This Act also creates a new office in the Department of Health and Human Services, the Office of Health Information Privacy, which will oversee investigations of alleged violations and verify compliance with the act. This office will also be responsible for establishing and implementing standards and product certifications for systems and networks that handle protected health information. Until now, many entities have been confused about how to implement health privacy regulations. This new office will help them understand Federal privacy rules, so that they can conduct their business accordingly.

Federal privacy regulations now in place also make it difficult to prosecute illegal activities. The Office of Health Information Privacy will be charged with resolving this problem. It will do so in part by instituting penalties for wrongful sharing or use of private health information by any entity.

Overall, a delicate balance must be struck. On one hand, we must allow the sharing of information necessary for effective health care. At the same time, however, we must protect Americans’ right to have their health records and individual health information kept private. For too long, the balance has been tilted too far against patient privacy, and our bill is a needed effort to correct that imbalance.

Americans deserve stronger guarantees of patient privacy, more helpful guidelines for security implementation, and more dependable enforcement and penalties for the misuse of protected health information. I look forward to the early enactment of this legislation to achieve these important goals.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 274—TO AUTHORIZE REPRESENTATION BY THE SENATE LEGAL COUNSEL IN THE CASE OF LEWIS V. BAYH

Mr. REID (for himself and Mr. McCONNELL) submitted the following resolution; which was considered and agreed to:

S. Res. 274

Whereas, in the case of Lewis v. Bayh, Case No. 07-CV-0639 (D.D.C.), pending in the United States District Court for the District of Columbia, the plaintiff has named as defendant Senator Evan Bayh;

Whereas, pursuant to sections 703(a) and 704(a)(1) of the Ethics in Government Act of 1978, 2 U.S.C. §§2380(b) and 288c(a)(1), the Senate may direct its counsel to defend the Senator and Members, officers, and employees of the Senate in civil actions relating to their official responsibilities; Now therefore, be it

Resolved, That the Senate Legal Counsel is authorized to represent Senator Evan Bayh in the case of Lewis v. Bayh.

SENATE RESOLUTION 275—MAKING MINORITY PARTY APPOINTMENTS FOR THE 110TH CONGRESS

Mr. McCONNELL submitted the following resolution; which was considered and agreed to:

S. Res. 275

Resolved, That the following be the minority membership on the Committee on Armed Services for the remainder of the 110th Congress, or until their successors are appointed:

Mr. McCain, Mr. Warner, Mr. Inhofe, Mr. Sessions, Ms. Collins, Mr. Chambiss, Mr. Graham, Mrs. Dole, Mr. Cormyn, Mr. Thune, Mr. Martinez, and Mr. Corker.

AMENDMENTS SUBMITTED AND DISCUSSED

SA 2314. Mr. REID submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2315. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2316. Mr. RUNNIN submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2317. Mr. SESSIONS submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2318. Mr. SESSIONS submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2319. Mr. SESSIONS submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2320. Mr. SMITH (for himself and Mr. WYDEN) submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2321. Mrs. DÔLE submitted an amendment intended to be proposed by her to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2322. Mr. KYL (for himself and Mr. DOMENICI) submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2323. Mr. KERRY (for himself and Ms. SNOWE) submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2324. Mr. HAGEL (for himself and Mr. BYRD) submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2325. Mr. BAUCUS (for himself and Mr. TITTE) submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

SA 2326. Mr. CARDIN (for himself, Mr. BOYDEN, Ms. CLEINER, Ms. KUMSKUL, Mr. KERRY, Mr. VITTEL, Mr. ISAOKN, Mr. LAUNBERG, and Mr. KENNEDY) submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2314. Mr. REID submitted an amendment intended to be proposed by him to the bill S. 2669, to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008; which was ordered to lie on the table.

'(a) IN GENERAL.—Each eligible institution participating in any program under this title which is among those identified during the prior calendar year by the Secretary pursuant to subsection (b)(2), shall—

'(1) provide evidence to the Secretary that the institution has notified students on its policies and procedures related to the illegal downloading and distribution of copyrighted materials by students as required under section 488(a)(1)(P);

'(2) undertake a review, which shall be submitted to the Secretary, of its procedures and plans related to preventing illegal downloading and distribution to determine the program’s effectiveness and implement changes to the program if the changes are needed; and

'(3) provide evidence to the Secretary that the institution has developed a plan for implementing a technology-based deterrent to the illegal downloading of works in the public domain.

'(b) IDENTIFICATION.—For purposes of carrying out the requirements of subsection (a), the Secretary shall, on an annual basis, identify—

'(1) the 25 institutions of higher education participating in programs under this title, which have received during this calendar year the highest number of written notices from copyright owners, or persons authorized to act on behalf of copyright owners, alleging infringement of copyright by users of the institution’s information technology systems, where such notices identify with specificity the works alleged to be infringed, the date and time of the alleged infringing conduct together with information sufficient to identify the infringing user and affiliation to contact the copyright owner or its authorized representative; and

'(2) from among the 25 institutions described in paragraph (1), those that have received during the previous calendar year not less than 100 notices alleging infringement of...
SA 2315. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 1585, to authorize appropriations for fiscal year 2008 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle E of title XXVIII, add the following:

SEC. 2854. LAND CONVEYANCE, LEWIS AND CLARK UNITED STATES ARMY RESERVE CENTER, BISMARCK, NORTH DAKOTA.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army may convey, without consideration, to the United Tribes Technical College all right, title, and interest of the United States in and to a parcel of real property, including improvements thereon, consisting of approximately 2 acres located at the Lewis and Clark United States Army Reserve Center, 3319 University Drive, Bismarck, North Dakota, for the purpose of supporting Native American education and training.

(b) REVERSIONARY INTEREST.—

(1) IN GENERAL.—Subject to paragraph (2), if the Secretary determines at any time that the real property conveyed under subsection (a) is not being used in accordance with the purposes of the conveyance specified in such subsection, the right, title, and interest in and to the property shall revert, at the option of the Secretary, to the United States, and the United States shall have the right of reentry onto the property. Any determination of the Secretary under this subsection shall be made on the record after an opportunity for a hearing.

(2) EXTINGUISHMENT.—The reversionary interest under paragraph (1) shall expire upon satisfaction of the following conditions:

(A) The real property conveyed under subsection (a) is not being used in accordance with the purposes of the conveyance specified in such subsection for a period of not less than 30 years following the date of the conveyance.

(B) The United Tribes Technical College applies to the Secretary for the release of the reversionary interest.

(C) The Secretary certifies, in a manner that satisfies the appropriate land recordation office, that the condition under subparagraph (A) has been satisfied.

(c) PAYMENT OF COSTS OF CONVEYANCE.—

(1) REQUIREMENT.—The Secretary shall require the United Tribes Technical College to cover costs to be incurred by the Secretary, or to reimburse the Secretary for costs incurred by the Secretary, to carry out the conveyance under subsection (a), including survey costs, costs related to environmental documentation, and other administrative costs related to the conveyance. If amounts are collected from the United Tribes Technical College in advance of the Secretary incurring the actual costs, and the amounts exceed the costs actually incurred by the Secretary to carry out the conveyance, the Secretary shall refund the excess amount to the United Tribes Technical College.

(2) TREATMENT OF AMOUNTS RECEIVED.—Amounts received as reimbursements under paragraph (1) shall be credited to the fund or account to cover the costs incurred by the Secretary in carrying out the conveyance. Amounts so credited shall be merged with amounts in such fund or account and shall be available for the same purposes, and subject to the same conditions and limitations, as amounts in such fund or account.

(d) DESCRIPTION OF REAL PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be by a survey satisfactory to the Secretary.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SA 2316. Mr. BUNNING submitted an amendment intended to be proposed by him to the bill H.R. 1585, to authorize appropriations for fiscal year 2008 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle B of title VIII, add the following:

SEC. 287. PROCUREMENT OF UNCONVENTIONAL FUEL.

(a) PROCUREMENT AUTHORIZED.—Subchapter II of chapter 173 of title 10, United States Code, is amended by adding at the end the following:

"§ 2922g. Procurement of unconventional fuel

(1) In procuring unconventional fuel, the Secretary may waive the application of any provision of law prescribing procedures to be followed in the formation of contracts, prescribing terms and conditions to be included in contracts, or regulating the performance of contracts if the Secretary determines that—

(A) the waiver is necessary to procure such unconventional fuel for Government needs; and

(B) In case of a contract in excess of 5 years, in procuring unconventional fuel from any foreign country, the Secretary determines that—

(1) the waiver is applicable to a contract for the procurement of unconventional fuel under this section and such fuel is derived from a feedstock other than conventional petroleum and includes transportation services related to the delivery of such fuel.

(b) ADDITIONAL TERMS AND CONDITIONS.—The table of sections for the beginning of subchapter II of chapter 173 of such title is amended by adding at the end the following:

"2922g. Procurement of unconventional fuel."

SA 2317. Mr. SESSIONS submitted an amendment intended to be proposed by him to the bill H.R. 1585, to authorize appropriations for fiscal year 2008 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle B of title V, add the following:

SEC. 518. TEMPORARY NATIONAL GUARD SUPPORT FOR SECURING THE SOUTHERN LAND BORDER OF THE UNITED STATES.

(a) AUTHORITY TO PROVIDE ASSISTANCE.—Until operational control of the border is achieved in accordance with the Secure Fence Act of 2006 (Public Law 109–367), the Governor of any State, upon the approval of the Secretary of Defense, may order any unit or personnel of the National Guard of such State—

(1) to perform annual training duty under section 502(a) of title 32, United States Code, to carry out in any State or any portion thereof, or portion of the southern land border of the United States the activities authorized under subsection (b) for the purpose of securing such border; and

(2) to perform duty under section 502(f) of title 32, United States Code, to provide command, control, and continuity of support for units and personnel performing annual training duty under paragraph (1).

(b) AUTHORIZED ACTIVITIES.—The following activities are authorized under this subsection—

(1) Ground reconnaissance activities.

(2) Airborne reconnaissance activities.

(3) Logistical support.

(4) Provision of translation services and training.

(5) Administrative support services.

(6) Technical training services.

(7) Emergency medical assistance and services.

(8) Communications services.

(9) Construction of roads, bridges, barriers, and other facilities to secure the southern land border of the United States.

(10) Construction of roads and air transportation.

(11) Identification, interrogation, search, seizure, and detention of any alien entering
SA 2318. Mr. SESSIONS submitted an amendment intended to be proposed by him to the bill H.R. 1585, to authorize appropriations for fiscal year 2008 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle B of title V, add the following:

SEC. 518. TEMPORARY NATIONAL GUARD SUPPORT FOR SECURING THE SOUTHERN LAND BORDER OF THE UNITED STATES.

(a) AUTHORITY TO PROVIDE ASSISTANCE.—Until operational control of the border is achieved in accordance with the Secure Fence Act of 2006 (Public Law 109–367), the Governor of any State, upon the approval of the Secretary of Defense, shall order any units or personnel of the National Guard of such State to:

(1) perform annual training duty under section 522(a) of title 32, United States Code, to carry out in any State along the southern land border of the United States the activities authorized under subsection (b) for the purpose of securing such border; and

(2) to perform duty under section 522(f) of title 32, United States Code, to provide command, control, and continuity of support for units and personnel performing annual training duty under paragraph (1).

(b) AUTHORIZED ACTIVITIES.—The following activities are authorized under this subsection:

(1) Ground reconnaissance activities.

(2) Airborne reconnaissance activities.

(3) Logistical support.

(4) Provision of translation services and training.

(5) Administrative support services.

(6) Technical training services.

(7) Emergency medical assistance and services.

(8) Communications services.

(9) Rescue of aliens in peril.

(10) Construction of roadways, patrol roads, fences, barriers, and other facilities to secure the southern land border of the United States.

(11) Ground and air transportation.

(12) Identification, interrogation, search, seizure, and detention of any alien entering or attempting to enter the United States in violation of any law or regulation regarding the admission, exclusion, expulsion, or removal of aliens, until the alien can be transferred into the custody of a Border Patrol agent or an officer of United States Customs and Border Protection.

(c) DURATION OF AUTHORITY.—The term ‘‘State’’ means each of the several States and the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

(d) COORDINATION OF SUPPORT.—The Secretary of Homeland Security, in consultation with the Secretary of Defense and the governors of the States concerned, shall coordinate the rules of engagement to be followed by units and personnel of the National Guard tasked with authorized activities described in subsection (b)(12). The rules of engagement for the National Guard shall be equivalent to the rules of engagement for Border Patrol agents.

(e) ANNUAL TRAINING.—Annual training duty performed by members of the National Guard under subsection (a) shall be appropriate for the units and individual members concerned, taking into account the types of units and military occupational specialties of individual members performing such duty. Individual periods of training duty shall not be limited to 3 weeks per year.

(f) RULES OF ENGAGEMENT.—The Secretary of Defense and the governors of the States concerned, may coordinate the performance of activities under this section by units and personnel of the National Guard.

(g) USE OF FORCE.—

(1) IN GENERAL.—Nondeadly force may be used by members of the National Guard under subsection (a) to prevent or repel an alien from crossing the border of the United States for purposes of this section, and only with the approval of the Secretary of Defense, in conjunction with the Secretary of Homeland Security, to prescribe military activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

Subtitle — Border Security Cooperation
SEC. 6. RECRUITMENT OF FORMER MILITARY PERSONNEL.

(a) IN GENERAL.—The Commissioner of United States Customs and Border Protection, in conjunction with the Secretary of Defense or a designee of the Secretary of Defense, shall establish a program to actively recruit members of the Army, Navy, Air Force, Marine Corps, and Coast Guard who have elected to separate from active duty.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Commissioner shall submit a report on the implementation of the recruitment program established pursuant to paragraph (1) to:

(1) the Committee on the Judiciary of the Senate; and

(2) the Committee on the Judiciary of the House of Representatives.

SEC. 7. TECHNOLOGICAL ASSETS.

(a) PROCUREMENT.—

(1) IN GENERAL.—Subject to the availability of appropriations, the Secretary of Homeland Security shall purchase unmanned aerial vehicles, cameras, poles, sensors, and other technologies necessary to
achieve operational control of the international borders of the United States and to establish a security perimeter to be known as a “virtual fence” along such international borders to provide a barrier to illegal immigration.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Homeland Security and the Secretary of Defense, for fiscal year 2008, $67,000,000 for equipment for the Department of Homeland Security and the Department of Defense, respectively, to enhance the ability of such departments to perform their respective functions.

(3) PROCUREMENT OF VEHICLES.—In connection with the procurement of any vehicle under section 1385 of title 18, United States Code, the prohibition on the use of any part of the proceeds from the sale of such vehicle under subsection (c), the Secretary shall consult with the Secretary of the Navy to determine whether such proceeds may be used to enhance the ability of such departments to perform their respective functions.

(4) REPORT.—Not later than 60 days after the date of the enactment of this Act, the Secretary of Homeland Security and the Secretary of Defense shall jointly consider appropriate.

(5) REQUIREMENTS AND LIMITATIONS.—In considering incentives for purposes of the report required under subsection (a), the Secretary of Homeland Security and the Secretary of Defense shall consider such incentives, whether monetary or otherwise and whether or not authorized under existing law, as the Secretaries jointly consider appropriate.

(6) TARGETING OF INCENTIVES.—In assessing any incentive for purposes of the report, the Secretaries shall give particular attention to the utility of such incentive in—

(A) encouraging service in CBP after service in the Armed Forces by covered members and former members of the Armed Forces who have provided border patrol or other border security assistance to CBP as part of their duties as members of the Armed Forces; and

(B) leveraging military training and experience by accelerating training, or allowing credit to be applied to related areas of training, required for service with CBP.

(7) PAYMENT.—In assessing incentives for purposes of the report, the Secretaries shall assume that any costs of such incentives shall be borne by the Department of Homeland Security.

(8) ELEMENTS.—The report required under subsection (a) shall include—

(1) a description of the purpose of the incentives and the reasons for the proposed changes;

(2) an assessment of the feasibility of utilizing any such incentive for purposes of section 1385 of title 18, United States Code;

(3) any other matters that the Secretaries jointly consider appropriate.

SEC. 2320. Mr. SMITH (for himself and Mr. WYDEN) submitted an amendment intended to be proposed by him to the bill H.R. 1585, to authorize appropriations for fiscal year 2008 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title X, add the following:

SEC. 1070. NOTIFICATION OF CERTAIN RESIDENTS AND CIVILIAN EMPLOYEES OF HADNOT POINT WATER DISTRIBUTION SYSTEM, OF EXPOSURE TO DRINKING WATER CONTAMINATION.

(a) NOTIFICATION OF INDIVIDUALS SERVED BY HADNOT POINT WATER DISTRIBUTION SYSTEM.—In carrying out the purposes of theHadnot Point Water Distribution System, the Secretary of the Navy shall identify and notify directly individuals who were served by the system during the period identified in thestudy of the drinking water contamination to which they were exposed.

(b) NOTIFICATION OF CIVILIAN EMPLOYEES AT CAMP LEJEUNE.—Not later than 120 days after the enactment of this Act, the Secretary of the Navy shall identify and notify directly civilian employees who worked at Camp Lejeune during the period identified in the study of the drinking water contamination to which they were exposed.

(c) CIRCULATION OF HEALTH SURVEY.—(1) FINDING.—Congress finds that notification and survey efforts related to the drinking water contamination described in section 1070 are necessary due to the long-term nature of the exposure and negative health impacts of these contaminants.

(2) NATIONAL OPINION AND RESEARCH COUNCIL.—(A) DEVELOPMENT.—Not later than 120 days after the date of the enactment of this Act, the National Opinion and Research Council, in conjunction with the Centers for Medicare and Medicaid Services, shall develop a health survey that would voluntarily request of individuals described in subsections (a), (b), and (c) personal health information that is not otherwise associated with PCE, vinyl chloride, and the other contaminants identified in the ATSDR studies.

(B) INCLUSION WITH NOTIFICATION.—The survey developed under paragraph (A) shall be distributed by the Secretary of the Navy concurrently with the direct notification required under subsections (a), (b), and (c).
TITLE XI—VETERANS BUSINESS DEVELOPMENT

SEC. 4101. INCREASED FUNDING FOR THE OFFICE OF VETERANS BUSINESS DEVELOPMENT.

(a) IN GENERAL.—There are authorized to be appropriated to the Office of Veterans Business Development of the Administration, to remain available until expended:

(1) $2,100,000 for fiscal year 2008;

(2) $2,300,000 for fiscal year 2009; and

(3) $2,500,000 for fiscal year 2010.

(b) SENSE OF CONGRESS.—It is the sense of Congress that any amounts provided pursuant to this section that are in excess of amounts provided to the Administration for the Office of Veterans Business Development in fiscal year 2007, should be used to support Veterans Business Outreach Centers.

SEC. 4102. INTERAGENCY TASK FORCE.

Section 32 of the Small Business Act (15 U.S.C. 657b) is amended by adding at the end the following:

"(d) INTERAGENCY TASK FORCE.—

(1) ESTABLISHMENT.—Not later than 90 days after the enactment of this subsection, the President shall establish an interagency task force to coordinate the efforts of Federal agencies necessary to increase capital and business development opportunities for, and increase the award of opportunities to, small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans (in this section referred to as the ‘‘task force’’).

(2) MEMBERSHIP.—The task force members of the task force shall include—

(A) the Administrator, who shall serve as chairperson of the task force;

(B) a Representative from:—

(i) the Department of Veterans Affairs;

(ii) the Department of Defense;

(iii) the Administration (in addition to the Administrator);

(iv) the General Services Administration;

(v) the Office of Management and Budget; and

(C) 4 representatives of veterans service organizations, selected by the President.

(3) DUTIES.—The task force shall coordinate administrative and regulatory activities and develop proposals relating to—

(A) increasing capital access and capacity of small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans through loans, surety bonds, and other forms of guarantees and other direct and guaranteed credit products; and

(B) increasing access to Federal contracting and subcontracting opportunities for small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans through increased use of contract reservations, expanded mentor-protegé assistance, and matching such business concerns with contracting opportunities;

(C) increasing the integrity of certifications of status as a small business concern owned and controlled by service-disabled veterans or a small business concern owned and controlled by veterans;

(D) reducing paperwork and administrative burdens on small business concerns in the performance of Federal contracts and subcontracts; and

(E) making other improvements relating to the support for veterans business development by the Federal Government.

(4) REPORTING.—The task force shall submit an annual report regarding its activities and proposals to—

(A) the Committee on Small Business and Entrepreneurship and the Committee on Veterans’ Affairs of the Senate;

(B) the Committee on Small Business and Entrepreneurship of the House of Representatives.

SEC. 4103. PERMANENT EXTENSION OF SBA ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS.

(a) ASSUMPTION OF CERTAIN—Section 33 of the Small Business Act (15 U.S.C. 675c) is amended—

(1) by striking subsection (b); and

(2) by redesignating subsections (k) through (j) as subsections (b) through (j), respectively.

(b) PERMANENT EXTENSION OF AUTHORITY.—Section 33 of the Small Business Act (15 U.S.C. 675c) is amended by striking subsection (h).

TITLE XII—NATIONAL RESERVIST ENTERPRISE TRANSITION AND SUSTAINABILITY

SEC. 4201. SHORT TITLE.

This title may be cited as the ‘‘National Reservist Enterprise Transition and Sustainability Act of 2007.’’

SEC. 4202. PURPOSE.

The purpose of this title is to establish a program to—

(1) provide managerial, financial, planning, development, technical, and regulatory assistance to small business concerns owned and operated by Reservists;

(2) provide managerial, financial, planning, development, technical, and regulatory assistance to the temporary heads of small business concerns owned and operated by Reservists;

(3) create a partnership between the Small Business Administration, the Department of Defense, and the Department of Veterans Affairs to assist small business concerns owned and operated by Reservists;

(4) utilize the service delivery network of small business concerns owned and operated by veterans to expand the access of small business concerns owned and operated by Reservists to programs providing management, development, financial, procurement, technical, regulatory, and marketing assistance; and

(5) utilize the service delivery network of small business development centers, women’s business concerns centers, veterans business outreach centers, and centers operated by the National Veterans Business Development Corporation to assist Reservists that own and operate small business concerns in preparing for future military activations.

SEC. 4203. NATIONAL GUARD AND RESERVE BUSINESS ASSISTANCE.

(a) IN GENERAL.—Section 21(a)(1) of the Small Business Act (15 U.S.C. 648(a)(1)) is amended by inserting ‘‘any small business development center, women’s business center, veterans business outreach center, or center operated by the National Veterans Business Development Corporation providing

""
enterprise transition and sustainability assistance to Reservists under section 37," after "any women’s business center operating pursuant to section 29.");

(1) IN GENERAL.—The Administrator shall establish a program to provide business planning assistance to small business concerns owned and operated by Reservists.

(2) CONTENTS.—This section—

(A) includes requirements pertaining to—

(1) the term ‘Reservist’ and the term ‘active duty’ as described in section 21 of the Small Business Act (15 U.S.C. 636 et seq.) is amended—

(i) by redesignating section 37 (15 U.S.C. 631 note) as section 38; and

(ii) by inserting after section 36 the following—

SEC. 37. RESERVIST ENTERPRISE TRANSITION AND SUSTAINABILITY.

(a) IN GENERAL.—The Administrator shall establish a program to provide business planning assistance to small business concerns owned and operated by Reservists.

(b) DEFINITIONS.—This section—

(1) the terms ‘active’ and ‘active duty’ mean—

(A) means each of the following:

(i) the Administrator for Small Business Development Centers, and

(ii) the Administrator, acting through the Associate Administrator of the Small Business Administration, acting through the Associate Administrator of the Small Business Administration, acting through the Associate Administrator of the Small Business Administration, acting through the Associate Administrator of the Small Business Administration, acting through the Associate Administrator of the Small Business Administration,

(2) the term ‘Administration’ means the Small Business Administration.

(3) the term ‘Association’ means the association established under section 21(a)(3)(A); and

(4) the term ‘applicant’ means—

(A) a small business development center that is accredited under section 21(k);

(B) a women’s business center;

(C) an American Business Outreach Center that receives funds from the Office of Veterans Business Development; or

(D) an information and assistance center operated by the National Veteran Business Development Corporation under section 38.

(5) the term ‘enterprise transition and sustainability assistance’ means assistance provided by an eligible applicant to a small business concern owned and operated by a Reservist, who has been activated or is likely to be activated in the next 12 months, to develop and implement a business strategy for the period while the owner is on active duty and 6 months after the date of the return of the owner;

(6) the term ‘Reservist’ means any person who is—

(A) a member of a reserve component of the Armed Forces, as defined by section 10101 of title 10, United States Code;

(B) on active status, as defined by section 101(d)(4) of title 10, United States Code;

(C) the term ‘Small Business Administration’ means the Small Business Administration as determined by the Administrator of Veterans Business Development; and

(D) the term ‘women’s business center’ means a women’s business center described in section 29 of the Small Business Act (15 U.S.C. 656).

(b) OUTREACH.—The Administrator may award grants, in accordance with the regulations developed under subsection (d), to eligible applicants to assist small business concerns owned and operated by a Reservist with—

(1) providing management, development, marketing, and financial assistance; and

(2) providing access to information and resources, including Federal and State business assistance programs;

(c) DISTRIBUTING CONTACT INFORMATION.—The Administrator shall—

(1) distribute contact information provided by Reservists regarding activated Reservists to corresponding State directors;

(2) offering free, one-on-one, in-depth counseling services regarding development, fundraising, procurement, regulations, and marketing;

(3) assisting in developing a long-term plan for possible future activation; and

(4) providing enterprise transition and sustainability assistance.

(d) RULES.—The Administrator shall promulgate regulations to carry out this section.

(e) DEADLINE.—The Administrator shall promulgate final regulations not later than 180 days after the date of enactment of the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2007.

(f) CONTENTS.—The regulations developed by the Administrator under this subsection shall include—

(1) procedures for identifying, in consultation with the Secretary of Defense, States that have had a recent activation of Reservists;

(2) requirements for providing assistance to Reservists;

(3) standards relating to educational, technical, and support services to be provided by a grantee;

(4) standards relating to any national service delivery and support function to be provided by a grantee;

(5) standards relating to any work plan that the Administrator may require a grantee to develop; and

(6) standards relating to the educational, technical, and professional competency of any employee or other assistance provider to whom a small business concern may be referred for assistance by a grantee.

(g) AWARD OF GRANTS.—The Administrator shall award grants under this section to the Administrator at such time, in such manner, and accompanied by such information as the Administrator may require.

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

(1) the activities for which the applicant seeks assistance under this section; and

(2) how the applicant plans to allocate funds within its network.

(i) MATURED NOT REQUIRED.—Subparagraphs (A) and (B) of section 21(a)(4), requiring matching funds, shall not apply to grants awarded under this section.

(j) AWARD OF GRANTS.—The Administrator shall award grants not later than 60 days after the promulgation of final rules and regulations under subsection (f).

(k) AMOUNT.—Each eligible applicant awarded a grant under this section shall receive an amount—

(1) not less than $75,000 per fiscal year; and

(2) not greater than $300,000 per fiscal year.

(l) REPORT.—(1) IN GENERAL.—The Comptroller General of the United States shall—

(A) initiate an evaluation of the program not later than 30 months after the disbursement of the first grant under this section; and

(B) submit a report not later than 6 months after the initiation of the evaluation under paragraph (1) to—

(i) the Administrator; and

(ii) the Committee on Small Business and Entrepreneurship of the Senate.

(2) CONTENTS.—The report under paragraph (1) shall—

(A) address the results of the evaluation conducted under paragraph (1); and

(B) recommend changes to law, if any, that it believes would be necessary or advisable to achieve the goals of this section.

(m) AUTHORIZATION OF APPROPRIATIONS.—There shall be authorized to carry out this section—

(A) $5,000,000 for the first fiscal year beginning after the date of enactment of the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2007; and

(B) $5,000,000 for each of the 3 fiscal years following the fiscal year described in subparagraph (A).

(n) LIMITATION ON USE OF OTHER FUNDS.—The Administrator may use grants authorized by this section only with amounts appropriated in advance specifically to carry out this section.

TITLE XLIII—RESERVIST PROGRAMS

SEC. 4301. RESERVIST PROGRAMS.

(a) APPLICATION PERIOD.—Section 7(b)(3)(C) of the Small Business Act (15 U.S.C. 636(b)(3)(C)) is amended by striking ‘‘90 days’’ and inserting—

(1) PRE-CONSIDERATION PROCESS.—

(1) DEFINITION.—In this subsection, the term—

‘‘eligible Reservist’’ means a Reservist who—

(A) has been ordered to active duty;

(B) expects to be ordered to active duty during a period of military conflict; and

(C) can reasonably demonstrate that the small business concern for which that Reservist is a key employee will suffer economic injury in the absence of that Reservist.

(2) ESTABLISHMENT.—Not later than 6 months after the date of enactment of this Act, the Administrator shall conduct a pre-consideration process, under which the Administrator—

(A) shall develop a list of all relevant business entities to which a loan or loan guarantee is necessary for processing a loan to a small business concern under section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) before an eligible Reservist employed by that small business concern is activated; and

(B) shall distribute funds for any loan approved under subparagraph (A) if that eligible Reservist is activated.

(3) OUTREACH AND TECHNICAL ASSISTANCE PROGRAM.—

(A) ADMINISTERED BY.—Not later than 6 months after the date of enactment of this Act, the Administrator, in consultation with the Secretary of Veterans Affairs and the Secretary of the Treasury, shall develop an outreach and technical assistance program (in this subsection referred to as the ‘‘program’’) to—

(i) provide the loans available under section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) to Reservists, and family members of Reservists, that are on active duty and that are not on active duty; and

(ii) provide technical assistance to a small business concern applying for a loan under that section.

(B) COMPONENTS.—The program shall—

(i) incorporate appropriate websites maintained by the Administrator, the Department of Veterans Affairs, and the Department of Defense; and

(ii) require that information on the program is made available to small business concerns directly through—

(A) the district offices and resource partners of the Administration, including small business development centers, women’s business centers, and the Service Corps of Retired Executives; and

(B) other Federal agencies, including the Department of Veterans Affairs and the Department of Defense.

(4) REPORT.—(A) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, and
every 6 months thereafter until the date that is 30 months after such date of enactment, the Administrator shall submit to Congress a report on the status of the program.

(b) Other reports.—Each report submitted under subparagraph (A) shall include—

(i) for the 6-month period ending on the date of that report:

(I) the number of loans approved under section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3));

(II) the number of loans disbursed under that authorization; and

(III) the total amount disbursed under that section; and

(ii) Recommendations, if any, to make the program more effective in serving small business concerns that employ Reservists.

SEC. 4002. RESERVIST LOANS.

Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) is amended by striking "$1,500,000" each place such term appears and inserting "$2,000,000.

(b) LOAN INFORMATION.—

(1) IN GENERAL.—The Administrator and the Secretary of Defense shall develop a joint website and printed materials providing information regarding any program for small business concerns that is available to veterans or Reservists.

(2) MARKETING.—The Administrator is authorized to—

(A) to advertise and promote the program under section 7(b)(3) of the Small Business Act jointly with the Secretary of Defense and veterans' service organizations; and

(B) to advertise and promote participation by lenders in such program jointly with trade associations for banks or other lending institutions.

SEC. 4003. NONCOLLATERALIZED LOANS.

Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)), as amended by this Act, is amended by adding at the end the following:

"(G)(i) Notwithstanding any other provision of law, the Administrator may make a loan under this paragraph of not more than $50,000 without collateral.

(ii) The Administrator may defer payment of principal and interest on a loan described in clause (i) during the longer of—

(I) the 1-year period beginning on the date of the initial disbursement of the loan; and

(II) the period during which the relevant essential employee is on active duty.

SEC. 4004. LOAN PRIORITY.

Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)), as amended by this Act, is amended by adding at the end the following:

"(H) The Administrator shall give priority to any application for a loan under this paragraph and shall process and make a determination regarding such application prior to processing or making a determination on other loan applications under this subsection, or any other loan applications.

SEC. 4005. RELIEF FROM TIME LIMITATIONS FOR VETERAN-OWNED SMALL BUSINESSES.

Section 3(q) of the Small Business Act (15 U.S.C. 632(q)) is amended by adding at the end the following:

"(5) RELIEF FROM TIME LIMITATIONS.—

"(A) IN GENERAL.—Any time limitation on any qualification, certification, or period of participation imposed under this Act on any program available to small business concerns shall be extended for a small business concern that—

(i) is owned and controlled by—

(I) any veteran who was called or ordered to active duty under a provision of law specified in section 101(a)(13)(B) of title 10, United States Code, on or after September 11, 2001; or

(ii) a service-disabled veteran who became such a veteran due to an injury or illness incurred or aggravated in the active military, naval, or air service during a period of active duty pursuant to a call or order to active duty under a provision of law referred to in clause (I) on or after September 11, 2001; and

(ii) was subject to the time limitation during such period of active duty.

(B) DURATION OF PROVISION.—The Administrator, the extension of a time limitation under subparagraph (A) shall be equal to the period of time that such veteran who owned or controlled such a concern was on active duty as described in that subparagraph.

SEC. 4306. SERVICE-DISABLED VETERANS.

Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Small Business and Entrepreneurship of the Senate a report describing:

(1) the types of assistance needed by service-disabled veterans who wish to become entrepreneurs; and

(2) any resources that would assist such service-disabled veterans.

SEC. 4307. STUDIES AND REPORTS FOR PROMOTING POSITIVE WORKING RELATIONS BETWEEN EMPLOYERS AND THEIR RESERVE COMPONENT EMPLOYEES.

(a) STUDY REQUIRED.—The Secretary of Defense shall conduct a study on options for promoting positive working relations between employers and Reserve component employees of such employers, including assessing options for improving the time in which employers of Reservists are notified of the call or order to active duty of such employers and members to active duty other than for training.

(b) REPORT.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Defense shall submit to the appropriate committees of Congress a report on the study conducted under subsection (a).

(2) CONTENTS.—The report submitted under paragraph (1) shall—

(A) provide a quantitative and qualitative assessment of—

(i) what measures, if any, are being taken to inform Reservists of the obligations and responsibilities of such members to their employers;

(ii) how effective such measures have been; and

(iii) whether there are additional measures that could be taken to promote positive working relations between employers and Reservists and their employers, including any steps that could be taken to ensure that employers are timely notified of a call to active duty; and

(B) assess whether there has been a reduction in the hiring of Reservists by business concerns because of—

(i) any increase in the use of Reservists after September 11, 2001; or


(c) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term ‘appropriate committees of Congress’ means—

(1) the Committee on Armed Services and the Committee on Small Business and Entrepreneurship of the Senate; and

(2) the Committee on Armed Services and the Committee on Small Business of the House of Representatives.

SEC. 5324. Mr. HAGEL (for himself and Mr. BYRD) submitted an amendment intended to be opposed by him to the bill H.R. 1585, to authorize appropriations for fiscal year 2008 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle C of title X, add the following:

SEC. 1031. SYNTHETIC FUEL TECHNOLOGIES.

(a) FINDINGS.—Congress makes the following findings:

(1) Synthetic fuel technologies are mature, known technologies that are used around the world.

(2) With sizable coal reserves, the United States is ideally suited for the use of synthetic fuel technologies to produce alternatives for petroleum products.

(3) It is in the best interest of the national security of the United States to develop and commercialize a synthetic fuels industry.

(b) DEPARTMENT OF DEFENSE REQUIREMENTS FOR UTILIZATION OF SYNTHETIC FUEL.—

(1) IN GENERAL.—Subchapter II of chapter 134 of title 10, United States Code, is amended by adding at the end the following:

"(1) 2283. Fuel: minimum requirements for utilization of synthetic fuel.

"(a) IN GENERAL.—Of the total amount of fuel utilized by the Department of Defense in a calendar year, the percentage of such fuel that is synthetic fuel shall be the percentage and shall be—

"(I) in the first applicable utilization year, 5 percent.

"(II) Except as provided in subsection (c), in any year after the first applicable utilization year, a percentage that is 5 greater than the percentage of utilization in the preceding year under this section.

"(b) FIRST APPLICABLE UTILIZATION YEAR.—For purposes of subsection (a)(1), the first applicable utilization year for synthetic fuel shall be the earlier of the following:

"(I) The first calendar year after the Secretary certifies to Congress that at least 50 percent of the aircraft fleet of the Department has the proven capability to utilize synthetic fuel without—

"(A) any adverse effect on the aircraft engines of such fleet;

"(B) any adverse effect on the overall performance of the aircraft; and

"(C) any adverse effect on health and safety of the aircrew, passengers, and maintenance crew.


"(c) EXCEPTION.—If as of December 31 of any year in which subsection (a) is in effect the average price of crude petroleum (as determined by the Secretary of Energy in 2007 constant dollars) is less than $30 per barrel, paragraph (2) of that subsection shall not be operative in the succeeding year.

"(d) MAXIMUM PERCENTAGE.—(1) The maximum percentage of the fuel utilized by the Department that is required by this section to be synthetic fuel is 50 percent.

"(2) Nothing in paragraph (1) shall be construed to limit the percentage of fuel utilized by the Department that is synthetic fuel.

"(e) SYNTHETIC FUEL DEFINED.—In this section, the term ‘synthetic fuel’ means the following:

"(I) A fuel made using the Fischer-Tropsch process.

"(II) A fuel made using any of the following feedstocks:

"(i) Coal.

"(ii) Natural gas.

"(iii) Pet coke.

"(iv) Biomass.

"(B) A fuel made using a feeding referred to in clauses (i) through (iv) is a synthetic
fuel only if the British thermal unit (Btu) content per gallon of the fuel so made is equal to or greater than the British thermal unit content per gallon of synthetic fuel made from coal as feedstock.

"(3) Any other fuel jointly specified by the Secretary of Defense and the Secretary of Energy for purposes of this section but only if the British thermal unit content per gallon of the fuel so specified is equal to or greater than the British thermal unit content per gallon of synthetic fuel made using coal as a feedstock in a Fischer-Tropsch process.".

(2) Clerical Amendment.—The table of section at the beginning of subchapter II of such chapter is amended by adding at the end the following new item:

"2263. Fuel: minimum requirements for utilization of synthetic fuel.".

(c) Commercial Aircraft Study.—(1) In general.—The Secretary of Defense shall, in consultation with the Secretary of Energy and the Administrator of the Federal Aviation Administration, conduct a study on aircraft engines and airframes for non-fight

AirVation Administration, conduct a study on aviation activities of the Department of Defense for fiscal year 2008 for military

section (a) shall expire.

"(a) Organization.—The corporation shall have the following powers: (b) Officers.—The governing body of the corporation shall consist of a board of directors, the number of members of which shall be fixed by the corporation, and shall consist of persons who shall be the resident members of the board of directors of the corporation during the preceding fiscal year.

"(b) Expiration of Charter.—If the corporation does not comply with the provisions of this chapter, the charter granted by subsection (a) shall expire.

"(2) By insertion after chapter 1103 the following new chapter:

"CHAPTER 1201—KOREAN WAR VETERANS ASSOCIATION, INCORPORATED

"Sec. 120101. Organization.

"(a) Federal Charter.—Korean War Veterans Association, Incorporated (in this chapter, the ‘corporation’), a nonprofit organization that meets the requirements for a veterans service organization under section 501(c)(19) of the Internal Revenue Code of 1986 and that is organized under the laws of the State of New York, is a federally chartered corporation.

"(b) Expiration of Charter.—If the corporation does not comply with the provisions of this chapter, the charter granted by subsection (a) shall expire.

"120102. Purposes.

"The purposes of the corporation are those provided in the articles of incorporation of the corporation and shall include the following:

"(1) To organize as a veterans service organization in order to maintain a continuing interest in the welfare of veterans of the Korean War, rehabilitation of the disabled veterans of the Korean War to include all that served during active hostilities and subsequently in defense of the Republic of Korea, and their families.

"(2) To establish facilities for the assistance of all veterans and to represent them in their claims before the Department of Veterans Affairs and other organizations without charge.

"(3) To perpetuate and preserve the camaraderie and friendships born on the field of battle and nurtured by the common experience of service to the United States during the time of war and peace.

"(4) To honor the memory of the men and women who gave their lives so that the United States and the world might be free and live by the creation of living memorial, monuments, and other forms of additional educational, cultural, and recreational facilities.

"(5) To preserve for the people of the United States and posterity of such people the great and enduring principles upon which the United States was founded.

"(6) To perpetuate and preserve the camaraderie and friendships born on the field of battle and nurtured by the common experience of service to the United States during the time of war and peace.

"(4) To honor the memory of the men and women who gave their lives so that the United States and the world might be free and live by the creation of living memorial, monuments, and other forms of additional educational, cultural, and recreational facilities.

"(5) To preserve for the people of the United States and posterity of such people the great and enduring principles upon which the United States was founded.

"(6) To preserve for the people of the United States and posterity of such people the great and enduring principles upon which the United States was founded.

"120103. Membership.

"Eligibility for membership in the corporation, and the rights and privileges of members of the corporation, are as provided in the bylaws of the corporation.

"120104. Governing body.

"(2) Officers.—The positions of officers of the corporation, and the election of the officers, are as provided in the articles of incorporation.

"120105. Powers.

"The corporation has only those powers provided in its bylaws and articles of incorporation filed in each State in which it is incorporated.

"120106. Restrictions.

"(a) Stock and Dividends.—The corporation may not issue stock or declare or pay a dividend.

"(b) Political Activities.—The corporation, or a director or officer of the corporation, as such, may not contribute to, support, or participate in any political activity or in any manner attempt to influence legislation.

"(c) Loan.—The corporation may not make a loan to a director, officer, or employee of the corporation.

"(d) Claim of Governmental Approval or Authority.—The corporation may not claim congressional approval, or the authority of the United States, for any activity of the corporation.

"120107. Tax-exempt status required as condition of charter.

"If the corporation fails to maintain its status as a corporation incorporated under the laws of the State of New York, the charter granted under this chapter shall terminate.

"120108. Records and inspection.

"(a) Records.—The corporation shall keep—

"(1) correct and complete records of account;

"(2) minutes of the proceedings of the members, board of directors, and committees of the corporation having any of the authority of the board of directors of the corporation; and

"(3) at the principal office of the corporation, a record of the names and addresses of the members of the corporation entitled to vote on matters relating to the corporation.

"(b) Inspection.—A member entitled to vote on any matter relating to the corporation, or an agent or attorney of the member, may inspect the records of the corporation for any proper purpose, at any reasonable time.

"120109. Service of process.

"The corporation shall have a designated agent in the District of Columbia to receive service of process for the corporation. Notice to or service on the agent is notice to or service on the corporation.

"120110. Liability for acts of officers and agents.

"The corporation is liable for any act of any officer or agent of the corporation acting within the scope of the authority of the corporation.

"120111. Annual report.

"The corporation shall submit to Congress an annual report on the activities of the corporation during the preceding fiscal year.
The report shall be submitted at the same time as the report of the audit required by section 1010(b) of this title. The report may not be printed as a public document.

8) 120112. Definition

"For purposes of this chapter, the term 'State' includes the District of Columbia and the territories and possessions of the United States.'

(b) CLERICAL AMENDMENT.—The item relating to chapter 1201 in the table of chapters at the beginning of subtitle II of title 36, United States Code, is amended to read as follows:

"1201. Kosovo War Veterans Asso- ciates, Incorporated .......................... 120101."
(IV) the Secretary shall pay any interest due and not paid for under the repayment schedule described in section 455(e)(4) for a loan made, insured, or guaranteed under this part to a borrower as the Secretary pays any such interest under section 455(e)(6) for a Federal Direct Stafford Loan;

(V) the Secretary shall assume the obligation to repay an outstanding balance of principal and interest due on all loans made, insured, or guaranteed under this part (other than an excepted PLUS Loan or a loan under section 428C that includes an excepted PLUS loan), for a borrower who satisfies the requirements of subparagraphs (A) and (B) of section 455(e)(7), in the same manner as the Secretary assumes the obligation to repay an outstanding balance under section 455(e)(7); and

(VI) in lieu of the notification requirements under section 455(e)(6), the lender shall notify a borrower of a loan made, insured, or guaranteed under this part who chooses to repay such loan pursuant to income-based repayment of the terms and conditions of such plan, in accordance with the procedures established by the Secretary, including notification that—

(aa) the borrower shall be responsible for providing the information necessary for documentation of the borrower’s income, including income information for the borrower’s spouse (as applicable); and

(bb) if the borrower considers that special circumstances warrant an adjustment, as described in section 455(e)(6)(B), the borrower may contact the lender, and the lender shall determine whether such adjustment is appropriate, in accordance with the criteria established by the Secretary; and

(2) in subsection (b)—

(A) in the subsection heading, by striking “INCOME-SENSITIVE” and inserting “INCOME-BASED”;

(B) in paragraph (1)—

(i) by striking “income-sensitive repayment” and inserting “income-based repayment”;

(ii) by striking “in subsection (a)(3)(B)(i)(V), by striking” and inserting “income-based repayment plan as described in subsection (b)(5)”;

(C) in paragraphs (2) and (3), by striking “in paragraphs (2) and (3), by striking” and inserting “Income-based repayment plan as described in subsection (b)(5)”;

(D) in paragraph (5), by striking “in paragraph (5)” and inserting “Income contingent repayment offered by the Secretary under subsection (b)(5)”;

(E) in paragraph (8), by striking “income-based repayment plan” and inserting “‘income-based repayment plan’”;

(F) by adding at the end the following:

‘‘(2) in subsection (e)—

(A) in the subsection heading, by striking ‘‘INCOME CONTINGENT’’ and inserting ‘‘INCOME-BASED’’;

(B) in paragraphs (1), (2), and (3), by striking ‘‘income contingent’’ each place the term appears and inserting ‘‘income-based’’;

(C) in paragraph (4)—

(i) by striking ‘‘income contingent’’ and inserting ‘‘Income-based’’;

(ii) by striking ‘‘Secretary,’’ and inserting ‘‘Secretary, except that the monthly required payment under such schedule shall not exceed 15 percent of the result obtained by calculating the amount by which—

(A) the borrower’s adjusted gross income exceeds

(B) 150 percent of the poverty line applicable to the borrower’s family size, as determined under section 673(2) of the Community Service Block Grant Act, divided by 12.’’;

(D) in paragraph (5), by striking ‘‘income contingent’’ and inserting ‘‘income-based’’;

(E) by redesignating paragraph (6) as paragraph (7);

(F) by inserting after paragraph (5) the following:

‘‘(6) TREATMENT OF INTEREST.—In the case of a Federal Direct Stafford Loan, any interest due and not paid for under paragraph (2) shall be paid by the Secretary.

(7) LOAN FORGIVENESS.—The Secretary shall cancel the obligation to repay an outstanding balance of principal and interest due on all loans made, insured, or guaranteed under part B, other than an excepted PLUS Loan, or any Federal Direct Consolidation Loan or loan under section 428C that includes an excepted PLUS Loan, for a borrower who—

(A) makes the election under this subsection or under section 428(b)(9)(A)(iii); and

(B) for a period of time prescribed by the Secretary, or for such period of time as the Secretary determines (including any period during which the borrower is in deferment due to an economic hardship determined under regulations by the Secretary, except that the monthly required payment under such schedule shall not exceed 15 percent of the result obtained by calculating the amount by which—

(A) the borrower’s adjusted gross income exceeds

(B) 150 percent of the poverty line applicable to the borrower’s family size, as determined under section 673(2) of the Community Service Block Grant Act, divided by 12.’’;

(G) in the matter preceding subparagraph (A) of paragraph (8) (as redesignated by subparagraph (E)), by striking ‘‘income contingent’’;

(H) by adding at the end the following:

‘‘(B) TRANSITION PROVISION.—A student who, as of January 1, 2008, elects to repay a loan under this part in the same manner as the Secretary cancels such outstanding balance under section 428B that is made, insured, or guaranteed on behalf of a dependent or spouse (as applicable) of a borrower who obtained the loan under such title prior to October 1, 1965 who obtained the loan under title IV of the Higher Education Act of 1965 is amended to provide that the election made under such title prior to October 1, 1965 to repay such loan shall continue to be in effect on the day before the date of enactment of this Act shall have the option to continue repayment under such section (as such section was in effect on such date), or may elect, beginning on July 1, 2008, to use the income-based repayment plan under section 455(d) (as redesignated by section 428(b)(9)(A)(iv)); and

(I) in clause (i), by inserting ‘‘and’’ after the semicolon; and

(2) in subsection (b)—

(A) in the subsection heading, by striking ‘‘OUTSTANDING BALANCE’’ and inserting ‘‘BALANCE DUE’’;

(B) in paragraph (1), by striking ‘‘The Act (20 U.S.C. 1077(a)(2)(H)) is amended—’’ and inserting ‘‘The Act (20 U.S.C. 1077(a)(2)(H)) is amended—’’;

(3) in section 455(d), by striking ‘‘return to standard repayment’’ and inserting ‘‘return to standard repayment’’; and

(4) in section 428B(b)(9)(A)(iv), by striking ‘‘The Secretary not to exceed 25 years (including any period during which the borrower is in deferment due to an economic hardship determined under regulations by the Secretary, except that the monthly required payment under such schedule shall not exceed 15 percent of the result obtained by calculating the amount by which—

(A) the borrower’s adjusted gross income exceeds

(B) 150 percent of the poverty line applicable to the borrower’s family size, as determined under section 673(2) of the Community Service Block Grant Act, divided by 12.’’; and

(4) the last sentence is amended by inserting ‘‘in the same manner as the Secretary cancels such outstanding balance under section 428B that is made, insured, or guaranteed on behalf of a dependent or spouse (as applicable) of a borrower who obtained the loan under such title prior to October 1, 1965 who obtained the loan under title IV of the Higher Education Act of 1965 is amended to provide that the election made under such title prior to October 1, 1965 to repay such loan shall continue to be in effect on the day before the date of enactment of this Act shall have the option to continue repayment under such section (as such section was in effect on such date), or may elect, beginning on July 1, 2008, to use the income-based repayment plan under section 455(d) (as redesignated by section 428(b)(9)(A)(iv)); and

(I) in clause (i), by inserting ‘‘and’’ after the semicolon;
‘(ii) a family of two’;

‘of 2’;

‘paragraph (B).

through (H) as subparagraphs (D) through

September 30, 2007, this subparagraph shall

on behalf of an entity described in subpara-

section 144(b) of the Internal Revenue Code of

issue bonds described in section 1.103

2007, for the remainder of the year for which

428I of the Higher Education Act of 1965 (as

effect on October 1, 2007, except that section

422B, except that

payments for use in accordance with section

lows:

2007.

made by subsection (a) shall take effect with

100 percent of the poverty line for a family

‘(1) DEFINITION OF ELIGIBLE NOT-FOR-PROFIT

Paragraph (2) of section 438(d) (20 U.S.C.

(1) IN GENERAL.

For each of the fiscal years 2006 and 2007, ac-

(2) by adding at the end the following:

(bb) by substituting

The term ‘eligible Federal Direct Loan’ means a Federal Direct Stafford Loan, Federal Direct PLUS Loan, Federal Direct Unsubsidized Loan, or a Federal Direct Consolidation Loan if such consolidation loan was obtained by the borrower under section 428I(b)(5) or in accordance with section 428I(v).

(C) PUBLIC SERVICE JOB.—In this para-

the term ‘public service job’ means—

(i) a full-time job in public emergency

management, government, public safety, public law enforcement, public health, education, public early childhood education, public child care, social work in a public child or family service agency, public services individuals with disabilities, public services for the elderly, public interest legal services (including prosecution or public de-

(bb) by substituting ‘1.84 percent’ for ‘2.34 percent’ each place the term appears in this subparagraph;

(cc) by substituting ‘1.84 percent’ for ‘2.64 percent’ in clause (ii); and

/dd) by substituting ‘1.24 percent’ for ‘2.64 percent’ in clause (iv).’.

(b) INCREASED LOAN FEES FROM LENDERS.—

Loans to made to the borrower under this part.

(1) for loans held by an eligible not-for-

profit holder,

‘(aa) by substituting ‘1.99 percent’ for ‘2.34 percent’ each place the term appears in this subparagraph;

(bb) by substituting ‘1.39 percent’ for ‘1.74 percent’ in clause (ii);

(cc) by substituting ‘1.99 percent’ for ‘2.64 percent’ in clause (iii); and

/dd) by substituting ‘1.29 percent’ for ‘2.64 percent’ in clause (iv).’.

(i) payments under an income-based re-

payment plan under section 455(d)(1)(D);

(ii) payments under a standard repayment

plan under section 455(d)(1)(A); or

(iii) payments made under a repay-

ment plan under section 455(d)(1) of not less than the monthly amount calculated under section 455(d)(1); and

(bb) is employed in a public service job

at the time of such forgiveness; and

(ii) has been employed in a public service job

during the period in which the borrower

makes each of the 120 payments described in

subparagraph (A).

(A) LOAN CANCELLATION AMOUNT.—After

the conclusion of the employment period de-

scribed in paragraph (1), the Secretary shall cal-

culate the account maintenance fees to the Sec-

retary that the borrower’s annual adjusted gross income or annual earnings was less than or equal to $65,000, 14% of the amount of the balance of principal and interest due as of the time of such cancellation, on the eligible Federal Di-

rect Loans made to the borrower under this part.

‘(B) ELIGIBLE FEDERAL DIRECT LOAN.—

The term ‘eligible Federal Direct Loan’ means a Federal Direct Stafford Loan, Federal Direct PLUS Loan, Federal Direct Unsubsidized Loan, or a Federal Direct Consolidation Loan if such consolidation loan was obtained by the borrower under section 428I(b)(5) or in accordance with section 428I(v).

‘COME IV.—WILLIAM D. FORD FEDERAL

DIRECT LOAN PROGRAM

SECTION 401. LOAN FORGIVENESS FOR PUBLIC

SERVICE EMPLOYEES.

Section 455 (as amended by sections 201(c),

202(b), and 203(c) (20 U.S.C. 1067e) is further am-

ended—

‘(1) IN GENERAL.—The Secretary shall can-

cel the balance of the interest and principal due,

in accordance with paragraph (2), on any eli-

gible Federal Direct Loan not in default for an eligible borrower who—

(A) has been employed in a public service job

for each year 2008 and succeeding fiscal years, the Sec-

retary shall—

‘(ii) has been employed in a public service job

during the period in which the borrower

makes each of the 120 payments described in

subparagraph (A).

‘(A) IN GENERAL.—For fiscal year 2008 and

each succeeding fiscal year, the Secretary shall calculate the account maintenance fees payable to guaranty agencies under sub-

section (a)(3), on a per-loan cost basis in ac-

cordance with subparagraph (D).

‘(B) AMOUNT DETERMINATION.—To deter-

mine the amount that shall be paid under sub-

section (a)(3) for outstanding loan guar-

anty payments under a guaranty agency for fiscal year 2008 and

following fiscal years, the Secretary shall—

‘(ii) payments under a standard repayment

plan under section 455(d)(1)(A); or

(i) payments under an income-based re-

payment plan under section 455(d)(1)(D);

‘(i) payments under an income-based re-

payment plan under section 455(d)(1)(D);

‘(ii) payments under a standard repayment

plan under section 455(d)(1)(A); or

(iii) payments made under a repay-

ment plan under section 455(d)(1) of not less than the monthly amount calculated under section 455(d)(1); and

(bb) is employed in a public service job

at the time of such forgiveness; and

(ii) has been employed in a public service job

during the period in which the borrower

makes each of the 120 payments described in

subparagraph (A).

‘(A) LOAN CANCELLATION AMOUNT.—After

the conclusion of the employment period de-

scribed in paragraph (1), the Secretary shall cal-

culate the account maintenance fees to the Sec-

retary that the borrower’s annual adjusted gross income or annual earnings was less than or equal to $65,000, 14% of the amount of the balance of principal and interest due as of the time of such cancellation, on the eligible Federal Di-

Direct Loans made to the borrower under this part.

‘(B) ELIGIBLE FEDERAL DIRECT LOAN.—

The term ‘eligible Federal Direct Loan’ means a Federal Direct Stafford Loan, Federal Direct PLUS Loan, Federal Direct Unsubsidized Loan, or a Federal Direct Consolidation Loan if such consolidation loan was obtained by the borrower under section 428I(b)(5) or in accordance with section 428I(v).

‘(C) PUBLIC SERVICE JOB.—In this para-

graph, the term ‘public service job’ means—

(i) a full-time job in public emergency

management, government, public safety, public law enforcement, public health, education, public early childhood education, public child care, social work in a public child or family service agency, public services individuals with disabilities, public services for the elderly, public interest legal services (including prosecution or public de-

(bb) by substituting ‘1.84 percent’ for ‘2.34 percent’ each place the term appears in this subparagraph;

(cc) by substituting ‘1.84 percent’ for ‘2.64 percent’ in clause (ii); and

/dd) by substituting ‘1.24 percent’ for ‘2.64 percent’ in clause (iv).

(2) LOAN CANCELLATION AMOUNT.—After

the conclusion of the employment period de-

scribed in paragraph (1), the Secretary shall cal-

ulate the account maintenance fees to the Sec-

retary that the borrower’s annual adjusted gross income or annual earnings was less than or equal to $65,000, 14% of the amount of the balance of principal and interest due as of the time of such cancellation, on the eligible Federal Di-

Direct Loans made to the borrower under this part.

‘(3) DEFINITIONS.—In this subsection:

‘(A) ELIGIBLE BORROWER.—The term ‘eligi-

ble borrower’ means a borrower that sub-

mits documentation to the Secretary that the borrower’s annual adjusted gross income or annual earnings is less than or equal to $65,000.

(1) IN GENERAL.—The term ‘eligible Federal Direct Loan’ means a Federal Direct Stafford Loan, Federal Direct PLUS Loan, Federal Direct Unsubsidized Loan, or a Federal Direct Consolidation Loan if such consolidation loan was obtained by the borrower under section 428I(b)(5) or in accordance with section 428I(v).

(2) BY AMOUNT DETERMINATION.—To deter-

mine the amount that shall be paid under sub-

section (a)(3) for outstanding loan guar-

anty payments under a guaranty agency for fiscal year 2008 and

following fiscal years, the Secretary shall—

‘(ii) payments under a standard repayment

plan under section 455(d)(1)(A); or

(i) payments under an income-based re-

payment plan under section 455(d)(1)(D);

‘(ii) payments under a standard repayment

plan under section 455(d)(1)(A); or

(i) payments under an income-based re-

payment plan under section 455(d)(1)(D);

‘(ii) payments under a standard repayment

plan under section 455(d)(1)(A); or

(i) payments under an income-based re-

payment plan under section 455(d)(1)(D);

‘(ii) payments under a standard repayment

plan under section 455(d)(1)(A); or

(i) payments under an income-based re-

payment plan under section 455(d)(1)(D);
“(i) establish the per-loan cost basis amount by dividing the total amount of account maintenance fees paid under subsection (a)(3) for fiscal year 2006 by the number of loans under part B that were outstanding for that fiscal year; and
“(ii) for subsequent fiscal years, adjust the amount determined under clause (i) as the Secretary determines necessary to account for inflation.”

**TITLE V—FEDERAL PERKINS LOANS**

**SEC. 501. DISTRIBUTION OF LATE COLLECTIONS.**

Section 478(b) (20 U.S.C. 1087rr(b)) is amended by striking “March 31, 2012” and inserting “September 30, 2012”.

**TITLE VI—NEED ANALYSIS**

**SEC. 601. SUPPORT FOR WORKING STUDENTS.**

(a) **DEPENDENT STUDENTS.**—Subparagraph (D) of section 476(g)(2) (20 U.S.C. 1087q(b)(2)(D)) is amended to read as follows:

“(D) of section 476(b)(1)(A)(iv) is amended to read as follows:

“(iv) an income protection allowance of the following amount (or a successor amount prescribed by the Secretary under section 478);

“(I) for single or separated students, or married students where both are enrolled pursuant to subsection (a)(2)—

“(aa) for academic year 2009–2010, $7,000;

“(bb) for academic year 2010–2011, $7,780;

“(cc) for academic year 2011–2012, $8,550; and

“(dd) for academic year 2012–2013, $9,330; and

“(II) for married students where 1 is enrolled pursuant to subsection (a)(2)—

“(aa) for academic year 2009–2010, $11,220;

“(bb) for academic year 2010–2011, $12,460;

“(cc) for academic year 2011–2012, $13,710; and

“(dd) for academic year 2012–2013, $14,960;”.

(b) **INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.**—Clause (iv) of section 477(b) (20 U.S.C. 1087qq(b)(4)) is amended to read as follows:

“(IV) an income protection allowance of the following amount (or a successor amount prescribed by the Secretary under section 478);

“(I) for academic year 2009–2010, $3,750;

“(II) for academic year 2010–2011, $4,500;

“(III) for academic year 2011–2012, $5,250; and

“(IV) for academic year 2012–2013, $6,000;”.

(c) **INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.**—Paragraph (4) of section 477(b) (20 U.S.C. 1087qq(b)(4)) is amended to read as follows:

“(4) INCOME PROTECTION ALLOWANCE.—The income protection allowance is determined by the tables described in subparagraphs (A) through (D) (or a successor table prescribed by the Secretary under section 478).

“(A) ACADEMIC YEAR 2009–2010.—For academic year 2009–2010, the income protection allowance is determined by the following table:

### Income Protection Allowance

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$17,720</td>
<td>$14,690</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>22,060</td>
<td>19,050</td>
<td>$16,020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>27,250</td>
<td>24,220</td>
<td>21,210</td>
<td>$18,170</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>32,150</td>
<td>29,120</td>
<td>26,100</td>
<td>23,070</td>
<td>$20,060</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>37,600</td>
<td>34,570</td>
<td>31,570</td>
<td>28,520</td>
<td>25,520</td>
<td></td>
</tr>
</tbody>
</table>

NOTE: For each additional family member, add $4,240. For each additional college student, subtract $3,020.

“(B) ACADEMIC YEAR 2010–2011.—For academic year 2010–2011, the income protection allowance is determined by the following table:

### Income Protection Allowance

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$19,690</td>
<td>$16,530</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>24,510</td>
<td>21,160</td>
<td>$18,170</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>30,280</td>
<td>26,910</td>
<td>23,560</td>
<td>$20,190</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>35,730</td>
<td>32,350</td>
<td>29,000</td>
<td>25,640</td>
<td>$22,290</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>41,780</td>
<td>38,410</td>
<td>35,080</td>
<td>31,690</td>
<td>28,350</td>
<td></td>
</tr>
</tbody>
</table>

NOTE: For each additional family member, add $4,710. For each additional college student, subtract $3,350.

“(C) ACADEMIC YEAR 2011–2012.—For academic year 2011–2012, the income protection allowance is determined by the following table:

### Income Protection Allowance

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$21,660</td>
<td>$17,960</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>26,960</td>
<td>23,280</td>
<td>$19,580</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>33,300</td>
<td>29,600</td>
<td>25,920</td>
<td>$22,210</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>39,300</td>
<td>35,580</td>
<td>31,900</td>
<td>28,330</td>
<td>$24,230</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>45,950</td>
<td>42,550</td>
<td>38,580</td>
<td>34,890</td>
<td>31,190</td>
<td></td>
</tr>
</tbody>
</table>

NOTE: For each additional family member, add $5,660. For each additional college student, subtract $4,020.

“(D) ACADEMIC YEAR 2012–2013.—For academic year 2012–2013, the income protection allowance is determined by the following table:

### Income Protection Allowance

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number in College</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$23,630</td>
<td>$19,590</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>29,420</td>
<td>25,400</td>
<td>$21,360</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>36,330</td>
<td>32,300</td>
<td>28,280</td>
<td>$24,230</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>42,870</td>
<td>38,820</td>
<td>34,800</td>
<td>30,770</td>
<td>$26,750</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>50,130</td>
<td>46,100</td>
<td>42,090</td>
<td>38,030</td>
<td>34,020</td>
<td></td>
</tr>
</tbody>
</table>

NOTE: For each additional family member, add $5,660. For each additional college student, subtract $4,020. **(d) UPDATED TABLES AND AMOUNTS.**—Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

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

“(1) REVISED TABLES.—

“(A) IN GENERAL.—For each academic year after academic year 2008–2009, the Secretary shall publish in the Federal Register a revised table of income protection allowances for the purpose of such sections, subject to subparagraphs (B) and (C).

“(B) TABLE FOR INDEPENDENT STUDENTS.—

“(1) ACADEMIC YEARS 2009–2010 THROUGH 2012–2013.—For each of the academic years 2009–2010 through 2012–2013, the Secretary shall not develop a revised table of income protection allowances under section 477(b)(4) and...
the table specified for such academic year under subparagraphs (A) through (D) of such section shall apply.

(ii) OTHER ACADEMIC YEARS.—For each academic year beginning after the academic year 2012–2013, the Secretary shall develop the revised table of income protection allowances by increasing each of the dollar amounts contained in the table of income protection allowances under section 475(c)(4) by increasing each of the dollar amounts contained in the table by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 2011 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

Title VII—General Provisions

SEC. 701. STUDENT ELIGIBILITY.

(a) AMENDMENTS.—Section 489(c) (20 U.S.C. 1091(r)) is amended—

(1) in the table in paragraph (1), by inserting—

‘‘(n) SPECIAL COMBAT PAY.—(A) in paragraph (2), by striking ‘‘$20,000’’ and inserting ‘‘$30,000’’;

(b) AUTOMATIC ZERO IMPROVEMENTS.

SEC. 602. AUTOMATIC ZERO IMPROVEMENTS.

(a) General. — Section 479(c) (20 U.S.C. 1087ffs(c)) is amended—

(1) in paragraph (1)(B), by striking ‘‘$20,000’’ and inserting ‘‘$30,000’’;

(2) in paragraph (2), by striking ‘‘$30,000’’ and inserting ‘‘$40,000’’;

(b) EFFECTIVE DATE. — The amendments made by this section shall take effect on July 1, 2009.

SEC. 603. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

The third sentence of section 479(a) (20 U.S.C. 1087tt(a)) is amended—

(1) by inserting ‘‘or an independent student’’ after ‘‘family member’’; and

(2) by inserting ‘‘or a change in housing sta-
tus that results in homelessness (as defined in section 103 of the McKinney-Vento Home-
less Assistance Act),’’ after ‘‘under section 487.’’

SEC. 604. DEFINITIONS.

(a) General. — Section 480 (20 U.S.C. 1087vv) is amended—

(1) in paragraph (1), by striking—

‘‘(A) in paragraph (2), by striking ‘‘$20,000’’ and inserting ‘‘$30,000’’;

(b) EFFECTIVE DATE. — The amendments made by this section shall take effect on July 1, 2009.

(c) ADDITIONAL DEFINITIONS.—In this section:

‘‘(A) IN GENERAL.—Section 479A(a) (20 U.S.C. 1087tt(a)) is amended—

(1) by inserting ‘‘or an independent stu-
dent’’ after ‘‘family member’’; and

(2) by inserting ‘‘or a change in housing sta-
tus that results in homelessness (as defined in section 103 of the McKinney-Vento Home-
less Assistance Act),’’ after ‘‘under section 487.’’

‘‘(B) by redesignating paragraph (3) as paragraph (2) and inserting the following:

‘‘(3) L OAN ORIGINATION MECHANISM .—The Secretary shall establish a loan origination mechanism that meets the following require-
ments:

(1) P LANNING AND IMPLEMENTATION .—The Secretary shall develop a pilot program under which the Secretary establishes a mecha-
nism for the origination of Federal PLUS Loans in accordance with the provisions of this subsection and the provi-
sions of section 428b of the Higher Edu-

(2) BY ADDING AT THE END THE FOLLOWING:

‘‘(4) SPECIAL Combat PAY.—The term ‘‘special combat pay’’ means pay received by a member of the Armed Forces because of exposure to a hazardous situation.’’.

SEC. 605. AUTHORIZATION AND APPROPRIA-
TIONS.

There are authorized to be appropriated, and there are appropriated, out of any money in the Treasury not otherwise appropriated, $5,000,000 for fiscal year 2008 for the Department of Education to pay the estimated in-
erest in the Federal Pell Grant program under section 401 of the Higher Edu-

‘‘(4) INTERACTION WITH FAFSA.—The Sec-
retary shall not require a student to provide information regarding the student’s possess-
ion or sale of a controlled substance on the Free Application for Federal Student Aid (FAFSA) or any other common financial re-
porting form described in section 483(a).’’

(b) AUTHORIZATION AND APPROPRIATIONS.—There are authorized to be appropriated, and there are appropriated, out of any money in the Treasury not otherwise appropriated, $5,000,000 for fiscal year 2008 for the Depart-
ment of Education to pay the estimated in-
erest in the Federal Pell Grant program under section 401 of the Higher Edu-

SEC. 801. COMPETITIVE LOAN AUCTION PILOT PROGRAM.

Title IV (20 U.S.C. 1070 et seq.) is further amended by adding at the end the following:

‘‘PART I—COMPETITIVE LOAN AUCTION PILOT PROGRAM; STATE GRANT PRO-
GRAM.

SEC. 802. COMPETITIVE LOAN AUCTION PILOT PROGRAM.

(a) DEFINITIONS. — In this section—

‘‘(B) ELIGIBLE LENDER.—The term ‘eligible lender’ has the meaning given the term in section 435.

(b) PILOT PROGRAM. — The Secretary shall carry out a pilot program under which the Secretary establishes a mechanism for an auction of eligible Federal PLUS Loans in accordance with this subsection. The pilot program shall meet the following require-
ments:

‘‘(1) PLANNING AND IMPLEMENTATION. — Dur-
ing the period beginning on the date of en-
actment of this section and ending on June 30, 2009, the Secretary shall plan and imple-
mate the pilot program under this sub-
section.

‘‘(C) ELIGIBILITY CRITERIA.—The term ‘eligible lender’ has the meaning given the term in section 435.

‘‘(D) ELIGIBILITY CRITERIA.—The term ‘eligible lender’ has the meaning given the term in section 435.

(c) GRANT PROGRAM. — The Secretary shall carry out a grant program for the origination of Federal PLUS Loans in accordance with the provisions of this subsection and the provi-
sions of section 428b of the Higher Edu-

‘‘(n) SPECIAL COMBAT PAY.—(A) in paragraph (2), by striking ‘‘$20,000’’ and inserting ‘‘$30,000’’;

SEC. 805. TITLE VII—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE.
“(i) a set of borrower benefits and servicing requirements each eligible lender shall meet in order to participate in such an auction; and

(ii) an assessment of each such eligible lender’s capacity, including capital capacity, to participate effectively.

(C) Timing and origination.—Each State auction shall take place once every 2 years, and the eligible lenders with the winning bids for the State are the only eligible lenders permitted to originate eligible Federal PLUS Loans made under this paragraph for the cohort of students at the institutions of higher education within the State until the students graduate from or leave the institutions of higher education.

(D) Bids.—Each eligible lender’s bid consists of the amount of the special allowance payment (including the recapture of excess interest) the eligible lender proposes to accept from the Secretary with respect to the eligible Federal PLUS Loans made under this paragraph in lieu of the amount determined under section 438(b)(2)(I).

(2) Maximum bid.—The maximum bid allowable under this paragraph shall not exceed the amount of the special allowance payment on eligible Federal PLUS Loans made under this paragraph computed under section 438(b)(2)(I) (other than clauses (ii), (iii), (iv), and (vi) of such section), except that 5 percent more than such computation. Under this subparagraph, section 438(b)(2)(I)(ii)(III) shall be applied by substituting ‘‘1.74 percent’’ for ‘‘2.34 percent’’.

(P) Winning bids.—The winning bids for each State auction shall be the 2 bids containing the lowest and the second lowest proposed special allowance payments, subject to subparagraph (E).

(G) Agreement with Secretary.—Each eligible lender having a winning bid under subparagraph (P) enters into an agreement with the Secretary under which the eligible lender—

(i) agrees to originate eligible Federal PLUS Loans under this paragraph to each borrower who—

(A) seeks an eligible Federal PLUS Loan under this paragraph to enable a dependent student to attend an institution of higher education within the State;

(B) is eligible for an eligible Federal PLUS Loan; and

(C) elects to borrow from the eligible lender;

(ii) agrees to accept a special allowance payment (including the recapture of excess interest) from the Secretary with respect to the eligible Federal PLUS Loans originated under clause (i) in the amount proposed in the second lowest winning bid described in subparagraph (F) for the applicable State auction;

(H) Sealed bids; confidentiality.—All bids are sealed and the Secretary keeps the bids confidential, including following the announcement of the winning bids.

(I) Eligible lender of last resort.—

(i) in general.—In the event that there is no winning bid under subparagraph (F), the Secretary shall determine the institutions of higher education within the State that was the subject of the auction shall be served by an eligible lender of last resort, as determined by the Secretary.

(ii) Determination of eligible lender of last resort.—Prior to the start of any auction under this paragraph, eligible lenders that aspire to serve as an eligible lender of last resort shall submit an application to the Secretary at such time and in such manner as the Secretary may determine. Such application must include assurance that the eligible lender will meet the prequalification requirements described in subparagraph (B).

(III) Geographic location.—The Secretary shall identify an eligible lender of last resort for each State.

(iv) Notification timing.—The Secretary shall notify each eligible lender of the eligible Federal PLUS Loans under this paragraph until after the announcement of all the winning bids for a State auction for any year.

(2) Guaranty against losses.—The Secretary guarantees the eligible Federal PLUS Loans made under this paragraph against losses resulting from the default of a parent PLUS Loan or a Federal Direct PLUS Loan originated under this paragraph.

(3) Consolidation.—

(i) in general.—An eligible lender who is permitted to originate eligible Federal PLUS Loans for a borrower under this paragraph shall have the option to consolidate such loans into 1 loan.

(ii) Notification.—In the event a borrower with eligible Federal PLUS Loans made under this paragraph consolidates the loans, the borrower shall notify the eligible lender who originated the loans under this paragraph.

(iii) Limitation on eligible lender option to consolidate.—The option described in clause (i) shall not apply if—

(A) the borrower requests the consolidation in clause (ii) verification of consolidation terms and conditions offered by an eligible lender other than the eligible lender described in clause (i); and

(B) not later than 10 days after receiving such notification from the borrower, the eligible lender described in clause (i) does not agree to match such terms and conditions to provide more favorable terms and conditions to such borrower than the offered terms and conditions described in clause (i).

(iv) Consolidation of additional loans.—If a borrower has a Federal Direct PLUS Loan or a loan made on behalf of a dependent student under section 428B and wishes to consolidate such loans under this paragraph, the Secretary shall reduce the full non-Federal share required under this section proportionately.

(4) Special allowance on consolidation.—

(i) in general.—The Secretary shall award grants, from allotments under paragraph (3), to applicants approved under paragraph (3), to enable the State to pay the Federal share of the costs of carrying out the activities and services described in paragraph (7).

(B) Federal share; non-Federal share.—

(i) Federal share.—The amount of the Federal share under this subsection for a fiscal year shall be equal to 3 of the costs of the activities and services described in paragraph (7).

(ii) Non-Federal share.—The amount of the non-Federal share under this subsection shall be equal to 2 of the costs of the activities and services described in paragraph (7).

(C) Reduction for failure to pay non-Federal share.—If a State fails to provide the full non-Federal share required under this paragraph, the Secretary shall reduce the amount of the grant payment under this subsection proportionately.

(5) Temporary ineligibility for subsequent payments.—

(i) in general.—The Secretary shall determine a State to be temporarily ineligible to receive a grant payment under this subsection for a fiscal year if—

(I) the State fails to submit an annual report pursuant to paragraph (9) for the preceding fiscal year; or

(ii) the Secretary determines, based on information in such annual report, that the State is not effectively meeting the conditions described in paragraph (8) and the goals of the application approved under paragraph (5).

(ii) Reinstatement.—If the Secretary determines a State is ineligible under clause (i), the Secretary may enter into an agreement with the State setting forth the terms and conditions under which the State may regain eligibility to receive payments under this subsection.

(6) Interim determination of allotment.—

(A) Amount of allotment.—Subject to subparagraph (B), in making grant payments to States under this subsection, the allotment for any fiscal year shall be equal to the sum of—

(i) the amount that bears the same relation to 50 percent of the amount appropriated for this purpose in such fiscal year as the number of residents in the State aged 5 through 17 who are living below the
poverty line applicable to the resident’s family size (as determined under section 673(2) of the Community Service Block Grant Act) bears to the total number of such residents in all States.

(ii) the amount that bears the same relation to 50 percent of the amount appropriated under paragraph (2) for such fiscal year as the number of such residents in the State bears to the total number of such residents in all States.

(5) SUBMISSION AND CONTENTS OF APPLICATION.—

(A) IN GENERAL.—For each fiscal year for which a State desires a grant payment under paragraph (3), the State agency with jurisdiction over higher education, or another agency as determined by the Governor of the State to administer the program under this subsection, shall submit an application to the Secretary, on a form approved by the Secretary, that contains the information described in paragraphs (1) through (4).

(B) PROHIBITED USES.—Funds made available under this section shall not be used to promote any lender’s loans.

(6) PAYMENT TO ELIGIBLE NONPROFIT ORGANIZATIONS.—

(A) ELIGIBLE ORGANIZATIONS.—Eligible nonprofit organizations include organizations, including an eligible not-for-profit organization or partnership, that—

(i) a State desires to receive a payment under this subsection for a fiscal year in an amount that is less than ½ of 1 percent of the total amount appropriated under paragraph (2) for such fiscal year.

(ii) the amount that bears the same relation to increasing access to higher education, or another agency as determined by the Governor in the State to administer the grant under this subsection, shall provide, from non-Federal sources, such funds.

(7) ALLOWABLE USES.—

(A) IN GENERAL.—Subject to subparagraph (C), a State may use a grant payment under this subsection only for the following activities and services, pursuant to the conditions under paragraph (8):

(i) the activities and services described in clause (i) through (vi) of paragraph (7)(A) that are funded under the payment available to all qualifying students and families.

(ii) the services of each funding entity.

(iii) the amount of each grant payment under this subsection shall, in carrying out any activity or service described in paragraph (7)(A) with the grant funds, be used to provide financial literacy and debt management services to students and families.

(iv) career preparation.

(v) information on financing options for postsecondary education and activities that promote financial literacy and debt management services, and

(vi) outreach activities for students who may be at risk of not enrolling in or completing postsecondary education.

(B) PROHIBITED USES.—A State receiving a grant payment under this subsection may not use the payment with any existing activities provided, with such funds.

(8) MATCHING REQUIREMENTS.—

(A) MANDATORY.—Each grant payment under this subsection shall be made to a nonprofit or for-profit organization, or partnership, that—

(i) a State desires to provide or coordinate the non-Federal share and non-Federal share provided under paragraph (7).

(ii) the number, and percentage, if feasible and applicable, of students who received each activity or service; and

(iii) the total contributions from private organizations included in the State’s non-Federal share for the period covered by the payment under this subsection.

(9) REPORT.—A State receiving a payment under this subsection shall submit an annual report to the Secretary on the program under this subsection and on the implementation of the activities and services described in paragraph (7).

(10) SUNSET.—The authorization provided to carry out this subsection shall expire on September 30, 2008.

(II) PROVIDING FINANCIAL LITERACY SERVICES TO ELIGIBLE STUDENTS.—

(A) DEFINITION OF ELIGIBLE ENTITY.—In this section, the term ‘eligible entity’ means a nonprofit or for-profit organization, or a consortium of such organizations, with a demonstrated record of effectiveness in providing financial literacy services to students at the secondary and postsecondary level.

(B) PROGRAM ESTABLISHED.—From amounts appropriated under paragraph (6), the Secretary shall award grants to eligible entities to enable the eligible entities to increase the financial literacy of students who are enrolled or will enroll in an institution of higher education, including providing instruction to students on topics such as the understanding of loan terms and conditions, the calculation of interest rates, management of debt, and future savings for education, health care, and long-term care, and retirement.

(II) REMARKS.—Each grant under this subsection shall be awarded for one 5-year period, and may not be renewed.

(B) PROGRAM ESTABLISHED.—From amounts appropriated under paragraph (6), the Secretary shall award grants to eligible entities to enable the eligible entities to increase the financial literacy of students who are enrolled or will enroll in an institution of higher education, including providing instruction to students on topics such as the understanding of loan terms and conditions, the calculation of interest rates, management of debt, and future savings for education, health care, and long-term care, and retirement.
sources, an amount (which may be provided in cash or in kind) to carry out the activities supported by the grant equal to 100 percent of the amount received under the grant.

(5) APPLICATIONS.—An eligible entity desiring a grant under this subsection shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Such application shall include the following:

(A) A detailed description of the eligible entity’s providing financial literacy activities and the students and schools the grant will target.

(B) The eligible entity’s plan for using the matching grant funds, including how the funds will be used to provide financial literacy programs to students.

(C) A plan to ensure the viability of the work of the eligible entity beyond the grant period.

(D) A detailed description of the activities that carry out this subsection and that are conducted by the eligible entity at the time of the application, and how the matching grant funds will assist the eligible entity with expanding and enhancing such activities.

(E) A description of the strategies that will be used to target activities under the grant to students in secondary school and enrollments of students in postsecondary institutions of higher education who are historically underrepresented in institutions of higher education and who may benefit from the activities of the eligible entity.

(6) AUTHORIZATION AND APPROPRIATIONS.—There are authorized to be appropriated, and there are appropriated, $10,000,000 for each of the fiscal years 2008 and 2009 to carry out this subsection.

(e) SECONDARY SCHOOL GRADUATION AND COLLEGE ENROLLMENT PROGRAM.—

(1) IN GENERAL.—The term ‘eligible local educational agency’ means a local educational agency with a secondary school graduation rate of 70 percent or less—

(i) in the aggregate; or

(ii) applicable to 2 or more subgroups of secondary school students served by the local educational agency that are described in clause (i).

(2) SUBGROUPS.—A subgroup referred to in clause (i)(II) is—

(A) a subgroup of economically disadvantaged students; or

(B) a subgroup of students from a major racial or ethnic group.

(3) ELIGIBLE ENTITY.—The term ‘eligible entity’ means a consortium of a nonprofit organization and an institution of higher education with a demonstrated record of effectiveness in raising secondary school graduation rates and postsecondary enrollment rates.

(4) PROGRAM ESTABLISHED.—From amounts appropriated under paragraph (7), the Secretary shall award grants to eligible entities to carry out activities that—

(A) create models of excellence for academically rigorous secondary schools, including early college secondary schools;

(B) increase secondary school graduation rates;

(C) raise the rate of students who enroll in a postsecondary education program;

(D) improve instruction and access to supports for struggling secondary school students;

(E) create, implement, and utilize early warning systems to help identify students at risk of dropping out of secondary school; and

(F) improve communication between parents, students, and schools concerning requirements for secondary school graduation, postsecondary education enrollment, and financial assistance available for attending postsecondary education.

(5) USE OF FUNDS.—An eligible entity that receives a grant under this subsection shall use the grant funds to—

(A) to implement a college-preparatory curriculum for all students in a secondary school served by the eligible local educational agency, a minimum agency that is aligned with a rigorous secondary school program of study;

(B) to implement accelerated academic catch-up programs for students who enter secondary school not meeting the proficient levels of student academic achievement on the State academic assessments for mathematics, reading or language arts, science under section 1111(b)(3) of the Elementary and Secondary Education Act of 1965, that enable such students to meet the proficient levels of achievement and remain on track to graduate from secondary school on time with a regular secondary school diploma;

(C) to implement an early warning system to quickly identify students at risk of dropping out of secondary school, including systems that track student absenteeism; and

(D) to implement a comprehensive postsecondary education guidance program that—

(i) will ensure that all students are regularly notified throughout the students’ time in secondary school of secondary school graduation requirements and postsecondary education entrance requirements; and

(ii) provides guidance and assistance to students in applying to an institution of higher education and in applying for Federal financial assistance and other State, local, and private financial assistance and scholarships.

(6) GRANT PERIOD; RENEWABILITY.—Each grant under this subsection shall be awarded for one 5-year period, and may not be renewed.

(7) MATCHING REQUIREMENTS.—Each eligible entity that receives a grant under this subsection shall provide, from non-Federal sources, an amount (which may be provided in cash or in-kind) to carry out the activities supported by the grant equal to 100 percent of the amount provided under the grant.

(8) APPLICATIONS.—An eligible entity desiring a grant under this subsection shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

(9) AUTHORIZATION AND APPROPRIATIONS.—There are authorized to be appropriated, and there are appropriated, $25,000,000 for each of the fiscal years 2008 and 2009 to carry out this subsection.

AA 2328. Mr. REID submitted an amendment intended to be proposed by him to the bill S. 1642, to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

SEC. 802. CAMPUS-BASED DIGITAL THEFT PREVENTION.

Part G of title IV (20 U.S.C. 1088 et seq.) is amended by adding at the end of the following:

SEC. 494. CAMPUS-BASED DIGITAL THEFT PREVENTION.

'(a) IN GENERAL.—Each eligible institution participating in any program under this title that receives a grant under section 485(a)(1)(P) for 2008; as follows:

(G) $3,650,000,000 for fiscal year 2014;

(H) $3,850,000,000 for fiscal year 2015;

(I) $4,175,000,000 for fiscal year 2016; and

(J) $4,180,000,000 for fiscal year 2017.'