under subsection (c) for a cohort shall provide, in the amount determined under paragraph (3), a CEO grant to each student in the cohort who—

(A) successfully completes the requirements of the contract for educational opportunity; and

(B) enrolls in a 2- or 4-year degree-granting institution of higher education in the State not later than 2 years after receiving a secondary school diploma.

(2) CONTRACTS FOR EDUCATIONAL OPPORTUNITY.—

(A) IN GENERAL.—A student who is in a cohort for which a State is eligible for payments under subsection (c) and who desires to receive a CEO grant shall sign a contract for educational opportunity when the student begins grade 8 stating that the student will carry out all of the following by the time the student graduates from secondary school:

(i) Receive a secondary school diploma.

(ii) By the beginning of grade 11 (except as provided in subparagraph (B)), demonstrate satisfactory academic progress (as determined by the State agency) toward completing coursework that leads to a secondary school diploma.

(iii) Complete the academic components of the State contract for educational opportunity, as determined by the State agency.

(iv) Complete the nonacademic portion of the State contract for educational opportunity (as determined by the State agency), including 100 hours of community service, of which at least 50 hours of community service shall be completed before the student begins grade 11 (except as provided in subparagraph (B)).

(v) Apply for admission to a 2- or 4-year degree-granting institution of higher education in the State.

(vi) Preceding the date that the student intends to enroll in an institution of higher education, file for Federal financial aid.

(B) SPECIAL CIRCUMSTANCES.—

(i) TRANSITION.—During the academic year following the date of enactment of this Act, in the case of students in a cohort who are in grade 9, 10, 11, or 12 for such academic year, the students of such cohort shall be eligible for CEO grants if such students sign the contract for educational opportunity during the academic year and otherwise complete all of the eligibility requirements for the contract for educational opportunity under subparagraph (A) as applicable and by such time as determined by the State and approved by the Secretary.

(ii) STUDENTS WHO MOVE INTO THE STATE.—In the case of a student who moves into a State after the student begins grade 8, such student shall be eligible for a CEO grant from such State if such student signs the contract for educational opportunity at the time the student moves into the State and the student otherwise completes all of the eligibility requirements for the contract for educational opportunity under subparagraph (A), as applicable and by such time as determined by the State and approved by the Secretary.

(3) AMOUNT OF CEO GRANTS.—

(A) IN GENERAL.—A CEO grant for an academic year shall be in an amount equal to the student's calculated unmet need to attend a 2- or 4-year degree-granting public institution of higher education in the State for such year.

(B) PRIVATE INSTITUTIONS.—A CEO grant for a student who elects to enroll in a private 2- or 4-year degree-granting public institution of higher education in the State shall be in the amount described in subparagraph (A).

(4) MULTIPLE GRANTS.—

(A) IN GENERAL.—A State shall award a CEO grant to a student who meets the requirements of this section for each academic year that the student attends a 2- or 4-year degree-granting institution of higher education in the State.

(B) MAXIMUM NUMBER OF GRANTS.—During the 6-year period beginning on the date of receipt of a CEO grant under this subsection, a student who meets the requirements of this subsection shall be eligible to receive a CEO grant for each year that the student is enrolled in a 2- or 4-year degree-granting institution of higher education in the State, except that no student shall receive a total of more than 4 CEO grants.

(5) INELIGIBILITY.—A student who otherwise meets the requirements for a CEO grant shall be ineligible if the student fails to maintain an acceptable level of academic standing, as determined by the institution of higher education that the student attends, or is dismissed from the institution of higher education for disciplinary reasons.

(h) EVALUATION AND REPORT.—A State receiving a payment under subsection (c) for a cohort shall prepare and submit an annual report to the Secretary on the success of the cohort. The State report shall include the following:

(1) The following information relating to the students in the cohort who sign a contract for educational opportunity, as applicable:

(A) The participation and completion rates in the CEO grants program under this section.

(B) The public school secondary school graduation rate and how the rate relates to the established State benchmark described in subsection (d)(2).

(C) The rate of enrollment in public and private institutions of higher education and how the rate relates to the established State benchmark.

(D) The rate of persistence in public and private institutions of higher education and how the rate relates to the established State benchmark.

(E) The rate of graduation from public and private institutions of higher education and how the rate relates to the established State benchmark.

(F) Average CEO grant aid per student.

(G) A description of, and justification for, any increase in tuition and fees at the public 2- or 4-year degree-granting institutions of higher education in the State.

(2) A comparison of the rates described in subparagraphs (B) through (E) of paragraph (1) for students in the cohort who sign a contract for educational opportunity to such rates for a representative sample of students in the cohort in the State who do not sign a contract.

TITLE II—ARMING AMERICANS WITH 21ST CENTURY KNOWLEDGE AND SKILLS

Subtitle A—Increasing the Number of New American Scientists, Engineers, and Language Experts

SEC. 211. PURPOSE.

The purpose of this subtitle is to increase the number of low-income and middle-income students who pursue careers in mathematics, science, technology, engineering, and critical-need foreign languages.

SEC. 212. GRANTS FOR STRENGTHENING MATHEMATICS, SCIENCE, AND ENGINEERING AND TECHNOLOGY EDUCATION INFRASTRUCTURE.

(a) GRANTS FOR STRENGTHENING MATHEMATICS, SCIENCE, AND ENGINEERING AND TECHNOLOGY EDUCATION INFRASTRUCTURE.—Part D of title V of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7241 et seq.) is amended by adding at the end the following:

"SUBPART 22—GRANTS FOR STRENGTHENING MATHEMATICS, SCIENCE, AND ENGINEERING AND TECHNOLOGY EDUCATION INFRASTRUCTURE

"SEC. 5621. GRANTS FOR STRENGTHENING MATHEMATICS, SCIENCE, AND ENGINEERING AND TECHNOLOGY EDUCATION INFRASTRUCTURE.

"(a) PURPOSE.—The purpose of this section is to improve mathematics, science, and engineering and technology education infrastructure in public elementary schools and secondary schools to facilitate improved educational opportunities for all students.

"(b) DEFINITION OF HIGH-NEED.—In this section, the term 'high-need', when used with respect to a school, means a public elementary school or secondary school that is eligible for assistance under section 1114(a) of the Elementary and Secondary Education Act of 1965.

"(c) PROGRAM AUTHORIZED.—From amounts appropriated under section 5401(b) for a fiscal year, and subject to subsection (d), the Secretary, in consultation with the Director of the National Science Foundation, shall award grants to local educational agencies to enable the local educational agencies to carry out the activities described in subsection (g).

"(d) RESERVATION OF FUNDS.—From amounts appropriated under section 5401(b) for a fiscal year, the Secretary shall reserve a total of ½ of 1 percent for the Secretary of the Interior to award grants to elementary schools and secondary schools operated or funded by the Bureau of Indian Affairs to enable such elementary schools and secondary schools to carry out the activities described in subsection (g).

"(e) APPLICATION.—

"(1) IN GENERAL.—A local educational agency desiring a grant under subsection (c) shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

"(2) CONTENTS.—The application described in paragraph (1) shall include the following:

"(A) A description of the activities under subsection (g) for which assistance is sought and the costs of such activities.

"(B) A description of the process through which the local educational agency identified the activities described in subparagraph (A).

"(C) Clear principles that the local educational agency used to determine the priority of qualifying activities under this section that prioritize the use of quantitative data, such as student achievement on standardized assessments and income data, in order to give priority to projects benefiting high-need schools.

"(D) An assurance that the local educational agency will provide a complete and detailed accounting of the use of grant funds awarded to the local educational agency under this section.

"(E) A description of the evaluation process that will assess the accomplishments of the program.

"(f) APPLICATION APPROVAL.—

"(1) DETERMINATION IN CONSULTATION WITH NATIONAL SCIENCE FOUNDATION.—The Secretary shall review each application submitted under subsection (e) to determine whether the application is sufficient. In making such a determination, the Secretary shall consult with the Director of the National Science Foundation, in part to ensure that the application is coordinated with any preexisting National Science Foundation initiatives in the State.

"(2) DETERMINATION OF INSUFFICIENT APPLICATION.—If the Secretary determines that an application submitted by a local educational agency does not meet the requirements of

paragraph (1) or subsection (e), the Secretary shall provide the local educational agency with—

''(A) a written explanation of why the application did not comply with such requirements; and

''(B) an opportunity to submit an amended application.

''(3) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to local educational agencies with a high percentage of high-need schools.

''(g) REQUIRED USE OF FUNDS.—A local educational agency that receives a grant under subsection (c) shall use grant funds, in accordance with the application of the local educational agency, to carry out not less than 1 of the following:

''(1) The purchase or refurbishment of mathematics, science, and engineering and technology education equipment, including laboratory equipment.

''(2) The purchase of instructional materials or curricula with proven effectiveness in improving mathematics, science, and engineering and technology education outcomes, including age-appropriate reading materials on varying grade levels that provide poor readers with access to mathematics, science, and engineering and technology education subject matter.

''(3) Support for a science, mathematics, or engineering and technology education specialist in each school who is responsible for—

''(A) assisting in the implementation of the school's science, mathematics, or engineering and technology education program;

''(B) assisting other teachers in delivering quality instruction;

''(C) assisting in identifying and developing professional development opportunities tied to the curriculum; and

''(D) providing guidance on curricula, equipment, and other components necessary for high-quality instruction.

''(4) Any other directly related activity—

''(A) identified by the local educational agency in the application required under subsection (e); and

''(B) approved by the Secretary, in consultation with the Director of the National Science Foundation.

''(h) REPORT.—

''(1) IN GENERAL.—A local educational agency that receives a grant under this section for a fiscal year shall submit, not later than January 31 of the succeeding fiscal year, a report in such form and containing such information as the Secretary determines to be reasonably necessary to evaluate the compliance of the local educational agency with the provisions of this section.

''(2) CONTENTS.—The report described in paragraph (1) shall include the following:

''(A) A description of the activities carried out with grant funds under this section.

''(B) A complete and detailed accounting of the use of funds awarded under this section, including how the local educational agency gave priority to projects benefiting students served by high-need schools.

''(C) A description of how the local educational agency assesses the impact of the program.

''(D) A description of how students were served by the projects assisted under this section, including any expansion of inquiry-based learning opportunities, and an accounting of the approximate number of students so served.

''(E) An accounting of student academic progress made as a result of activities funded under this section, using previously established statewide academic achievement assessments in mathematics and science.

''(F) Qualitative testimony from students, teachers, administrators, or parents on the effect of activities funded under this section.

''(3) PENALTY.—A local educational agency that receives a grant under this section for a fiscal year but does not submit the report required under this subsection shall not be eligible to receive any subsequent grant funds under this section.''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 5401 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7241) is amended—

(1) by striking ''this part'' and inserting ''this part (excluding subpart 22)'';

(2) by striking ''There are'' and inserting the following:

''(a) GENERAL AUTHORIZATION.—There are''; and

(3) by adding at the end the following:

''(b) MATHEMATICS, SCIENCE, AND ENGINEERING AND TECHNOLOGY EDUCATION INFRASTRUCTURE.—There are authorized to be appropriated to carry out subpart 22, $500,000,000 for fiscal year 2007 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

(c) TABLE OF CONTENTS.—The table of contents in section 2 of the Elementary and Secondary Education Act of 1965 is amended by inserting after the item relating to section 5618 the following:

''Subpart 22—Grants for Strengthening Mathematics, Science, and Engineering and Technology Education Infrastructure

''Sec. 5621. Grants for strengthening mathematics, science, and engineering and technology education infrastructure.''.

SEC. 213. SCIENCE, TECHNOLOGY, ENGINEERING, MATHEMATICS, AND CRITICAL-NEED FOREIGN LANGUAGE SCHOLARS.

(a) DEFINITIONS.—In this section:

(1) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(b) PROGRAM AUTHORIZED.—From amounts appropriated under subsection (j) for a fiscal year, the Secretary shall carry out a program to award grants, on a competitive basis, to institutions of higher education (or consortia of such institutions) to enable the institutions of higher education (or consortia) to provide scholarships to make higher education tuition free for low-income and middle-income undergraduate and graduate students who are enrolled at the institutions of higher education to earn degrees in science, technology, engineering, mathematics, and critical-need foreign languages (as determined by the Secretary under section 222).

(c) APPLICATION.—An institution of higher education or a consortium seeking a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(d) AWARD BASIS.—In awarding grants under this section, the Secretary shall give special consideration to programs that—

(1) are a central organizational focus of the institution of higher education or consortium;

(2) enable scholarship recipients to become successful members of the science, technology, engineering, mathematics, and critical-need foreign language 21st century workforce; and

(3) recruit undergraduate and graduate students, especially female and underrepresented minority students, who would otherwise not pursue careers in science, technology, engineering, mathematics, or a critical-need foreign language.

(e) USE OF FUNDS.—An institution of higher education or a consortium receiving a grant under this section shall use the grant funds to carry out a program to encourage low-income and middle-income undergraduate and graduate students enrolled at the institution of higher education, or at an institution of higher education that is a member of the consortium, respectively, to earn degrees in science, technology, engineering, mathematics, or a critical-need foreign language, through administering scholarships in accordance with subsection (f).

(f) SCHOLARSHIPS.—

(1) SCHOLARSHIP REQUIREMENTS.—Scholarships under this subsection shall be available to a student enrolled at an institution of higher education that receives a grant under this section or is a member of a consortium that receives a grant under this section—

(A)(i) whose parents have an adjusted gross income for the most recent tax year available of—

(I) less than $53,000 if single; or

(II) less than $107,000 if married; or

(ii) in the case of a student who is independent (as defined in section 480 of the Higher Education Act of 1965 (20 U.S.C. 1087vv), who meets the adjusted gross income requirements of clause (i); and

(B)(i) in the case of a student in the first or second year of a program of undergraduate education, who enrolls in prerequisite courses for a baccalaureate degree with a major in science, technology, engineering, mathematics, or a critical-need foreign language, as determined by the institution of higher education that the student attends;

(ii) in the case of a student who has completed 2 years of a program of undergraduate education, who is pursuing a baccalaureate degree with a major in science, technology, engineering, mathematics, or a critical-need foreign language; or

(iii) in the case of a graduate student, who is pursuing a graduate degree in science, technology, engineering, mathematics, or a critical-need foreign language.

(2) AMOUNT.—

(A) ANNUAL AMOUNT.—An institution of higher education or consortium that receives a grant under this section shall award a scholarship to a student described in paragraph (1) in an amount that does not exceed $5,500 per academic year, except that no student shall receive for any academic year an amount that is more than the cost of attendance, as determined under section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll)), at the institution where the student is enrolled for such academic year.

(B) REDUCTIONS IN AMOUNT FOR PART-TIME STUDENTS.—In any case where a student attends an institution of higher education on less than a full-time basis (including a student who attends an institution of higher education on less than a half-time basis) during any academic year, the amount of the scholarship for which that student is eligible shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis, in accordance with a schedule of reductions established by the Secretary for the purpose of this section, computed in accordance with this subsection. Such schedule of reductions shall be established by regulation and published in the Federal Register in accordance with the schedule described in section 482 of the Higher Education Act of 1965 (20 U.S.C. 1089).

(C) CUMULATIVE AMOUNT.—An institution of higher education or consortium receiving a grant under this section may award an individual a scholarship under this subsection for more than 1 year, or for both undergraduate and graduate study, except that—

(i) no individual shall receive a total amount of scholarship support under this subsection for undergraduate study that is more than $22,000; and

(ii) no individual shall receive a total amount of scholarship support under this section for graduate study that is more than $22,000.

(g) CONDITIONS OF SUPPORT.—As a condition of acceptance of a scholarship under this section, a recipient shall enter into an agreement with the institution of higher education or consortium—

(1) accepting the terms of the scholarship; and

(2) agreeing to provide the awarding institution of higher education or consortium with up-to-date contact information and to participate in surveys provided by the Secretary of Education, institution of higher education, or consortium as part of an assessment program.

(h) FAILURE TO COMPLETE OBLIGATION.—

(1) GENERAL RULE.—An individual who has received a scholarship under this section shall be liable to the institution of higher education or consortium that awarded the scholarship, as well as to the United States, for the amount of the scholarship, if such individual—

(A) fails to maintain an acceptable level of academic standing in the institution of higher education in which the individual is enrolled, as determined by the institution of higher education;

(B) is dismissed from such institution for disciplinary reasons; or

(C) withdraws from the baccalaureate or graduate degree program for which the scholarship was made before the completion of such program, and does not transfer into another program that meets the requirements of subsection (f)(1)(B).

(2) EXCLUSION FROM FUTURE SCHOLARSHIPS.—If a circumstance described in paragraph (1) occurs, all of the following shall apply:

(A) NONRENEWAL OF SCHOLARSHIP.—The institution of higher education or consortium shall not renew the scholarship to the individual. However, at the discretion of the institution of higher education or consortium awarding the scholarship, an individual may regain eligibility for a scholarship under this section after completing not less than 1 academic term at the institution, if the individual—

(i) maintains an acceptable level of academic standing in the institution of higher education, as determined by the institution; and

(ii) reenrolls in the baccalaureate or graduate degree program for which the scholarship was made.

(B) INELIGIBILITY FOR FEDERAL SCHOLARSHIPS.—The individual shall become automatically ineligible to participate in any Federal scholarship programs for future years.

(3) USE OF RECOVERED SCHOLARSHIP FUNDS.—An institution of higher education or consortium that recovers funds under paragraph (1) shall use such funds to provide additional scholarships under subsection (f).

(i) DATA COLLECTION.—An institution of higher education or consortium receiving a grant under this section shall supply to the Secretary any relevant statistical and demographic data on scholarship recipients the Secretary may request.

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $750,000,000 for fiscal year 2007 and such sums as may be necessary for each of the 4 succeeding fiscal years.

SEC. 214. EXPANSION OF NATIONAL SCIENCE FOUNDATION EDUCATION AND HUMAN RESOURCES DIRECTORATE.

(a) PURPOSE.—The purpose of this section is to ensure the continued involvement of experts at the National Science Foundation in improving science, technology, engineering, and mathematics at the elementary, secondary, and postsecondary levels by doubling funding for the education and human resources programs of the National Science Foundation, in addition to the increases made under section 125 for the mathematics and science partnerships described in section 9 of the National Science Foundation Authorization Act of 2002 and in addition to any other amounts authorized or appropriated to the National Science Foundation.

(b) AUTHORIZATION OF APPROPRIATIONS FOR NSF EDUCATION AND HUMAN RESOURCES.—There is authorized to be appropriated to the National Science Foundation for education and human resources, in addition to the amounts authorized under section 125(a)(2), amounts as follows:

(1) For fiscal year 2007, $886,810,000.

(2) For fiscal year 2008, $1,040,110,000.

(3) For fiscal year 2009, $1,193,410,000.

(4) For fiscal year 2010, $1,346,710,000.

(5) For fiscal year 2011, $1,500,000,000.

(c) SCIENCE, MATHEMATICS, ENGINEERING, AND TECHNOLOGY TALENT EXPANSION PROGRAM.—Section 8(7)(C) of the National Science Foundation Authorization Act of 2002 (Public Law 107–368) is amended—

(1) by redesignating clauses (i) through (vi) as subclauses (I) through (VI), respectively, and indenting appropriately;

(2) by striking ''include those that promote high quality—'' and inserting ''include programs that—

''(i) promote high-quality—''; and

(3) in clause (i)—

(A) in subclause (III) (as redesignated by paragraph (1)), by striking ''for students;'' and inserting ''for students, especially underrepresented minority and female mathematics, science, engineering, and technology students;''; and

(B) in subclause (VI) (as redesignated by paragraph (1)), by striking the period and inserting a semicolon; and

(4) by adding at the end the following:

''(ii) finance summer internships for mathematics, science, engineering, and technology undergraduate students;

''(iii) facilitate smaller mathematics, science, engineering, and technology class sizes;

''(iv) facilitate the hiring of additional mathematics, science, engineering, and technology faculty;

''(v) serve as bridges to enable underrepresented minority and female secondary school students to obtain extra mathematics, science, engineering, and technology training prior to entering an institution of higher education; and

''(vi) finance mathematics, science, engineering, and technology student research activities.''.

Subtitle B—Improving Global Knowledge and Skills

SEC. 221. DEFINITIONS.

In this subtitle:

(1) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

(2) LOCAL EDUCATIONAL AGENCY; STATE EDUCATIONAL AGENCY.—The terms ''local educational agency'' and ''State educational agency'' have the meanings given the terms in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

SEC. 222. CRITICAL-NEED LANGUAGES.

The Secretary shall, prior to requesting applications for grants under this subtitle during each grant cycle, consult with, and receive recommendations regarding, critical need for expertise in foreign languages and world regions from the head official, or a designee of such head official, of the National Security Council, the Department of Homeland Security, the Department of Defense, the Department of State, the Federal Bureau of Investigation, the Department of Labor, and the Department of Commerce, and the Director of National Intelligence. The Secretary shall take into account such recommendations when developing a list of critical-need languages and when requesting applications for grants under this subtitle. The Secretary shall also make available to applicants the list of the critical-need languages for the grant cycle.

SEC. 223. CRITICAL-NEED LANGUAGE PROGRAM GRANTS.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term ''eligible entity'' means—

(A) a State educational agency; or

(B) a partnership between a local educational agency and an institution of higher education.

(2) HIGH-NEED SCHOOL.—The term ''high-need school'' means a public elementary or secondary school that is eligible for assistance under section 1114(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6314(a)).

(b) PROGRAM AUTHORIZED.—The Secretary shall award grants, on a competitive basis, to eligible entities to enable the eligible entities to develop programs that allow students to be exposed to and immersed in other languages and cultures from the early grades throughout the students' education.

(c) APPLICATION.—An eligible entity desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(d) AWARD BASIS.—In awarding grants under this section, the Secretary shall give priority to eligible entities that will use grant funds for programs that target a high-need school.

(e) USE OF FUNDS.—An eligible entity receiving a grant under this section shall use grant funds to carry out 1 or more of the following:

(1) Establish and maintain programs in a critical-need language (as determined by the Secretary under section 222) in the elementary schools served by the eligible entity.

(2) Offer additional or more advanced critical-need language classes in middle schools and secondary schools.

(3) Create and implement effective models of instruction in critical-need languages and world cultures.

(4) Create and maintain internationally themed schools that—

(A) offer dual language immersion programs;

(B) focus on international content; and

(C) use technology to bring the world into the classroom virtually.

(f) TECHNICAL ASSISTANCE CENTERS.—

(1) IN GENERAL.—The Secretary shall enter into contracts with entities to establish a system of regional critical-need foreign language technical assistance centers focused on developing critical-need language programs in kindergarten through grade 12 education.

(2) APPLICATION.—An entity desiring a contract under this subsection shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(3) ACTIVITIES.—Each center established under this subsection shall—

(A) assist States and local educational agencies in developing critical-need language curricula; and

(B) disseminate best practices in the field.

(g) REPORT.—Not later than 90 days after the last day of the grant or contract period,

an eligible entity receiving a grant under subsection (a) or an entity receiving a contract under subsection (f) shall prepare and submit a report to the Secretary describing the supported activities.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $100,000,000 for fiscal year 2007 and such sums as may be necessary for each of the 4 succeeding fiscal years.

SEC. 224. INTERNATIONAL SUMMER INSTITUTE GRANTS.

(a) PROGRAM AUTHORIZED.—The Secretary shall award grants, on a competitive basis, to institutions of higher education or nonprofit organizations (or consortia of such institutions or organizations) to carry out summer institute programs that help teachers integrate international content into the curricula and improve the teachers' knowledge and teaching of foreign cultures.

(b) PARTNERSHIP.—In order to receive a grant under this section, an institution of higher education or a nonprofit organization (or a consortium of such institutions or organizations) shall enter into a partnership with a local educational agency to carry out the grant activities.

(c) APPLICATION.—An institution of higher education, nonprofit organization, or consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(d) USE OF FUNDS.—An institution of higher education, nonprofit organization, or consortium receiving a grant under this section shall use grant funds to carry out 1 or more of the following:

(1) Integrate international content into existing summer institute programs.

(2) Assist States in creating new summer institutes to prepare teachers—

(A) to teach international subjects, such as world history, global economics, and geography; and

(B) to integrate international content into other subjects to improve global competence.

(e) REPORT.—Not later than 90 days after the last day of the grant period, an institution of higher education, nonprofit organization, or consortium receiving a grant under this section shall prepare and submit a report to the Secretary describing the grant activities.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $100,000,000 for fiscal year 2007 and such sums as may be necessary for each of the 4 succeeding fiscal years.

SEC. 225. INTERNATIONAL AND FOREIGN LANGUAGE STUDIES.

(a) PURPOSE.—The purpose of this section is to increase study abroad and foreign language study opportunities in critical-need languages for secondary school, undergraduate, and graduate students.

(b) DEFINITION OF ELIGIBLE ENTITY.—In this section, the term ''eligible entity'' means—

(1) an institution of higher education;

(2) a consortium of institutions of higher education;

(3) an institution of higher education in partnership with an international university;

(4) an institution of higher education in partnership with a local educational agency;

(5) a State educational agency; or

(6) a local educational agency.

(c) PROGRAM AUTHORIZED.—From amounts appropriated under this section for a fiscal year, the Secretary shall award grants, on a competitive basis, to eligible entities to enable the eligible entities to establish or strengthen foreign language study programs in critical-need languages, as determined by the Secretary under section 222.

(d) AMOUNT AND DURATION OF GRANT.—Each grant awarded under this section shall be—

(1) for an amount of not less than $500,000 for each year of the grant; and

(2) for a period of not less than 4 years.

(e) APPLICATION.—An eligible entity that desires a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(f) USE OF FUNDS.—An eligible entity receiving a grant under this section shall use the grant funds to establish or strengthen foreign language study programs in critical-need languages, which may include the following activities:

(1) The recruitment and retention of faculty in critical-need languages.

(2) Curriculum development.

(3) The acquisition of materials to improve instructional programs.

(4) The expansion of study abroad programs for participating students.

(5) The development of foreign language immersion programs.

(6) Summer institutes for faculty development.

(7) Bridge programs that allow dual enrollment for secondary school students in institutions of higher education.

(8) Programs to expand the understanding and knowledge of cultural, geographic, and political factors within countries with populations who speak critical-need languages.

(9) Research on, and evaluation of, the teaching of critical-need foreign languages.

(10) Participation in national programs impacting critical-need foreign languages.

(11) Data collection and analysis regarding the outcomes of various student recruitment strategies and program design and curricula approaches, and their impact on increasing—

(A) the number of students studying critical-need languages; and

(B) the fluency of the students in the languages.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $100,000,000 for fiscal year 2007 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Subtitle C—Investing in Workers Through Job Training

SEC. 231. PROJECTS TO PROVIDE LITERACY, TECHNOLOGY, AND TECHNICAL SKILLS TRAINING.

(a) DEFINITIONS.—In this section:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Labor.

(2) SMALL BUSINESS.—The term ''small business'' means a business with not more than 100 employees.

(b) PROJECTS.—The Secretary shall carry out projects to provide literacy, technology, and technical skills training for workers, including both employed and unemployed workers.

(c) GRANTS.—In carrying out projects described in subsection (b), the Secretary shall make grants to eligible partnerships.

(d) ELIGIBLE PARTNERSHIPS.—

(1) IN GENERAL.—To be eligible to receive such a grant, a partnership shall be a local or regional public-private partnership consisting of at least—

(A) 1 State or local workforce investment board established under section 111 or 117 of the Workforce Investment Act of 1998 (29 U.S.C. 2821 or 2832) (including a consortium of such boards in a region);

(B) 1 institution of higher education, as defined in section 101(a) of the Higher Education Act of 1965, (including a consortium of such institutions);

(C) 1 business (including a consortium of such businesses) or nonprofit employer; and

(D) 1 community-based organization, labor union, trade association, or other intermediary.

(2) DESIGNATION OF RESPONSIBLE FISCAL AGENTS.—Each partnership described in paragraph (1) shall designate a responsible fiscal agent to receive and disburse grant funds under this section.

(e) TRAINING.—

(1) PARTICIPANTS.—A partnership that receives a grant under subsection (c) shall provide training through a project described in subsection (b) to persons who are employed and who wish to obtain and upgrade skills to qualify for existing jobs (as of the date such training begins) and to persons who are unemployed.

(2) PREPARATION.—Such training shall, to the extent practicable, include the preparation of workers for a broad range of positions along a career ladder.

(f) START-UP ACTIVITIES.—

(1) IN GENERAL.—Except as provided in paragraph (2), not more than 5 percent, or $75,000, whichever is less, of the funds made available through a single grant made under this section may be used toward the start-up costs of a partnership or training project.

(2) EXCEPTION.—In the case of partnerships consisting primarily of small businesses, not more than 10 percent, or $150,000, whichever is less, of the funds made available through a single grant made under this section may be used toward the start-up costs of a partnership or training project.

(3) DURATION OF START-UP PERIOD.—For purposes of this subsection, a start-up period consists of a period of not more than 1 month, beginning on the first day of the grant period. At the end of the start-up period, training shall immediately begin and no further Federal funds may be used for start-up costs.

(g) APPLICATIONS.—

(1) IN GENERAL.—To be eligible to receive a grant under this section, a partnership shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(2) CONTENTS.—Each application for such a grant shall—

(A) provide evidence of the need for the training to be provided through the grant, by providing evidence of skill shortages in existing or emerging industries as demonstrated through reliable regional, State, or local data;

(B) articulate the level of skills that workers will be trained for and the manner by which attainment of those skills will be measured; and

(C) include an agreement that the project will be subject to evaluation by the Secretary to measure the effectiveness of the project.

(3) MATCHING FUNDS.—Each application for a grant to carry out a project described in subsection (b) shall state the manner by which the partnership will—

(A) make available, with respect to the costs to be incurred by the partnership in carrying out the project, non-Federal contributions (in cash or in kind) in an amount equal to not less than 50 percent of the Federal funds provided under the grant; and

(B) make the contributions available directly or through donations from public or private entities, and ensure that at least ½ of the contributions will be from businesses or nonprofit employers involved in the partnership.

(h) CONSIDERATIONS.—

(1) PROJECTS WITH COMMITMENTS.—In making grants under this section, the Secretary shall give consideration to an applicant that

provides a specific, measurable commitment—

(A) upon successful completion of a training course by a participant—

(i) who is unemployed, to hire or effectuate the hiring of the participant (where applicable);

(ii) who is an incumbent worker, to increase the wages or salary of the worker (where applicable); or

(iii) to provide skill certification to the participant;

(B) to provide training that is linked to industry-accepted occupational skill standards, certificates, or licensing requirements; or

(C) to provide a project that will lead to attainment of baccalaureate or associate degrees.

(2) EXPANDED AND COLLABORATIVE PROJECTS.—In making grants under this section, the Secretary shall give consideration to an applicant that proposes to use grant funds—

(A) to demonstrate a significant ability to expand a training project through such means as training more workers or offering more courses; and

(B) to carry out a training project resulting from a collaboration, especially with more than 1 small business or with an entity carrying out a labor-management training project.

(3) PARTNERSHIPS INVOLVING SMALL BUSINESSES.—In making grants under this section, the Secretary shall give consideration to an applicant that involves and directly benefits more than 1 small business.

(4) DONATIONS FROM PUBLIC OR PRIVATE ENTITIES.—In making grants under this section, the Secretary shall give consideration to an applicant that provides a specific commitment that a portion of the non-Federal contribution described in subsection (g)(3) will be made available through donations from other public or private entities, so as to demonstrate the long-term sustainability of the project after the expiration of the grant period involved.

(i) ADMINISTRATIVE COSTS.—A partnership that receives a grant to carry out a project described in subsection (b) may not use more than 10 percent of the funds made available through the grant to pay for administrative costs associated with the project.

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $300,000,000 for fiscal year 2007 and such sums as may be necessary for each of the 4 succeeding fiscal years.

By Mr. AKAKA:

S. 3506. A bill to prohibit the unauthorized removal or use of personal information contained in a database owned, operated, or maintained by the Federal government; to the Committee on the Judiciary.

Mr. AKAKA. Mr. President, I am introducing the Data Theft Prevention Act of 2006 in response to concerns that arose following the recent theft of computer equipment from the home of a Department of Veterans Affairs employee in early May. I would like to thank my friends Senator SCHUMER, Senator MURRAY, and Senator CLINTON for being original cosponsors of this legislation.

The stolen equipment contained personal information on as many as 26.5 million veterans, Active Duty, National Guard and Reserve personnel. These files had been downloaded from VA databases over a period of 3 years by the employee without any authorization, then taken out of VA and placed on personal computer equipment at the employee's home.

I am sure my colleagues will be as alarmed as I was when I tell them that this unauthorized removal of the personal information from the Department of Veterans Affairs was not an illegal act. In fact, I was told by VA's inspector general that the employee's only misdeed was of a recently established VA Security Guideline, which only carries the weight of suggested employee behavior. Despite VA's efforts to provide cyber security for the myriad of databases the Department controls, at the time of the theft there was no policy or law in place to prevent or deter an unauthorized act.

The legislation I am introducing today would establish Federal penalties for anyone, whether a government employee or government contractor, who knowingly and without authorization views, uses, downloads, or removes any means of identification or individually identifiable health information that is in a Federal database. Although the incident which triggered my present concerns occurred in VA, this legislation would apply to all Federal departments and agencies. The legislation would also penalize those who would use any such personal information for criminal purposes.

This legislation is intended to compliment existing Federal personal information security policies and to emphasize the need for all Federal departments and agencies to review existing policies and clearly lay out who is and isn't authorized to use, view, or download personal information.

This legislation would send the clear message that anyone who knowingly and without authorization removes personal or health information from a Federal database does so at their own risk.

VA Secretary Nicholson testified last week before the House Government Reform Committee that he thought that there should be consideration of "putting some kind of teeth in an enforcement mechanism for the compromising and careless and negligent handling of personal information." This measure would do just that.

If enacted, violation of the provisions of this law could result in a fine of up to $100,000, imprisonment for 1 year, or both. These penalties are similar to those which currently apply to Internal Revenue Service employees who are responsible for breaches of tax information.

Given the potential impact to our veterans, Active Duty, National Guard, and Reserve personnel through identity theft and the incredible disruption and costs incurred by the government from the theft of the VA data, it is vital that we take steps to deter any future incidents and hold accountable those who are responsible.

I urge our colleagues to support this important legislation and to work with me for its prompt enactment. We must do all we can to prevent any further compromise of personal data in the hands of the government.

Mr. President, I ask unanimous consent that the text of this legislation be published in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 3506

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Data Theft Prevention Act of 2006".

SEC. 2. FEDERAL DATABASES.

(a) IN GENERAL.—Chapter 101 of title 18, United States Code, is amended by adding at the end the following:

"§ 2077. Means of identification and individually identifiable health information in Federal databases

"(a) DEFINITIONS.—In this section:

"(1) FEDERAL DATABASE.—The term 'Federal database' means any electronic database owned, operated, or maintained by or for the Federal Government.

"(2) INDIVIDUALLY IDENTIFIABLE HEALTH INFORMATION.—The term 'individually identifiable health information' has the meaning given the term in the regulations issued under section 264(c) of the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. 1320d-2 note).

"(3) MEANS OF IDENTIFICATION.—The term 'means of identification' has the meaning given the term in section 1028 of this title.

"(b) UNAUTHORIZED USE.—It shall be unlawful for any person knowingly and without authorization—

"(1) to view, use, download, or remove any means of identification or individually identifiable health information that is in a Federal database; or

"(2) to transfer such means of identification or individually identifiable health information to, or store such means of identification or individually identifiable health information in, any computer, network, database, or other format used to store information that is not a Federal database.

"(c) USE FOR CRIMINAL PURPOSES.—It shall be unlawful for any person to use a means of identification or individually identifiable health information obtained directly or indirectly from a Federal database in furtherance of a violation of any Federal or State criminal law.

"(d) PENALTY.—Any person who violates subsection (b) or (c) shall be fined not more than $100,000, imprisoned not more than 1 year, or both.".

(b) CHAPTER ANALYSIS.—The table of sections for chapter 101 of title 18, United States Code, is amended by adding after the item relating to section 2076 the following:

"2077. Means of identification and individually identifiable health information in Federal databases.".