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 Mrs. Boxer, the name of the Senator from California (Ms. Landrieu) was added as a cosponsor of amendment No. 4208 proposed to S. 2766, supra.

STATMENTS 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 process.

My interest in the federal workforce began after working with the Federal Government for 18 years as an outside auditor. 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 management 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 in vague requirements. While some organizations have taken steps to modernize their performance management systems and tools such as the President’s Management Agenda, the Federal Workforce Performance Appraisal and Management Improvement Act of 2006 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 connections among employee performance, and use the results in making decisions for training, rewarding, 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 the 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 appraisal systems first. By instituting a Federal employee performance management system, we can build on our existing Social Security and Medicare systems to promote high performance.

Each agency shall establish 1 or more performance appraisal systems to promote high 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 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, 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—

(a) 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 management standard on top of the current general schedule, I am optimistic this will create less anxiety among Federal employees.

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

(A) align 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, or compensating employees, 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 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 employees 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

(b) 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 to Congress any finding that an agency has failed to meet those requirements.

(b) If the Director of the Office determines that a system does not meet the requirements of this subchapter (including regulations prescribed under section 4303), 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 for supervisors.

(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 success program to provide training to employees to develop management performance; 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;

(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).

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

(c)(2) The Director of the Office of Personnel Management shall prescribe regulations to carry out this section.

(b)(1) 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 the effective date of this section; and

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

(c)(2) SURVIVING SUPERVISORS.—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. The Office of Personnel Management shall prescribe regulations to carry out this section.

Chapter 53 of title 5, United States Code, is amended—
The applicable grade (or between pay rates or steps) under section 5305(f) or to reduce the rate of basic pay of that employee under section 5303(h) or 5304(b)(2) as defined by the Director of the Office of Personnel Management, may not receive an increase in the rate of basic pay falls below the minimum rate of the next higher supervisory or special wage schedule with conversion rules prescribed 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 5304, as in effect immediately preceding the increase under this section. Such a reduction in an employee’s rate of basic pay shall not be considered a reductio
"(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 year 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 appeal to the Merit Systems Protection Board on the same terms and conditions as specified under subsection (e)(5)."

SEC. 5. SENIOR EXECUTIVE SERVICE PLACEMENT IN CATEGORIZED SYSTEMS. Section 5394(c)(2) of title 5, United States Code, is amended to read as follows:

(2)(A) 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 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 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 a member whose rate of basic pay falls below the otherwise applicable minimum rate prescribed by section 5320a and the treatment of a member whose performance subsequently improves.

SEC. 6. CERTAIN SENIOR-LEVEL POSITIONS. (a) Locality. Section 3304 of title 5, United States Code, as amended by section 4 of this Act, is further amended—

(1) in paragraph (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 section 5316, as determined by the Director of the Office of Personnel Management, shall submit a report to the President and Congress.

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 45 of title 5, United States Code, shall submit to the Director of the Office of Personnel Management a report regarding the review under paragraph (1) of section 4 of this Act. The Director may require the agency to include all information the Director requires in order to make the determination.
June 13, 2006

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S5785

(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 the 100th day following 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) 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 5306 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 5306, plus applicable locality pay paid to the individual as of the effective date under paragraph (1).

(d) REFERENCES TO MAXIMUM RATES.—Except as provided by law, all references in a provision of law to the maximum rate under section 5306 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 Senator PER.)

S. 3495. A bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam under section (a), title IV of the Trade Act of 1974 (19 U.S.C. 2435(c)), and enactment pursuant to section 405(c) of the Trade Act of 1974 (19 U.S.C. 2435(c)), and entered into force in December 2001.

(c) TERMINATION OF APPLICATION OF TITLE IV.

(1) DETERMINATION OF RATE OF PAY.—The amendments made by this Act shall be deemed to be the rate of basic pay for an individual holding a position to which section 5306 of title 5, United States Code, applies.

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

Thirty-one years ago, the lights went out as 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—flcickers of reconciliation emerged out of the darkness. By the end 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.

On February 19 of 1994, President Bill Clinton lifted the trade embargo on Vietnam. On July 22 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 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 Com-
S5786

CONGRESSIONAL RECORD — SENATE

June 13, 2006

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 growth. Vietnam, which 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 that set the foundation for market-based economic reforms in Vietnam. These reforms have improved the business environment for foreign direct investment, which in turn creates jobs and enhances individual welfare. Countries that open themselves to trade attract international commerce. Countries with market-based reforms, Vietnam is one of them, are opening itself to international commerce. Countries that open themselves to trade attract investment, which in turn creates jobs and enhances individual welfare.

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 strawberries are increased 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.

Let me explain the details of the exchange. The land to be transferred out of Federal ownership, approximately 1,230 acres, is referred to as the “Salahurita property.” This property is BLManaged land south of Tucson and up to 205 acres of Blacktop flatland. 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 2,637 acres. This land is the “Empirita-Simson property.” This property lies north of the Las Cienegas National Conservation Area managed by the BLM. The Empirita-Simson 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 of just described, it also accomplishes two other important objectives: addressing water withdrawals at Cienegas Creek and providing road access to a popular recreation destination, the Whetstone Mountains. 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. The Pima County and the community at large are concerned about the future of Cienegas 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 youthful victims of abduction, including those engaged in child pornography, from the commission of abuse by adults who facilitate 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 bill 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’s Adult Protection Center. The report found 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 Protection Center 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 condition and reinforce in them in gaining compliance with their 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 the facilitation of 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 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 enterprises that facilitate 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 predicate 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.

First, the Surgeon General 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 you to consider 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. The Internet SAFETY Act increases to 106,119 the number of these reports, marking more than a 30-fold increase in child pornography on the Internet. In 2004, the CyberTipline received 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 on the Internet. In 2008, the act increased the number of these reports to 106,119, marking more than a 30-fold increase in child pornography on the Internet. In 2008, the act increased the number of these reports to 106,119, marking more than a 30-fold increase in child pornography on the Internet.

Not only is there an increase in the volume of pornographic images, there is also an escalation in the severity of the abuse depicted. The act also allows a victim to seek remuneration from an enterprise that profits from the sexual exploitation of children and also allows a victim to seek remuneration from an enterprise that profits from the sexual exploitation of children.

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I ask you to consider 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. The Internet SAFETY Act increases to 106,119 the number of these reports, marking more than a 30-fold increase in child pornography on the Internet. In 2004, the CyberTipline received 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 on the Internet. Not only is there an increase in the volume of pornographic images, there is also an escalation in the severity of the abuse depicted. The act also allows a victim to seek remuneration from an enterprise that profits from the sexual exploitation of children and also allows a victim to seek remuneration from an enterprise that profits from the sexual exploitation of children. Not only is there an increase in the volume of pornographic images, there is also an escalation in the severity of the abuse depicted. The act also allows a victim to seek remuneration from an enterprise that profits from the sexual exploitation of children and also allows a victim to seek remuneration from an enterprise that profits from the sexual exploitation of children.
According to a 2005 study entitled “Child-Pornography Possessors Arrested in Internet-Related Crimes: Findings from the National Juvenile Online Victimization Study,” defendants who possessed child pornography and charged with possession of child pornography between July 2000 and June 2001:

- More than 80 percent of arrested [child pornography] contact molesters, contacting 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 of 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—such as 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 permanence. No one could have been entered into circulation in the future.

Child pornography victimizes children in a very personal way. Of those arrested, 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. "[No more so could] 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 trauma is staggering, astounding, 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 visiting upon children, possession of child pornography is a heinous crime that must be stamped out. It is not 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 added significantly more force to the issue:

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. As such, it is then indicative of a propensity to molest children; and
4. Child pornography is frequently used by molesters as an affirmative tool, either to silence their possessory of images of their further exploitation, or to entice other children.

VALIDATION AND ENCOURAGEMENT

Use of the Internet by child pornographers to effect communications regarding these images provides positive reinforcement for them in their beliefs and behaviors, encouraging further exploitation of children. 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 enhances the offender’s status within this community. The incentives to abuse children, capture the abuse, and share the images are strong, allowing them to believe that their beliefs are normal and accepted in 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 they 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 shared their interest in children was a shameful secret. Through the Internet, however, persons who desire to exploit children get to know that others share their preferences and their child pornography, and they no longer feel abnormal. The child exploiter sees in the Internet a way of validation of his behavior or obsession. He can 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, passionate, and smart.

More Shocking Graphic Images

A more distressing trend is that, as pedophiles collect more and more images of child sexual abuse, they become desensitized to the images within their existing collections, and they seek gratification through novel and yet more disturbing images. The only way that this desensitization can occur is by the exposure of new images involving more horrific images of individuals, in hands-on sexual abuse than that already present in the person’s collection of images. The result has been a rise in the number of pornographic images of younger children, including babies and toddlers. Twenty percent of the images seized depicting sexual exploitation of children were of babies and two- and three-year olds. And, disturbingly, the abuse is getting worse, with the depictions being more sadistic than ever.

Increased Attraction to Molest Younger Moodless 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 engaging in fantasy, 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 to molest children. In addition, many offenders, 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 Institution in North Carolina, 78.6% of 54 offenders convicted of child pornography offenses admitted that they had molested children, but the offenders were not asked if they molested children without detection. On average, the offenders had 26.7 child sex victims and admitted to over 1,424 contact sexual crimes. Of these contact sexual crimes, 1,264 were not detected or known about and taken into account at sentencing.

Consistent with these studies, a 1986 Report of the U.S. Senate Permanent Sub-committee on Investigations on Child Pornography and Pedophilia stated: “No single characteristic of pedophiles 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.”

In the 1986 report, the Senate Sub-committee found no direct evidence of causality—i.e., that possession of child pornography causes people to commit child sex offenses—it did state that the sex offender has a central role in child molestations, “serving to justify [the offender’s] conduct, assist them in seducing their victims and provide a means for blackmailing children who have molested in order to prevent exposure.” In a 2005 study of child pornography possessors arrested in Internet-related crimes, the Preventative Division of the Senate Sub-committee found that pedophiles 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, 1,948 child molestations, serving to justify the offender’s conduct, were discovered, a dual offender who had also sexually victimized a child or attempted to do so.

In a 2005 study, USPIS suspects began with an investigation of or allegation about (child pornography possession) and discovered a dual offender who had also sexually victimized a child or attempted to do so.

AFFIRMATIVE TOOLS OF MOLESTERS

Not only do images of child pornography record horrific abuse and victimization of children, they often are also used as affirmative tools by the abusers. Afters frequently use such pornographic images to overcome other children's inhibitions with images that appear to show the victim enjoying the abuse or to validate sex between children and adults as normal. Assuming the offender does not have access to real victims, he may 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 seducing their victims, and to provide a means to blackmail the children they have molested in order to prevent exposure. Consequently, child pornography can 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 molesters 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 10-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 perpetuating a lot of more (and more graphic) child pornography—it is also a tool for exploiters to gain opportunities to exploit and molest even more children.

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. DOMENICI, Mr. BURNS, Mr. DORGAN, Mr. THUNE, Mr. JOHNSON, Mr. NELSON of Nebraska, Ms. MUKROWSKI and Ms. SOWEY.

S. 3500 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 MUKROWSKI. 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. Mr. President, 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% 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 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 patient payment adjustment for hospitals that have less than 2,000 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 $100, making it comparable to the cap placed on 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 that 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 for rural Americans. 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 for 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, supporting 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 Alliance, 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 departments.
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. 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 counseling services under part B of the Medicare program.
Sec. 19. Medicare remote monitoring pilot program.
Sec. 20. Facilitating the provision of telehealth services across State lines.

SECTION 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 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 MEDI CARE 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 5165 of the Deficit Reduction Act of 2005 (Public Law 109-171), is amended—

(A) in subclause (I)—

(i) by striking ‘‘(I)’’; and

(ii) by inserting ‘‘(iii)’’ located in a rural area,’’ and inserting ‘‘(iii)’’; and

(B) by striking ‘‘before January 1, 2006’’ and inserting ‘‘before January 1, 2009’’; and

(C) by striking subclause (II).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to covered OPPD 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, 2006, the Secretary of Health and Human Services shall submit to Congress a report on the study conducted under paragraph (1) to gather 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)(5)(C)(i) of the Social Security Act (42 U.S.C. 1395l(5)(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. 1395w note) is amended by adding ‘‘before fiscal year 2007’’ after ‘‘800 discharges’’.

(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)(D)(ii) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(D)(ii)) 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. 2262; 42 U.S.C. 1395l(b)) is amended by striking ‘‘2-year’’ and inserting ‘‘4-year’’.

SEC. 7. CRITICAL ACCESS HOSPITAL IMPROVEMENTS.

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

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

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

(B) by adding at the end the following new sentence: ‘‘For purposes of the preceding sentence and section 1861(m)(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; or

‘‘(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(b).’’

(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. 1395l(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 this section 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) IN GENERAL.—(A) in General.—The Secretary may guarantee the payment of principal and interest for loans made to rural entities for project and capital improvement described in paragraph (1) to any non-Federal lender.

(B) Interest Subsidy.—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.

(C) Amount of Loan.—The principal amount of a loan guaranteed may not exceed $5,000,000 per year.

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

(3) Capital Assessment and Planning Grants.—(A) Nonreimbursable Grants.—Subject to paragraph (2), the Secretary may make or guarantee any loan under subsection (a) or make a grant under subsection (d) after September 30, 2006, if—

(i) the loan is made to a rural entity; 

(ii) the loan is used for capital improvement at a rural entity; or 

(iii) the entity to which the loan is made—

(A) is in a rural area determined by the Secretary as a rural area under section 1922(b)(2) of the Social Security Act; and 

(B) is a rural area designated under section 1922(b)(2) of the Social Security Act.

(B) Rural Entity Defined.—Section 1922(b)(2) of the Public Health Service Act (42 U.S.C. 200a-6(e)) is amended by adding at the end the following:—

"(15)(A) The term ‘rural entity’ includes—

(i) a rural health clinic, as defined in section 1916(aa)(5) of the Social Security Act; 

(ii) a rural franchise facility with at least 1 bed, and 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)(ii) of the Social Security Act)."

(2) For purposes of subparagraph (A), the fact that a clinic, facility, or hospital has been classified 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 1922(b)(2) of the Public Health Service Act (42 U.S.C. 200a-6(e)) is amended—

(1) in subsection (b)(2)(D), by inserting "clinical nurse practitioner", or "physician assistant (as the case may be)" after "physician"; 

(2) in subsection (c)(1), by striking "rural entity" and inserting "rural, regional, or national referral center"; and 

(3) in subsection (d)(2)(A), by inserting "clinical nurse practitioner", or "physician assistant (as the case may be)" after "physician".

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

SEC. 14. CONSTRUCTION AND RULES OF CONSTRUCTION REGARDING REGULATIONSisseur may not directly make or guarantee a loan to a rural entity for a project for capital improvement; and 

SEC. 9. EXTENSION OF MEDICARE INCENTIVE PAYMENT PROGRAM FOR PHYSICIAN ASSISTANTS.—Section 1333(a)(1) of the Social Security Act (42 U.S.C. 1395m(a)(1)) is amended by striking "before January 1, 2007" and inserting "before January 1, 2009."
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 338(d)(1) of the Public Health Service Act (42 U.S.C. 254b) is amended by adding at the end the following:

“(m) MICHIGAN 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 an individual 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.


“(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 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 this paragraph (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 AMBULANCE BILLS FOR GROUND AMBULANCE SERVICES IN RURAL AREAS.

Section 183(k)(13) of the Social Security Act (42 U.S.C. 1395m(k)(13)) is amended—

“(1) in subparagraph (A), in the matter preceding clause (i), by striking ‘‘before January 1, 2009’’ and inserting ‘‘before January 1, 2010’’;

“(2) in subparagraph (B), in the heading, by striking ‘‘AFTER 2009’’ and inserting ‘‘AFTER 2010’’.

SEC. 17. IMPROVEMENT IN PAYMENTS TO RETAIN EMERGENCY AND OTHER CAPACITY AMBULANCE SERVICES IN RURAL AREAS.

(a) IN GENERAL.—Section 183(k)(1) of the Social Security Act (42 U.S.C. 1395m(k)) 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 the transportation originated in a rural area (as determined under subparagraph (B)), the Secretary shall provide for a percent increase in the base rate for the fee schedule for a trip identified under this subparagraph.

“(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 area, in which more than 30 percent 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 commuting area, 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 services in rural areas for each tier established in subparagraph (C) according to the national average cost of full-cost providers for providing ambulance services in each such tier, after consultation with providers and suppliers affected by such adjustments and with representatives of the ambulance industry generally to determine—

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

“(2) 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 of Health and Human Services shall report to Congress a report on the review conducted under paragraph (1) together with any recommendations for revision to the systems for adjusting payments for services in rural areas that the Secretary of Health and Human Services determines appropriate.

“(c) CONFORMING AMENDMENTS.—(1) Section 183(f)(1) of the Social Security Act (42 U.S.C. 1395m(f)), as amended by subsection (a), is amended by adding at the end the following new paragraph:

“(15) DESIGNATION OF RURAL AREAS FOR MILEAGE PAYMENT PURPOSES.—In establishing any differential in the amount of payment under subparagraph (a)(1) that is based on whether the ambulance services furnished on or after January 1, 2010, were furnished in rural areas as determined by the methodology above as provided in paragraph (15)(B).

“(2) Section 183(f)(1)(A) of the Social Security Act (42 U.S.C. 1395m(f)(1)(A)) is amended—

“(A) by striking ‘‘January 1, 2010’’ and inserting ‘‘January 1, 2007’’;

“(B) by striking paragraphs (11) and (12) and inserting paragraphs (11), (12), and (15); and

“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 (2), by striking ‘‘(2) by striking ‘‘(2) by striking ‘‘(2) by striking ‘‘(2) by striking ‘‘(2) by striking paragraphs (1) and (2) and inserting paragraphs (11), (12), and (15);’’ at the end;

“(B) in subparagraph (A), 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 (c)(1)) and mental health counselor services (as defined in subsection (c)(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 section: ‘‘Marriage and Family Therapist Services; Mental Health Counselor Services;’’

“(c) in the case of an individual performing such services, 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, is authorized to perform under State law, or is authorized to perform under State law, but only if no facility or other provider charges or pays 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 degree in social work that 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 supervised experience in marriage and family therapy; and

“(C) in the case of an individual performing such 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 treatment and management of mental or emotional disorders provided to a client by a mental health counselor (as defined in subsection (ccc)(2)) after "social worker".

(4) The term ‘marriage and family therapist services’ means services provided to a client by a marriage and family therapist (as defined in subsection (ccc)(2)) after "social worker".

(5) The term ‘qualified 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 1833(a)(2)(B) of the Social Security Act (42 U.S.C. 1395a(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. 1395a(a)(1)) is amended—

(A) by striking "and (V)" and inserting "and (V) and (VI)"; and

(B) by inserting before the semicolon at the end the following:

"and (VI) with respect to marriage and family therapist services and mental health counselor services under section 1861(a)(2)(B), 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 AND MENTAL HEALTH COUNSELOR SERVICES FROM SKILLED NURSING FACILITY PROSPECTIVE PAYMENT SYSTEM.—Section 1886(e)(2)(A)(ii) of the Social Security Act (42 U.S.C. 1395nn(e)(2)(A)(ii)) is amended by inserting "and marriage and family therapist services (as defined in section 1861(ccc)(1)), mental health counselor services (as defined in section 1861(ccc)(3)), and professional counselor services" after "qualified psychologist services."

(6) INCLUSION OF MARRIAGE AND FAMILY THERAPIST AND MENTAL HEALTH COUNSELOR SERVICES AS QUALIFIED PRACTITIONERS FOR ASSIGNMENT OF CLAIMS.—Section 1842(b)(1)(C) of the Social Security Act (42 U.S.C. 1395a(b)(1)(C)) is amended by adding at the end the following new clause:

"(VII) A marriage and family therapist (as defined in section 1861(ccc)(2)), or a mental health counselor (as defined in section 1861(ccc)(4))"

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

(1) IN GENERAL.—Section 1861(a)(1)(B) of the Social Security Act (42 U.S.C. 1395a(a)(1)(B)) is amended by striking "or by a mental health counselor (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))","
provision 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 quality care, 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 were still in dire straits due 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 of 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 less than 2,000 patients a year. R-HoPE also provides provisions to 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 Medicare add-on 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 to other providers. 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 hospital, 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 number of providers in rural areas. The bill also extends the critically needed bonus payment by Medicare contractors to help 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 billed 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 of 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 ending the inequitable current law that impedes 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 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 Indians and the Utah Water Rights Settlement Act (Public Law 106-263; 114 Stat. 74) 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) INVESTMENT OF AMOUNTS.—

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 are at a rate determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States in a similar maturity; and

‘‘(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 sold by the Secretary of the Treasury at the market price.

‘‘(E) CREDITS TO ACQUISITION FUND.—The income 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 are meeting the challenge of 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 4th in the world in math and science 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 unacceptable 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 science, technology, and engineering programs by doubling the investment in elementary, secondary, and postsecondary education programs at NSF.

The New NDEA also helps open the doors to college for 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 opportunities 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 investments in after-school 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 and 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, so that 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 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.” 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 science, engineering, and technology in 2002 than the Nation did in 1985. Currently, the United States Government requires 34,000 employees with foreign language skills 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.

(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 studies, including the Programme for International Student Assessment, that recently ranked the United States primary school students 11th out of 30 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 ½ 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 Chinese primary grades. 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 150,000 college students, less than 300,000 Americans a year graduate with a bachelor’s degree in mathematics, science, engineering, or technology.

(10) In 2002, the 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 and 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.

(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

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 performance and accountability councils in each State for prekindergarten 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 Armed Forces, and the 21st century workforce, and the Armed Forces, in order to—

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

(i) credit-bearing coursework in higher education without the need for remediation; and
(ii) high-paying employment in the 21st century workforce; or

(B) improve—

(i) the 21st century curriculum that meets State academic content standards; and
(ii) the Armed Forces.

(4) To establish a system that encourages local educational agencies to adopt a curriculum that meets State academic content 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", "high school", "school district", "local educational agency", "scientifically based research", "school board", "Secretary", and "State educational agency" have the meanings given such terms in section 9201 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).


(a) an analysis of the curriculum of the States; and
(b) the findings of the study of the Department of Education, the Secretary shall include in the report to Congress on the implementation of the 21st century workforce and the required skills to successfully compete in the workforce without the need for remediation, and
(ii) high-paying employment in the 21st century workforce; or

(B) improve—

(i) the 21st century curriculum that meets State academic content standards; and
(ii) the Armed Forces.

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

SEC. 113. ALIGNING STATE STANDARDS WITH NATIONAL BENCHMARKS.

(a) REPORT ON RESULTS OF STATE ASSESSMENTS AND NATIONAL ASSESSMENT.—No 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, and, beginning in 2008, in 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 2008, in science in grades 4 and 8, required under sections 1111(c)(2) of the Elementary and Secondary Education Act of 1965; and
(2) identify States with significant discrepancies in performance on the 2 assessments, as described in subsection (b)(3).

(b) CONTENTS OF REPORT.—

(1) IN GENERAL.—The report described in this subsection and in addition 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 (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, in 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 2008, in science in grades 4 and 8, required under sections 1111(c)(2) of the Elementary and Secondary Education Act of 1965; and
(2) identify States with significant discrepancies in performance on the 2 assessments, as described in subsection (b)(3).

(b) CONTENTS OF REPORT.—

(1) IN GENERAL.—The report described in this subsection and in addition 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 (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, in 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 2008, in science in grades 4 and 8, required under sections 1111(c)(2) of the Elementary and Secondary Education Act of 1965; and
(2) identify States with significant discrepancies in performance on the 2 assessments, as described in subsection (b)(3).

(b) CONTENTS OF REPORT.—

(1) IN GENERAL.—The report described in this subsection and in addition the following information for each subject area and grade described in subsection (a)(1) in each State:
(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, and every 2 years thereafter, 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 305) 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;’’;

(B) in section (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 ‘‘and military and community communities,’’ after ‘‘parents,’’;

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

(iv) in subparagraph (G), by designating 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 clause (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 ‘‘;’’;

(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;’’;

(II) by inserting ‘‘Assessment Board’’ after ‘‘purposes’’;

(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 (a), by striking ‘‘S TUDENT ACHIEVEMENT AND GRADE 12 PREPAREDNESS LEVELS’’ and inserting ‘‘ACHIEVEMENT AND GRADE 12 PREPAREDNESS LEVELS’’;

(2) in subsection (c)(3)(A), by striking ‘‘AND GRADE 12 STUDENT PREPAREDNESS LEVELS’’ after ‘‘LEVELS’’;

(B) in paragraph (1)—

(i) by striking the paragraph heading and inserting ‘‘DEVELOPING’’;

(ii) by inserting ‘‘; and develop grade 12 student preparedness levels’’ after ‘‘section (b)(2)(F);’’;

(C) in paragraph (2)—

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

‘‘(A) PROVIDING.—The purposes of this section are—

‘‘(A) to provide, in a timely manner, a fair and accurate measure 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)(B)—

(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 ‘‘subparagraphs (B) are implemented’’ and inserting ‘‘subparagraphs (B) and (C) are implemented’’;

(II) by striking ‘‘science’’;

(iv) in subparagraph (E)—

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

(II) by striking ‘‘paragraph (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 the paragraph heading, by striking ‘‘grade 12’’ and inserting ‘‘grade 12 and’’;

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

(II) in clause (ii), by striking ‘‘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’’;

(b) in subparagraph (D), 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 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’’;

(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 ‘‘DEVELOPING’’;

(ii) by inserting ‘‘; and develop grade 12 student preparedness levels’’ after ‘‘section (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—

‘‘(aa) identifying the knowledge and skills that—

‘‘(bb) are prerequisite to credit-bearing coursework in higher education without the need for remediation in English, mathematics, or science; and

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

‘‘(dd) 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—

‘‘(aa) identifying the knowledge and skills that—

‘‘(bb) are prerequisite to credit-bearing coursework in higher education without the need for remediation in English, mathematics, or science; and

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

‘‘(dd) 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.

‘‘(III) GRADE 4 AND 8 STUDENT PREPAREDNESS LEVELS.—The grade 4 and 8 student preparedness levels described in paragraph (1) shall be determined by—

‘‘(aa) identifying the knowledge and skills that—

‘‘(bb) are prerequisite to credit-bearing coursework in higher education without the need for remediation in English, mathematics, or science; 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) established by 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”— and inserting “After determining that the student achievement levels and grade 12 student preparedness levels”;

(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

(iii) in subparagraph (B), by inserting “and grade 12 student preparedness levels” after “achievement levels”;

(f) in section 113(a)(1) of the Education Sciences Reform Act of 1965 (20 U.S.C. 9621 et seq.)—

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

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

“(d) DEFINITION OF SECRETARY.—

“(1) IN GENERAL.—The term ‘Secretary’ means—

“(A) the Secretary of Education; and

“(B) any officer or employee of the State or local government of a State—

“(i) who is designated by the Governor or other chief executive officer of such State to serve as Secretary; or

“(ii) who is designated by the Governor or other chief executive officer of such State to serve as Secretary by the Attorney General of the United States, as provided in section 301 of the Civil Rights Act of 1964 (42 U.S.C. 2000c-7); or

“(iii) who is designated by the Governor or other chief executive officer of such State to serve as Secretary by the Attorney General of the United States, as provided in section 301 of the Civil Rights Act of 1964, as amended by the Education Amendments of 1972 (20 U.S.C. 2000c-7a); or

“(iv) who is designated by the Governor or other chief executive officer of such State to serve as Secretary by the Attorney General of the United States, as provided in section 301 of the Civil Rights Act of 1964, as amended by the Education Amendments of 1972, by the Attorney General of the United States, or by a State law.

“(2) STATE PANEL.—The chief State school officer of a State may designate a State panel made up of not less than 6 individuals to serve as a State panel for any fiscal year.

“(a) REPRESENTATION.—The State panel shall consist of individuals with widely accepted professional assessment standards, student academic achievement standards, assessment specifications, and assessment questions.

“(b) PURPOSES.—The purposes of the State panel are—

“(I) to ensure the State panel is representative of the State and includes a range of perspectives and opinions; and

“(II) to provide the Secretary with recommendations for the improvement of assessment systems.

“(c) DUTIES.—The State panel shall—

“(I) provide recommendations to the Secretary for the development of assessment systems; and

“(II) periodically review the effectiveness of assessment systems.

“(d) TERMINATION.—The State panel shall terminate on the earlier of—

“(I) the date on which the Secretary determines that the State panel no longer meets the requirements of subsection (b); or

“(II) the date of the later of—

“(aa) the date on which the Secretary determines that the State panel no longer meets the requirements of subsection (b); or

“(bb) the date on which the Secretary determines that the State panel no longer meets the requirements of subsection (b).

“(e) STATE PANEL.—The chief State school officer of a State shall designate a State panel for any fiscal year.

“(f) REPRESENTATION.—The State panel shall consist of individuals with widely accepted professional assessment standards, student academic achievement standards, assessment specifications, and assessment questions.

“(g) DUTIES.—The State panel shall—

“(I) provide recommendations to the Secretary for the development of assessment systems; and

“(II) periodically review the effectiveness of assessment systems.

“(h) TERMINATION.—The State panel shall terminate on the earlier of—

“(I) the date on which the Secretary determines that the State panel no longer meets the requirements of subsection (b); or

“(II) the date of the later of—

“(aa) the date on which the Secretary determines that the State panel no longer meets the requirements of subsection (b); or

“(bb) the date on which the Secretary determines that the State panel no longer meets the requirements of subsection (b).

“(i) STATE PANEL.—The chief State school officer of a State shall designate a State panel for any fiscal year.

“(j) REPRESENTATION.—The State panel shall consist of individuals with widely accepted professional assessment standards, student academic achievement standards, assessment specifications, and assessment questions.

“(k) DUTIES.—The State panel shall—

“(I) provide recommendations to the Secretary for the development of assessment systems; and

“(II) periodically review the effectiveness of assessment systems.

“(l) TERMINATION.—The State panel shall terminate on the earlier of—

“(I) the date on which the Secretary determines that the State panel no longer meets the requirements of subsection (b); or

“(II) the date of the later of—

“(aa) the date on which the Secretary determines that the State panel no longer meets the requirements of subsection (b); or

“(bb) the date on which the Secretary determines that the State panel no longer meets the requirements of subsection (b).
(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;

(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) IN GENERAL.—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) 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 submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(d) APPLICATIONS.—Each application submitted under paragraph (1) shall—

(A) demonstrate that the opinions of the larger education, business, and military communities, 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 substantial supplemental and other funds to pursue curricular alignment and student success;

(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 existing teacher certification and licensure programs.

(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 progress;

(IV) information on untested students;

(V) a teacher identifier system with the ability to report student performance;

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

(VII) standardized 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) a description of state accountability systems;

(XII) the ability to match individual students’ records from the prekindergarten through grade 12 systems with the postsecondary systems;

(XIII) the ability to match individual students’ records from the prekindergarten through grade 12 systems with the postsecondary systems 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 341 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 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) the articulation of 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 their 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

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

(iv) to improve the articulation of the State academic content standards and the process the State will undertake to revise standards or assessments, or both, in the identified subject;

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

(vi) 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 and training; and

(IV) the redesign of existing assessments, or the development or purchase of new high-quality assessments, ensuring that such assessments are rigorous, measure significant depth of knowledge, use multiple measures and formats (such as student portfolio, 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 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) shall be a part of a larger system of accountability, such as a state or local test or a placement test, which assesses the students’ level of proficiency in reading, mathematics, or science in order to better align such standards or assessments with national benchmarks in the National Assessment of Educational Progress in grades 4 and 8 (in accordance with the results of the alignment analysis conducted under section 341 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 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) the articulation of 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 their 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

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

(iv) to improve the articulation of the State academic content standards and the process the State will undertake to revise standards or assessments, or both, in the identified subject;

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

(vi) 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 and training; and

(IV) the redesign of existing assessments, or the development or purchase of new high-quality assessments, ensuring that such assessments are rigorous, measure significant depth of knowledge, use multiple measures and formats (such as student portfolio, 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.
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 at the time of graduation from a program of study at an institution of higher education or entering the 21st century workforce or the Armed Forces;

(ii) to 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 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) 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; 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.

(G) Develop and make available specific postsecondary courses in secondary schools; and

(H) Develop a plan to provide remediation opportunities for students who completed the college preparatory curriculum described in subparagraph (E) or (F).

(I) Accelerated learning opportunities, particularly with respect to mathematics, science, engineering, technology, and critical-need foreign languages (as determined by the Secretary under 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), par-

III. Transitioning Students from the Pre-kindergarten through Grade 12 Education System into Mathematics, Science, Engineering, Technology, and Critical-need Foreign Languages

(J) If 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), partic-

SEC. 116. COLLABORATING CONSORTIUMS AND ASSESSMENTS GRANTS.

(1) ELIGIBLE CONSORIUM.

(a) DEFINITIONS.—In this section:

(i) the term ‘eligible consortium’ means a consortia of multi-state entities that has analyzed and, where applicable, revised the State standards and assessments, through participation in a prekindergarten through grade 12 student preparedness council described in section 115 or through other State action, to ensure the standards and assessments are aligned with the demands of the 21st century; and

(ii) prepare students for entry into—

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

(B) the 21st century workforce; and

(C) 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) ELIGIBLE STATE.

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 may provide assistance to carry out this section. The Secretary may make awards on a competitive basis, to any eligible consortium desiring a grant under this section.

(c) ELIGIBLE CONSTITUENCY.—For purposes of this section, an eligible constituency includes any public elementary school or secondary school that is eligible for assistance under section 9101 of the Elementary and Secondary Education Act of 1965.

(d) REPORT.—(1) The Secretary of Education shall submit a report to the Congress on the results of the grants made under this section.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 123. ENGINEERING TECHNOLOGY EDUCATION.

(a) Increased Amount; Applicability of Expanded Program to Reading Specialists.—Section 328(b)(c) of the Higher Education Act of 1965 (20 U.S.C. 1087b(c)) is amended—

(1) by redesignating paragraphs (5) through (16) as paragraphs (6) through (17), respectively; and

(2) by inserting after paragraph (4) the following:

(‘’(G) ENGINEERING AND TECHNOLOGY EDUCATION.—The term ‘engineering and technology education’ has the meaning given in section 9101 of the Elementary and Secondary Education Act of 1965.’’).

(b) Technical Assistance to Certain States.—(1) Technical assistance may be provided to States to help them develop programs of engineering and technology education for the purpose of improving student achievement in these subjects. The technical assistance shall be provided to those States that demonstrate to the satisfaction of the Secretary a substantial commitment to implement such programs.

(2) The Secretary shall make grants to States for the purpose of providing technical assistance to those States that demonstrate to the satisfaction of the Secretary the willingness to develop and implement their own programs of engineering and technology education.

(c) METERED EXPENSES.—Any funds provided under subsection (a) and (b) shall be subject to the provisions of section 2 of the General Rules and Regulations Act of 1935.

(d) AMENDMENT.—The amendments made by this section shall apply to fiscal years beginning after the date of 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) IN GENERAL.—There is authorized to be appropriated to the National Science Foundation:

(A) for fiscal year 2007, $400,000,000, of which $90,000,000 shall be for the teacher institutes for the 21st century under such section; $80,000,000 shall be for the teacher institutes for the 21st century under such section. $70,000,000 shall be for the teacher institutes for the 21st century under such section. $60,000,000 shall be for the teacher institutes for the 21st century under such section. $50,000,000 shall be for the teacher institutes for the 21st century under such section. $40,000,000 shall be for the teacher institutes for the 21st century under such section. $30,000,000 shall be for the teacher institutes for the 21st century under such section.

(B) funding for the mathematics and science education partnerships for fiscal year 2005, increased by 10 percent annually for each of the fiscal years 2006 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, $532,000,000, 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. 1652(a)) is amended—

(1) in paragraph (3)(B), by striking “summer of” 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 or other 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 111(a)(2) 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 the subject and content on which teachers are being trained, which may include training teachers in the essential components of adolescent literacy instruction; and

(vii) be a multiyear program that is consistent with the requirements of paragraph (3)(B).

(B) OPTIONAL MEMBERS OF THE PARTNER- ship.—In addition to the partnership requirements 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 or organization.

(C) THEME AND STRUCTURE.—Each year, not later than 180 days before the application deadline, 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 paragraphs (3) and (7).

(c) RESEARCH PARTNERSHIPS AND TEACHING INSTITUTE PLANNING GRANTS.—There is authorized to be appropriated to the National Science Foundation:

(1) for fiscal year 2007, $60,000,000, of which $10,000,000 shall be for the teacher institutes for the 21st century carried out in accordance with section 9(a)(3)(B) 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, $60,000,000, of which $9,000,000 shall be for the teacher institutes for the 21st century carried out in accordance with section 9(a)(3)(B) of the National Science Foundation Authorization Act of 2002, in addition to the amounts authorized under section 214(b), amounts as follows:

(B) for fiscal year 2008, $54,000,000, of which $8,000,000 shall be for the teacher institutes for the 21st century carried out in accordance with section 9(a)(3)(B) of the National Science Foundation Authorization Act of 2002, in addition to the amounts authorized under section 214(b), amounts as follows:

(C) for fiscal year 2009, $50,000,000, of which $7,000,000 shall be for the teacher institutes for the 21st century carried out in accordance with section 9(a)(3)(B) of the National Science Foundation Authorization Act of 2002, in addition to the amounts authorized under section 214(b), amounts as follows:

(D) for fiscal year 2010, $48,000,000, of which $6,000,000 shall be for the teacher institutes for the 21st century carried out in accordance with section 9(a)(3)(B) of the National Science Foundation Authorization Act of 2002, in addition to the amounts authorized under section 214(b), amounts as follows:

(E) for fiscal year 2011, $44,000,000, of which $5,000,000 shall be for the teacher institutes for the 21st century carried out in accordance with section 9(a)(3)(B) of the National Science Foundation Authorization Act of 2002, in addition to the amounts authorized under section 214(b), amounts as follows:

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 Americas 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 2011, 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 481) who files an application and agreement in accordance with section 233, and qualifies under subsection (a) of such section, a total amount of $7,000 for each academic year during which that student is in attendance at an institution of higher education.

(b) PAYMENT METHODOLOGY.—

(1) PREPAYMENT.—Not less than 85 percent of such sums shall be advanced to eligible institutions prior to 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 that 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 Sec- retary from paying directly to eligible students, in advance of the beginning of the academic term, an amount for which they are eligible, in cases where the eligible institution elects to be reimbursed under the Federal Re- gister 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.

(c) 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 al- lowance issued to an eligible 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.

(d) RECURSIONS 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 in- stitution 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 attend- ance 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.

(3) PERIOD OF ELIGIBILITY FOR GRANTS.—

(1) UNDERGRADUATE STUDENTS.—The pe- riod during which an undergraduate student may receive TEACH Grants is the pe- riod required for the completion of the first undergraduate baccalaureate course of study being pursued by the student at the institu- tion in 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

(2) the total amount that a student may receive under this part for undergraduate study shall not exceed $23,000.

(2) GRADUATE STUDENTS.—The period during which a graduate student pursuing a master’s, professional, or doctoral degree is eligible to 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 $29,000 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 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 file initial applications for TEACH Grants under this part. Each student desiring a TEACH Grant for any year shall file an application therefore containing such information as is 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) the applicant is an enrolled student;

(B) the student is in the first year of a program of undergraduate education, that student shall make competitive grants 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 programs to prepare the English language to students with limited English proficiency.

(2) Priorities.—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 programs to prepare the English language to students with limited English proficiency.

(B) prepare students to teach in high-need schools;

(C) whose purposes are to increase the number of teachers from minority or underrepresented groups; and

(D) prepare students to teach in high-need schools;

(2) establish a goal and timeline for increasing the number of teachers prepared in each subparagraph of paragraph (1) who are prepared for teaching by the institution.

(D) GRANT AWARD AMOUNTS.—In determining the amount of a TEACH Grant 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;

(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.

(3) USE OF FUNDS.—Funds made available by grant under the section—

(1) shall be used to create new recruitment initiatives to teach students from other majors, with an emphasis on mathematics, science, engineering, and technology education, a critical-need foreign language, special education, or teaching the English language to students with limited English proficiency and other subjects identified as high-need by the Federal Government, the 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, and critical need foreign language to students with limited English proficiency; and

(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, to lead to a comprehensive advanced degree or a doctorate, 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 a current 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.

(7) 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 described in subsection (c)(1) and the progress made toward increasing the number of such teachers, as described in subsection (c)(2).

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 according to section 472 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. 1087kk et seq.).

(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) AUTHORIZATION.—

(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) of this title, to each student who signs a contract with an institution of higher education in order to attend an educational opportunity in grade 8 and satisfy the requirements of the contract.

(2) MANDATORY SPENDING.—This subsection constitutes budget authority in advance of appropriations Acts and represents the obligation of the Secretary to administer the program for the payment of amounts provided under this subsection.

(3) APPLICATION.—An application submitted under paragraph (1) shall include the following:

(A) A description of how the State will establish a CEO grant program, and a description of the State agency’s capacity to administer such program.

(B) A description of the entities that will contribute funds for the non-Federal share of the CEO grants program.

(C) A description of the State’s academic and nonacademic components of the contract for educational opportunity, including how the State defines satisfactory academic progress toward completing coursework that leads to a secondary school diploma.

(D) 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.

(E) A description of how the State agency will implement the CEO grants program to earn a CEO grant, and how the State will specifically target students from low-income and underrepresented minority families.

(F) A description of how the State agency will regulate the contract for educational opportunity through the period that the students are eligible for CEO grants.

(G) A description of how the State agency will require the contract to certify that the student is eligible for the CEO grants program.

(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.

(i) OMBUDSMAN.—The Secretary shall, at a minimum, establish an Ombudsman to investigate complaints related to the implementation of this section.

(ii) INELIGIBILITY.—In the case of a student who is not an eligible student under subsection (c), the State shall make a written determination that the student is not eligible to receive a CEO grant under this section.

(ii) AUTHORIZATION.—The Secretary shall pay to 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).

(ii) 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.

(iii) SUBSEQUENT PAYMENTS.—The Secretary shall make subsequent annual payments for future cohorts to States, in accordance with paragraph (4), that receive a payment under this section, that are determined to be ineligible under subparagraph (B).

(iv) INELIGIBILITY.—In the case of a student who is not an eligible student under subsection (c), the State shall make a written determination that the student is not eligible to receive a CEO grant under this section.

(v) OMBUDSMAN.—The Secretary shall establish an Ombudsman to investigate complaints related to the implementation of this section.

(vi) INELIGIBILITY.—In the case of a student who is not an eligible student under subsection (c), the State shall make a written determination that the student is not eligible to receive a CEO grant under this section.

(vii) OMBUDSMAN.—The Secretary shall establish an Ombudsman to investigate complaints related to the implementation of this section.

(viii) INELIGIBILITY.—In the case of a student who is not an eligible student under subsection (c), the State shall make a written determination that the student is not eligible to receive a CEO grant under this section.

(ix) AUTHORIZATION.—The Secretary shall pay to 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).

(x) 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.

(x) AUTHORIZATION.—The Secretary shall pay to 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).

(x) 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.

(x) AUTHORIZATION.—The Secretary shall pay to 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).

(x) 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.

(x) AUTHORIZATION.—The Secretary shall pay to 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).

(x) 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.

(x) AUTHORIZATION.—The Secretary shall pay to 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).

(x) 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.

(x) AUTHORIZATION.—The Secretary shall pay to 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).

(x) 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.

(x) AUTHORIZATION.—The Secretary shall pay to 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).

(x) 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.

(x) AUTHORIZATION.—The Secretary shall pay to 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).

(x) 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.
(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 15 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 first year of enrollment of the cohort, 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 amount described in paragraph (2)(A) as applicable and by such time as determined by the State and approved by the Secretary.

(B) PRIVATE INSTITUTIONS.—A CEO grant for a student who enrolls 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 under this section to a student who meets the requirements of this subsection 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 section, 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 an eligible degree-granting institution of higher education in the State, except that no student shall receive a total of more than 4 CEO grants.

(C) ELIGIBILITY.—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 achievement 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 rate of enrollment in public and private institutions of higher education and how the rate relates to the established State benchmark.

(C) The rate of persistence in public and private institutions of higher education and how the rate relates to the established State benchmark.

(D) The rate of graduation from public and private institutions of higher education and how the rate relates to the established State benchmark.

(E) Average CEO grant aid per student.

(F) 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.

(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 pursuing 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:
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.

(5) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to local educational agencies with a high proportion of high-need schools.

(6) REQUIRED USE OF FUNDS.—A local educational agency that receives a grant under subsection (c) shall use grant funds, in accordance with the requirements of this section, 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 materials.

(3) Support for a science, mathematics, or engineering and technology education specialist in each school who is responsible for—

(A) implementing 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) evaluating 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.

(6) 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, an annual report to the Secretary containing such information as the Secretary determines to be reasonably necessary to evaluate the compliance of the local educational agency with the requirements of this section.

(2) CONTENTS.—The report described in paragraph (1) shall include the following:

(A) A description of the activities carried out with the 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 science curricula, 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) An accounting from schools, teachers, administrators, or parents on the effect of activities funded under this section.

(7) 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 subsequent grant funds under this section.

(b) AUTHORIZATION OF APPROPRIATIONS.—

Section 5601 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 721) 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 (20 U.S.C. 722) 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.—

(1) INSTITUTION OF HIGHER EDUCATION.—The term “institution of higher education” means the Secretary of Education, as determined under section 472 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 on less than a half-time basis available to 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 22).

(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 languages 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 a consortium receiving the grant under this section or a member of the consortium that is a member of a consortium that is a member of a consortium, respectively, to complete degrees in science, technology, engineering, mathematics, or a critical-need foreign language, through administering scholarships in accordance with subsection (1).

(1) SCHOLARSHIP REQUIREMENTS.—Scholarships under this subsection shall be available to a student enrolled at an institution of higher education that is a member of the consortium, respectively, to complete degrees in science, technology, engineering, mathematics, or a critical-need foreign language, through administering scholarships in accordance with subsection (1).

(2) PENALTY.—Whenever a student who has received a scholarship under this section fails to meet the requirements of clause (i); and

(i) whose parents have an adjusted gross income for the most recent tax year available of—

(1) less than $25,000 if single; or

(2) less than $50,000 if married; and

(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. 1087v), who meets the adjusted gross income requirements of clause (1); and

(iii) in the case of a student in the first or second year of a program of undergraduate education at an institution of higher education that is a member of the consortium, respectively, to complete degrees in science, technology, engineering, mathematics, or a critical-need foreign language; or

(iv) 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 scholarship support in 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. 1087b(a)), for the academic year for which 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 half-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 the schedule of reductions established by the Secretary for the purpose of this section, computed in accordance with this subsection.

(C) CUMULATIVE AMOUNT.—An institution of higher education or consortium receiving a grant under this section may award an individual a scholarship under this section for a cumulative amount of $107,000, and 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.

(D) SCHOLARSHIPS TO AUTISTIC INDIVIDUALS.—An institution of higher education or consortium receiving 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 scholarship support in 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. 1087b(a)), for the academic year for which the student is enrolled for such academic year.

(E) SCHOLARSHIPS TO DISABILITY INDIVIDUALS.—An institution of higher education or consortium receiving 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 scholarship support in 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. 1087b(a)), for the academic year for which the student is enrolled for such academic year.
and mathematics at the elementary, secondary, and postsecondary levels by doubling funding for the education and human resources programs of the National Science Foundation. These additional funds are made under section 125 for the mathematics and science partnerships described in section 9 of the National Science Foundation Authorization Act of 2002 (Public Law 107–110). 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, $940,110,000.
(3) For fiscal year 2009, $1,000,000,000.
(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 107–110).—(1) by redesignating clauses (i) through (vi) as subclauses (I) through (VI), respectively, and indenting appropriately;
(2) by striking "promote high-quality" and inserting "include programs that—";
(i) promote high-quality—; and
(ii) in clause (A) the term "at the discretion of the institution of higher education"; and
(B) 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) DATA COLLECTION.—In this section, the Secretary shall carry out this section for fiscal year $750,000,000 for fiscal year 2007 and such sums as may be necessary for each of the 4 succeeding fiscal years.

SEC. 214. ENHANCEMENT OF THE NATIONAL SCIENCE FOUNDATION EDUCATION AND HUMAN RESOURCES DIRECTORATE.

(a) PURPOSE.—The purpose of this section is to ensure involvement of experts at the National Science Foundation in improving science, technology, engineering,
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.

(2) 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 a consortium 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) in instructional subjects, such as world history, global economies, 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.

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, for-profit or nonprofit 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. 2911 or 2912) (including a consortium of such boards in a region);

(B) 1 institution of higher education, as defined under 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 that shall 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 wish to obtain and upgrade skills to qualify for existing jobs (as of the date such training begins) and to persons who are unemployed.

(f) Preparation.—Such training shall, to the extent practicable, include the preparation of workers for a broad range of positions along a career ladder.

(g) 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.

(h) 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.

(i) 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.

(j) 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;

(B) make the contributions available directly or through donations from public or private entities, and ensure that at least ¼ of the contributions will be from businesses or nonprofit employers involved in the partnership.

(k) Considerations.—In making grants under this section, the Secretary shall give consideration to an applicant that—

(1) has demonstrated a successful history of providing services to the partnership, including goals for the partnership;

(2) has demonstrated experience with commitments; and

(3) is willing to provide significant in-kind contributions towards the costs of training and program delivery;
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 average 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 application 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 application that involves and directly benefits more than 1 small business.
(5) 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.
(6) USE OF APPROPRIATIONS.— There are authorized to be appropriated to carry out this section $100,000,000 for fiscal year 2008 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 colleagues, Senator Murray, Senator MURRAY, and Senator CLINTON, for being original cosponsors of this legislation.

The stolen equipment contained personal information of as many as 26.5 million veterans, Active Duty, National Guard and Reserve personnel who are original cosponsors of this legislation.

The stolen equipment contained personal information of 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 downloads, 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, the legislation applies to all Federal departments and agencies.

This legislation is intended to complement 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 Representives 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 1528 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.”.