S. 678

At the request of Mrs. BOXER, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of S. 678, a bill to amend title 49, United States Code, to ensure air passengers have access to necessary services while on a grounded air carrier and are not unnecessarily held on a grounded air carrier before or after a flight, and for other purposes.

S. 719

At the request of Mr. LAUTENBERG, the name of the Senator from Rhode Island (Mr. WHITEHOUSE) was added as a cosponsor of S. 719, a bill to amend section 10501 of title 49, United States Code, to exclude solid waste disposal from the jurisdiction of the Surface Transportation Board.

S. 721

At the request of Mr. ENZI, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 721, a bill to allow travel between the United States and Cuba.

S. 731

At the request of Mr. SALAZAR, the name of the Senator from Pennsylvania (Mr. CASEY) was added as a cosponsor of S. 731, a bill to develop a methodology for, and complete, a national assessment of geological storage capacity for carbon dioxide, and for other purposes.

S. 773

At the request of Mr. WARNER, the name of the Senator from Hawaii (Mr. AKAKA) was added as a cosponsor of S. 773, a bill to amend the Internal Revenue Code of 1986 to allow Federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums.

S. 778

At the request of Mr. KENNEDY, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 778, a bill to amend title IV of the Elementary and Secondary Education Act of 1965 in order to authorize the Secretary of Education to award competitive grants to eligible entities to recruit, select, train, and support Expanded Learning and After-School Fellows that will strengthen expanded learning initiatives, 21st century community learning center programs, and after-school programs, and for other purposes.

S. 787

At the request of Mr. MARTINEZ, the names of the Senator from Minnesota (Mr. COLEMAN) and the Senator from North Carolina (Mr. BURR) were added as cosponsors of S. 787, a bill to impose a 2-year moratorium on implementation of a proposed rule relating to the Federal-State financial partnerships under Medicaid and the State Children's Health Insurance Program.

S. 791

At the request of Mr. LEVIN, the name of the Senator from Pennsylvania (Mr. CASEY) was added as a cosponsor of S. 791, a bill to establish a collaborative program to protect the Great Lakes, and for other purposes.

S. 793

At the request of Mr. HATCH, the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of S. 793, a bill to provide for the expansion and improvement of traumatic brain injury programs.

S. 819

At the request of Mr. DORGAN, the names of the Senator from California (Mrs. FEINSTEIN) and the Senator from Nebraska (Mr. HAGEL) were added as cosponsors of S. 819, a bill to amend the Internal Revenue Code of 1986 to expand tax-free distributions from individual retirement accounts for charitable purposes.

S. 823

At the request of Mr. OBAMA, the name of the Senator from Oregon (Mr. SMITH) was added as a cosponsor of S. 823, a bill to amend the Public Health Service Act with respect to facilitating the development of microbicides for preventing transmission of HIV/AIDS and other diseases, and for other purposes.

S. 887

At the request of Mrs. FEINSTEIN, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 887, a bill to restore import and entry agricultural inspection functions to the Department of Agriculture.

S. 897

At the request of Ms. MIKULSKI, the name of the Senator from Wisconsin (Mr. KOHL) was added as a cosponsor of S. 897, a bill to amend the Internal Revenue Code of 1986 to provide more help to Alzheimer's disease caregivers.

S. 898

At the request of Ms. MIKULSKI, the names of the Senator from New Jersey (Mr. MENENDEZ), the Senator from Connecticut (Mr. DODD) and the Senator from Wisconsin (Mr. KOHL) were added as cosponsors of S. 898, a bill to amend the Public Health Service Act to fund breakthroughs in Alzheimer's disease research while providing more help to caregivers and increasing public education about prevention.

S. 902

At the request of Mr. HARKIN, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 902, a bill to provide support and assistance for families of members of the National Guard and Reserve who are undergoing deployment, and for other purposes.

S. 907

At the request of Mrs. CLINTON, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 907, a bill to establish an Advisory Committee on Gestational Diabetes, to provide grants to better understand and reduce gestational diabetes, and for other purposes.

S. CON. RES. 9

At the request of Ms. LANDRIEU, the name of the Senator from Minnesota (Mr. COLEMAN) was added as a cosponsor of S. Con. Res. 9, a concurrent resolution celebrating the contributions of the architectural profession during ''National Architecture Week''.

S. RES. 106

At the request of Mr. ENSIGN, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. Res. 106, a resolution calling on the President to ensure that the foreign policy of the United States reflects appropriate understanding and sensitivity concerning issues related to human rights, ethnic cleansing, and genocide documented in the United States record relating to the Armenian Genocide.

S. RES. 110

At the request of Mr. LUGAR, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. Res. 110, a resolution expressing the sense of the Senate regarding the 30th Anniversary of ASEAN-United States dialogue and relationship.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MENENDEZ (for himself, Mrs. BOXER, Mr. KERRY, Mr. CARDIN, and Mr. LAUTENBERG):

S. 919. A bill to reauthorize Department of Agriculture conservation and energy programs and certain other programs of the Department, to modify the operation and administration of these programs, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. MENENDEZ. Mr. President, I rise today along with several of my colleagues to introduce the Healthy Farms, Foods, and Fuels Act of 2007. I am also proud to be joined in this effort by my friend and former colleague, Representative RON KIND of Wisconsin, who is introducing this legislation today in the House of Representatives.

This legislation is crucial because we have a tremendous opportunity this year to set a healthier course for American agriculture. To allow our farmers, ranchers, and foresters to thrive while giving them the tools they need to meet our environmental and energy challenges; to open up new markets and opportunities for our small farmers; and to provide consumers and schoolchildren with more fresh fruits and vegetables, and make it easier for low-income Americans and the elderly to have access to healthier foods.

Like all legislation, a Farm Bill is a statement of priorities and of values. And the Healthy Farms, Foods, and Fuels Act embodies many of the priorities and values that I believe we as a nation should be focused on.

Although many people are not aware of New Jersey's thriving agricultural sector, the fact is that we are the Garden State, and a healthy agricultural sector nationwide—one that addresses the needs of all of our farmers, whether

they grow corn in the Midwest or blueberries in the Mid-Atlantic—is essential for New Jersey to remain the Garden State.

However, New Jersey's farmers are under a tremendous amount of pressure. They operate in a very high-cost environment and see development encroaching on their farms from all sides. Conservation programs are crucial to the survival of agriculture in the Garden State, as well as for the protection of sensitive wetlands and animal habitats, which is why the Healthy Farms bill increases funding and expands eligibility for the Environment Quality Incentives Program, Conservation Reserve Program, Conservation Security Program, Farmland and Ranchland Protection Program, Wetlands Reserve Program, and Wildlife Habitat Incentive Program.

New Jersey's farmers are also among the most prolific in the country in growing fruits and vegetables, yet they are often just a few miles from distressed communities where children struggle for access to nutritious food. That's why the Healthy Farms bill expands the Fresh Fruit and Vegetable Program to schools in all states, giving more children access to healthy snacks. The bill also expands the Farmers Market Promotion Program, and provides additional funding for programs that allow seniors and low-income families to obtain food at farmers markets. Not only do these programs help people eat healthier, they provide an additional market for local farmers.

This bill is, of course, just the start of this conversation. As we move forward this year, we must work together on issues of farm profitability, entrepreneurship and innovation, toward a Farm Bill that emphasizes flexibility, efficiency and equitable distribution of government programs. This will help to ensure success for our farm family enterprises and the wider community of Farm Bill beneficiaries, both large and small, near urbanized areas and in more rural settings, throughout all regions of the country.

Ideally, an emphasis on the diversity of agricultural and related businesses, their interaction with the citizens who are their ultimate customers, and the role these enterprises play in addressing issues of nutrition, hunger and economic growth throughout our nation will join with conservation and environmental issues to form a comprehensive Farm Bill that will serve the nation well for the next five years and beyond.

By Mr. REED (for himself and Mr. WHITEHOUSE):

S. 920. A bill to provide wage parity for certain prevailing rate employees in Rhode Island; to the Committee on Homeland Security and Governmental Affairs.

Mr. REED. Mr. President, today I address an issue of critical importance to Rhode Island's Federal Wage System employees.

Federal Wage System (FWS) employees are the Federal Government's blue-collar employees. In Rhode Island, these workers include janitors, mechanics, machine tool operators, munitions and explosive operators, electricians, and engineers. The majority of FWS employees in the United States work in the Department of Defense or the Department of Veterans Affairs. Indeed, Naval Station Newport employs the most FWS workers in the Narragansett Bay area. These workers are essential to the government's daily operation, and the work that they perform is important to our national security.

Regrettably, in the Narragansett Bay wage area, Federal blue-collar workers are faced with one of the lowest FWS pay scales, while residing in an area with one of the highest costs of living. The significant disparities between wages in the Narragansett Bay wage area and the proximate Boston and Hartford wage areas raise serious questions about the fairness and equity of these pay scales. In Rhode Island, an average wage grade worker earns $18.47 per hour, whereas the same worker in Boston earns $20.77 per hour and an employee in Hartford earns $19.99 per hour. Competitive compensation is the best way to ensure the retention of qualified and effective workers. Rhode Island should not suffer the loss of experienced Federal employees to the same jobs, at the same grade levels, just miles away because of better pay.

The chair of the Federal Prevailing Rate Advisory Committee (FPRAC), which advises the Office of Personnel Management on decisions dealing with the FWS pay scales, has been left vacant, leaving the FPRAC unable to make needed decisions regarding these wage areas.

Due to the lack of a chair and any action by FPRAC or OPM, which I have long urged to resolve this matter, I am reintroducing the Rhode Island Federal Worker Fairness Act, and I am pleased that Senator WHITEHOUSE is joining me as a cosponsor. This bill will merge the Narragansett Bay wage area with the Boston, MA, wage area to provide regional pay equity to Rhode Island Federal blue-collar workers. Merging these two wage areas will keep Federal workers in Rhode Island from abandoning their government jobs for higher paying positions elsewhere in southern New England, and help the approximately 500 wage rate workers in Rhode Island better provide for their families. I urge that this long pending inequality be addressed.

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

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

S. 920

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Rhode Island Federal Worker Fairness Act of 2007''.

SEC. 2. WAGE PARITY FOR CERTAIN PREVAILING RATE EMPLOYEES IN RHODE ISLAND.

The wage schedules and rates applicable to prevailing rate employees (as defined in section 5342 of title 5, United States Code) in the Narragansett Bay, Rhode Island, wage area shall be the same as the wage schedules and rates applicable to prevailing rate employees in the Boston, Massachusetts, wage area.

SEC. 3. EFFECTIVE DATE.

Section 2 shall take effect beginning with the first pay period beginning on or after the date of enactment of this Act.

By Mr. THOMAS (for himself and Mrs. LINCOLN):

S. 921. A bill to amend title XVIII of the Social Security Act to provide for the coverage of marriage and family therapist services and mental health counselor services under part B of the Medicare program, and for other purposes; to the Committee on Finance.

Mr. THOMAS. Mr. President, I am pleased to rise today to introduce the ''Seniors Mental Health Access Improvement Act of 2007'' with my distinguished colleague from Arkansas, Mrs. LINCOLN. Specifically, the ''Seniors Mental Health Access Improvement Act of 2007'' permits mental health counselors and marriage and family therapists to bill Medicare for services provided to seniors. This will result in an increased choice of mental health providers for seniors and enhance their ability to access mental health services in their communities.

This legislation is especially crucial to rural seniors who are often forced to travel long distances to utilize the services of mental health providers currently recognized by the Medicare program. Rural communities have difficulty recruiting and retaining providers, especially mental health providers. In many small towns, a mental health counselor or a marriage and family therapist is the only mental health care provider in the area. Medicare law—as it exists today—compounds the situation because only psychiatrists, clinical psychologists, clinical social workers and clinical nurse specialists are able to bill Medicare for their services.

It is time the Medicare program recognized the qualifications of mental health counselors and marriage and family therapists as well as the critical role they play in the mental health care infrastructure. These providers go through rigorous training, similar to the curriculum of masters level social workers, and yet are excluded from the Medicare program.

Particularly troubling to me is the fact that seniors have disproportionally higher rates of depression and suicide than other populations. Additionally, 75 percent of the 518 nationally designated Mental Health Professional Shortage Areas are located in rural areas and one-fifth of all rural counties have no mental health services of any kind. Frontier counties have even more drastic numbers as 95 percent do not have a psychiatrist, 68

percent do not have a psychologist and 78 percent do not have a social worker. It is quite obvious we have an enormous task ahead of us to reduce these staggering statistics. Providing mental health counselors and marriage and family therapists the ability to bill Medicare for their services is a key part of the solution.

Virtually all of Wyoming is designated a mental health professional shortage area and will greatly benefit from this legislation. Wyoming has 174 psychologists, 37 psychiatrists and 263 clinical social workers for a total of 474 Medicare eligible mental health providers. Enactment of the ''Seniors Mental Health Access Improvement Act of 2007'' will more than double the number of mental health providers available to seniors in my State with the addition of 528 mental health counselors and 61 marriage and family therapists currently licensed in the State.

I believe this legislation is critically important to the health and well-being of our Nation's seniors and I strongly urge all my colleagues to become a cosponsor.

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

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

S. 921

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Seniors Mental Health Access Improvement Act of 2007''.

SEC. 2. COVERAGE OF MARRIAGE AND FAMILY THERAPIST SERVICES AND MENTAL HEALTH COUNSELOR SERVICES UNDER PART B OF THE MEDICARE PROGRAM.

(a) COVERAGE OF SERVICES.—

(1) IN GENERAL.—Section 1861(s)(2) of the Social Security Act (42 U.S.C. 1395x(s)(2)) is amended—

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

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

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

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

(2) DEFINITIONS.—Section 1861 of the Social Security Act (42 U.S.C. 1395x) is amended by adding at the end the following new subsection:

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

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

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

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

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

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

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

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

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

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

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

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

''(v) marriage and family therapist services (as defined in section 1861(ccc)(1)) and mental health counselor services (as defined in section 1861(ccc)(3));''.

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

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

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

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

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

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

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

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

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

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

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

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to services furnished on or after January 1, 2008.

By Mr. THUNE (for himself, Mr. JOHNSON, Mr. SPECTER, and Mr. CASEY):

S. 922. A bill to extend the existing provisions regarding the eligibility for essential air service subsidies through fiscal year 2012; to the Committee on Commerce, Science, and Transportation.

Mr. THUNE. Mr. President, I rise today to introduce a bill that will sustain important air service—in South Dakota and other rural States across the country. The Airline Deregulation Act of 1978 allowed airlines to provide air service to domestic markets as they saw fit. But Congress had the foresight to create the Essential Air Service (EAS) Program to ensure a minimal level of scheduled air service in small communities. Without the EAS program, these small communities might have otherwise seen the airlines pull up stakes and only focus on larger, more profitable markets.

Essential Air Service is especially important to rural States like my home State of South Dakota. We have four communities that participate in the EAS program: Brookings, Huron, Pierre, and Watertown. Ensuring air passengers have access in and out of these smaller communities makes our entire commercial airline network more valuable.

The bill I am introducing today is very simple. It extends a provision, Section 409, passed by Congress and signed into law by the President in the 2002 Federal Aviation Administration Reauthorization, commonly referred to as Vision 100. This provision ensures that certain mileage calculations that determine EAS program eligibility are

not simply measured by some bureaucrat in Washington, but are in fact certified by States' Governors. There are, of course, budgetary strains on the EAS program. Congress and the Administration should focus on strengthening the program and examine the air service it is supporting to make sure it is truly essential, but we should not allow bureaucrats behind a desk in Washington to surreptitiously use mileage determinations to cut the costs of the program and reduce air service in the process.

Brookings is a community in my home State that would have more than likely lost its commercial air service if this provision was not in place five years ago. We should keep it in place for the next five years to make sure Brookings and other communities like it do not end up the cutting room floor of the EAS program.

I look forward to working with my colleagues on the Commerce Committee to begin the process of reauthorizing FAA programs again this year. Aviation is a crucial element of our economy. I hope that this legislation, or at least the concept behind it, is considered during the reauthorization debate.

By Ms. CANTWELL (for herself and Ms. SNOWE):

S. 924. A bill to strengthen the United States Coast Guard's Integrated Deepwater Program; to the Committee on Commerce, Science, and Transportation.

Ms. CANTWELL. Mr. President, I think we all agree that the United States Coast Guard plays a critical role in keeping our oceans, coasts, and waterways safe, secure, and free from environmental harm. Following the events of September 11 and, more recently, Hurricane Katrina the Coast Guard has served as a source of strength for this Nation. And, in the face of increasing marine traffic, security threats at our Nation's ports, and climate change increasing the odds of another Katrina, the responsibilities of the Coast Guard continue to increase.

The Coast Guard is struggling right now to replace their rapidly aging fleet of ships, aircraft, and facilities. At a cost of $24 billion, the Deepwater program is the largest and most complex acquisition program in the history of the Coast Guard. We have a responsibility to ensure there is transparency and oversight so this program is as efficient and effective as possible.

The Deepwater program utilizes a private sector lead systems integrator, LSI, know as Integrated Coast Guard Systems, ICGS, to oversee acquisition of a ''system of systems.'' When the Deepwater contract was originally awarded in 2002, the Coast Guard did not have the personnel within their acquisition department to manage such a large contract. We were told that outsourcing that role to industry would save the Coast Guard time and money over the long run.

The approach, which may have seemed innovative at the time, has not produced the promised results. Instead of cost and time savings, we've seen less competition, inadequate technical oversight and a lack of transparency. Over the last year, these problems have caused major blunders in the Deepwater program.

The Department of Homeland Security Inspector General, IG, has released three recent reports detailing some of the problems with Deepwater.

In an August 11, 2006 report titled Major Improvements Needed in the U.S. Coast Guard's Implementation of Deepwater Information Technology System, the IG described problems with Deepwater's C41SR electronics equipment, which is to be the integrating technology linking Deepwater's aircraft and ships.

On January 29, 2007, the IG released a scathing report on Deepwater's flagship National Security Cutter, NSC, documenting crucial design flaws and cost overruns created by a faulty contract structure and lack of Coast Guard oversight.

Finally, on February 9, 2007, the IG released another report, this one detailing serious issues with Deepwater's 123-foot cutter conversion project.

These reports, along with others by the Government Accountability Office about problems with the stalled Fast Response Cutter, FRC, program and the Deepwater contract structure, have prompted a resounding cry for Deepwater reform, transparency, and oversight.

On February 14, 2007, I chaired a hearing in the Commerce Committee's Subcommittee on Oceans, Atmosphere, Fisheries, and Coast Guard to better understand these issues and seek solutions. From that hearing it was clear that the Coast Guard was working hard to make internal reforms. It was also clear that we needed to do more to protect the American taxpayer.

Today, I'm pleased to introduce, along with Senator SNOWE, the Integrated Deepwater Program Reform Act, a comprehensive bill which makes fundamental changes to the Coast Guard's Deepwater acquisition program.

My bill requires the Coast Guard to move away from the industry-led Lead Systems Integrator and have full and open competition for future Deepwater assets.

It requires a completely new ''analysis of alternatives'' of all future Deepwater assets to ensure that the Coast Guard is getting the assets best-suited for their needs.

It requires the Commandant of the Coast Guard to certify to Congress that specific assets to be procured are mature and cost-effective technologies, a requirement already applied to Department of Defense contracts.

And, it gives the Coast Guard the tools they need to manage this contract and future contracts effectively, including requiring the Coast Guard to make internal management changes to ensure open competition, increase technical oversight and improve reporting to Congress.

I'm pleased to say that I have worked closely with Senator SNOWE and the Coast Guard in crafting this bill and I'm confident that this will fix many of the problems that have plagued the Deepwater program.

This legislation takes a big step towards getting the Coast Guard the assets they need to meet the pressing needs of our Nation and ensuring responsible management of taxpayer dollars. I look forward to working with my colleagues to enact the changes we propose today so we can get this program back on track.

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

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

SUMMARY OF INTEGRATED DEEPWATER PROGRAM REFORM ACT

USE OF A LEAD SYSTEMS INTEGRATOR

Would direct the Coast Guard to stop using a Lead Systems Integrator (LSI) on future Deepwater acquisitions.

Would allow the Coast Guard to use the LSI to complete any specific work for which a contract or order had already been issued.

Would allow the Coast Guard to use the LSI to complete the C130–J modifications, the C4ISR program, and also to complete procurements of the National Security Cutters (NSCs) and Maritime Patrol Aircraft (MPA) already under contract for construction. However, the LSI must have no financial interest in subcontracts or have competed the subcontracts.

Would allow the Coast Guard to use the LSI to complete all of the remaining NSCs and MPAs only after an analysis of alternatives has been conducted and, if the Coast Guard concludes that these procurements and use of an LSI are in the best interests of the federal government, that justifications for not competing assets under the Federal Acquisition Regulations are met, and that the LSI has no financial interest in subcontracts or has competed the subcontracts.

All other Deepwater assets would be done as a traditional procurement.

COMPETITION

Would require that the Coast Guard have a full and open competition of all Deepwater assets that have not yet gone under contract, other than those that the LSI can complete.

Would require that the LSI have no financial interest in subcontracts for assets managed by the LSI, or that subcontracts be fully competed. A similar provision was included in the 2006 Defense Authorization Act.

ANALYSIS OF ALTERNATIVES

Would require an analysis of alternatives of all of the proposed Deepwater assets not currently under contract and whether other alternatives are preferable. Such review would be conducted by an independent third party entity with expertise in major acquisitions, and no financial conflict of interest.

Would require the Coast Guard to provide a plan to Congress for how to move forward with Deepwater procurements based on this review.

Would require a similar review for any major changes to the agreed plan in the future.

CERTIFICATION

Would require the Commandant to certify to Congress, prior to issuing new contracts

for specific proposed acquisitions, that the proposed asset meets objective criteria for feasibility, maturity of design, and costs. A similar requirement applies to Department of Defense contracts.

CONTRACT CHANGES

Would require improvements to any contract entered into by the Coast Guard for Deepwater assets, including changes to award term and award fee criteria as recommended by the Government Accountability Office (GAO).

Would end the practice of allowing the private contractor to self-certify the design and performance of assets being delivered. This will ensure adherence to accepted industry-wide standards and procedures.

INTERNAL COAST GUARD MANAGEMENT

Would require improvements to Coast Guard's management of Deepwater, including implementation of the Coast Guard's Blueprint for Acquisition Reform as well as recommendations for improved management included in a February 5, 2007 Defense Acquisition University (DAU) report and by GAO.

Would ensure better technical oversight by the Coast Guard's engineering staff.

Would allow the Coast Guard to shift personnel to support acquisitions projects.

REPORTING TO CONGRESS

Would require Coast Guard to provide significant additional information to Congress regarding the status of the Deepwater program, similar to what the Department of Defense provides.

GAO REVIEW

Would require GAO to monitor closely the Coast Guard's implementation of improvements to its management of the Deepwater program.

S. 924

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Integrated Deepwater Program Reform Act''.

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

SEC. 2. PROCUREMENT STRUCTURE.

(a) IN GENERAL.—

(1) USE OF LEAD SYSTEMS INTEGRATOR.—Except as provided in subsection (b), the United States Coast Guard may not use a private sector entity as a lead systems integrator for procurements under, or in support of, the Integrated Deepwater Program after the date of enactment of this Act.

(2) FULL AND OPEN COMPETITION.—The United States Coast Guard shall utilize full and open competition for any other procurement for which an outside contractor is used under, or in support of, the Integrated Deepwater Program after the date of enactment of this Act.

(b) EXCEPTIONS.—

(1) COMPLETION OF PROCUREMENT BY LEAD SYSTEMS INTEGRATOR.—Notwithstanding subsection (a), the Coast Guard may use a private sector entity as a lead systems integrator—

(A) to complete, without modification, any delivery order or task order that was issued to the lead systems integrator on or before the date of enactment of this Act;

(B) for procurements of—

(i) the HC-130J and the C41SR, and

(ii) National Security Cutters or Maritime Patrol Aircraft under contract or order for construction as of the date of enactment of this Act,

if the requirements of subsection (c) are met with respect to such procurements; and

(C) for the procurement of additional National Security Cutters or Maritime Patrol Aircraft if the Commandant determines, after conducting the analysis of alternatives required by section 3, that—

(i) the justifications of FAR 6.3 are met;

(ii) the procurement and the use of a private sector entity as a lead systems integrator for the procurement is in the best interest of the Federal government; and

(iii) the requirements of subsection (c) are met with respect to such procurement.

(2) REPORT ON DECISION-MAKING PROCESS.—If the Coast Guard determines under paragraph (1) that it will use a private sector lead systems integrator for a procurement, the Commandant shall transmit a report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure notifying the Committees of its determination and explaining the rationale for the determination.

(c) LIMITATION ON LEAD SYSTEMS INTEGRATORS.—Neither an entity performing lead systems integrator functions for a procurement under, or in support of, the Integrated Deepwater Program, nor a Tier 1 subcontractor, for any procurement described in subparagraph (B) or (C) of subsection (b)(1) may have a financial interest below the tier 1 subcontractor level unless—

(1) the entity was selected by the Coast Guard through full and open competition for such procurement;

(2) the procurement was awarded by the lead systems integrator or a subcontractor through full and open competition; or

(3) the procurement was awarded by a subcontractor through a process over which the lead systems integrator or a Tier 1 subcontractor exercised no control.

SEC. 3. ANALYSIS OF ALTERNATIVES.

(a) IN GENERAL.—Except with respect to a procurement described in subparagraph (A) or (B) of section 2(b)(1) of this Act, no procurement may be awarded under the Integrated Deepwater Program until an analysis of alternatives has been conducted under this section.

(b) INDEPENDENT ANALYSIS.—Within 30 days after the date of enactment of this Act, the Commandant shall execute a contract for an analysis of alternatives with a Federally Funded Research and Development Center, an appropriate entity of the Department of Defense, or a similar independent third party entity that has appropriate acquisition expertise for independent analysis of all of the proposed procurements under, or in support of, the Integrated Deepwater Program, including procurements described in section 2(b)(1)(B), and for any future major changes of such procurements. The Commandant may not contract under this subsection for such an analysis with any entity that has a substantial financial interest in any part of the Integrated Deepwater Program as of the date of enactment of this Act or in any alternative being considered.

(c) ANALYSIS.—The analysis of alternatives provided pursuant to the contract under subsection (b) shall include—

(1) a discussion of capability, interoperability, and other advantages and disadvantages of the proposed procurements;

(2) an examination of feasible alternatives;

(3) a discussion of key assumptions and variables, and sensitivity to changes in such assumptions and variables;

(4) an assessment of technology risk and maturity; and

(5) a calculation of costs, including life-cycle costs.

(d) REPORT TO CONGRESS.—As soon as possible after an analysis of alternatives has been completed, the Commandant shall develop a plan for the procurements addressed in the analysis and shall transmit a report describing the plan to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure.

SEC. 4. CERTIFICATION.

(a) IN GENERAL.—A contract, delivery order, or task order for procurement under, or in support of, the Coast Guard's Integrated Deepwater Program may not be executed by the Coast Guard until the Commandant certifies that—

(1) appropriate market research has been conducted prior to technology development to reduce duplication of existing technology and products;

(2) the technology has been demonstrated in a relevant environment;

(3) the technology demonstrates a high likelihood of accomplishing its intended mission;

(4) the technology is affordable when considering the per unit cost and the total procurement cost in the context of the total resources available during the period covered by the Integrated Deepwater Program;

(5) the technology is affordable when considering the ability of the Coast Guard to accomplish its missions using alternatives, based on demonstrated technology, design, and knowledge;

(6) reasonable cost and schedule estimates have been developed to execute the product development and production plan for the technology;

(7) funding is available to execute the product development and production plan for the technology; and

(8) the technology complies with all relevant policies, regulations, and directives of the Coast Guard.

(b) REPORT TO CONGRESS.—The Commandant shall transmit a copy of each certification required under subsection (a) to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure within 30 days after the completion of the certification.

SEC. 5. CONTRACT REQUIREMENTS.

The Commandant shall ensure that any contract, delivery order, or task order for procurement under, or in support of, the Integrated Deepwater Program executed by the Coast Guard—

(1) incorporates provisions that address the recommendations related to award fee determination and award term evaluation made by the Government Accountability Office in its March, 2004, report entitled *Coast Guard's Deepwater Program Needs Increased Attention to Management and Contractor Oversight*, GAO-04-380, and any subsequent Government Accountability Office recommendations relevant to the contract terms issued before the date of enactment of this Act, including that any award or incentive fee is tied to program outcomes;

(2) provides that certification of any Integrated Deepwater Program procurement for performance, safety, and any other relevant factor will be conducted by an independent third party;

(3) does not include—

(A) for any contract extending the existing Integrated Deepwater Program contract

term, minimum requirements for the purchase of a given or determinable number of specific assets;

(B) provisions that commit the Coast Guard without express written approval by the Coast Guard;

(C) any provision allowing for equitable adjustment that differs from the Federal Acquisition Regulations; and

(4) for any contract extending the existing Integrated Deepwater Program contract term, is reviewed by, and addresses recommendations made by, the Under Secretary of Defense for Acquisition, Technology, and Logistics through the Defense Acquisition University.

SEC. 6. IMPROVEMENTS IN COAST GUARD MANAGEMENT.

(a) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Commandant shall take action to ensure that—

(1) the measures contained in the Coast Guard's report entitled *Coast Guard: Blue Print for Acquisition Reform* are implemented fully;

(2) any additional measures for improved management recommended by the Defense Acquisition University in its *Quick Look Study of the United States Coast Guard Deepwater Program*, dated February 5, 2007, are implemented;

(3) integrated product teams, and all higher-level teams that oversee integrated product teams, are chaired by Coast Guard personnel; and

(4) the Assistant Commandant for Engineering and Logistics is designated as the Technical Authority for all design, engineering, and technical decisions for the Integrated Deepwater Program.

(b) TRANSFER.—

(1) IN GENERAL.—Section 93(a) of title 14, United States Code, is amended—

(A) by striking ''and'' after the semicolon in paragraph (23);

(B) by striking ''appropriate.'' in paragraph (24) and inserting ''appropriate; and''; and

(C) by adding at the end thereof the following:

''(25) notwithstanding any other provision of law, in any fiscal year transfer funds made available for personnel, compensation, and benefits from the appropriation account 'Acquisition, Construction, and Improvement' to the appropriation account 'Operating Expenses' for personnel compensation and benefits and related costs necessary to execute new or existing procurements of the Coast Guard.''.

(2) NOTIFICATION.—Within 30 days after making a transfer under section 93(a)(25) of title 14, United States Code, the Commandant shall notify the Senate Committee on Commerce, Science, Transportation and Infrastructure, the Senate Committee on Appropriations, the House Committee on Transportation and Infrastructure, and the House Committee on Appropriations.

SEC. 7. PROCUREMENT AND REPORT REQUIREMENTS.

(a) SELECTED ACQUISITION REPORTS.—The Commandant shall submit to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure reports on the Integrated Deepwater Program that contain the same type of information with respect to that Program, to the greatest extent practicable, as the Secretary of Defense is required to provide to the Congress under section 2432 of title 10, United States Code, with respect to major defense procurement programs.

(b) UNIT COST REPORTS.—Each Coast Guard program manager under the Coast Guard's Integrated Deepwater Program shall provide to the Commandant, or the Commandant's designee, reports on the unit cost of assets acquired or modified that are under the management or control of the Coast Guard program manager on the same basis and containing the same information, to the greatest extent practicable, as is required to be included in the reports a program manager is required to provide to the service procurement executive designated by the Secretary of Defense under section 2433 of title 10, United States Code, with respect to a major defense procurement program.

(c) REPORTING ON COST OVERRUNS AND DELAYS.—Within 30 days after the Commandant becomes aware of a likely cost overrun or scheduled delay, the Commandant shall transmit a report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure that includes—

(1) a description of the known or anticipated cost overrun;

(2) a detailed explanation for such overruns;

(3) a detailed description of the Coast Guard's plans for responding to such overrun and preventing additional overruns; and

(4) a description of any significant delays in procurement schedules.

SEC. 8. GAO REVIEW AND RECOMMENDATIONS.

(a) AWARD FEE AND AWARD TERM CRITERIA.—The Coast Guard may not execute a new contract, delivery order, or task order, nor agree to extend the term of an existing contract, with a prime contractor for procurement under, or in support of, the Integrated Deepwater Program until the Commandant has consulted with the Comptroller General to ensure that the Government Accountability Office's recommendations, in its March, 2004, report entitled *Coast Guard's Deepwater Program Needs Increased Attention to Management and Contractor Oversight*, GAO-04-380, and any subsequent Government Accountability Office recommendations issued before the date of enactment of this Act, with respect to award fee and award term criteria have been fully addressed.

(b) OTHER RECOMMENDATIONS.—The Commandant shall ensure that all other recommendations in that report, and any subsequent recommendations issued before the date of enactment of this Act, are implemented to the maximum extent practicable by the Coast Guard within 1 year after the date of enactment of this Act. The Commandant shall report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure on the Coast Guard's progress in implementing such recommendations.

(c) GAO REPORTS ON IMPLEMENTATION.—Beginning 6 months after the date of enactment of this Act, the Comptroller General shall submit an annual report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure on the Coast Guard's progress in implementing the Government Accountability Office's recommendations, in its March, 2004, report entitled *Coast Guard's Deepwater Program Needs Increased Attention to Management and Contractor Oversight*, GAO-04-380, and any subsequent Government Accountability Office recommendations issued before the date of enactment of this Act, in carrying out this Act.

SEC. 9. DEFINITIONS.

In this Act:

(1) COMMANDANT.—The term ''Commandant'' means the Commandant of the United States Coast Guard.

(2) INTEGRATED DEEPWATER PROGRAM.—The term ''Integrated Deepwater Program'' means the Integrated Deepwater Systems Program described by the Coast Guard in its Report to Congress on Revised Deepwater Implementation Plan, dated March 25, 2005, including any subsequent modifications, revisions, or restatements of the Program.

(3) PROCUREMENT.—The term ''procurement'' includes development, production, sustainment, modification, conversion, and missionization.

Ms. SNOWE. Mr. President, today I rise to support introduction of the Integrated Deepwater Reform Act.

Since 1790, the United States Coast Guard has served as the guardian of our shores. It began its service to the Nation as a lifesaving organization, protecting our mariners from the perils of the sea. Over time, its missions have come to encompass additional responsibilities including performing drug and migrant interdiction, enforcing fisheries regulations, and maintaining our Nation's waterways and aids to navigation. Following the tragic events of September 11th, 2001, the Coast Guard expanded its role in homeland security operations, becoming the agency charged with protecting our Nation from maritime threats.

Though we have expanded the role of this valiant service, we have not upgraded its equipment to the degree necessary to carry out the tasks it has been assigned. Current Coast Guard vessels comprise the third oldest naval fleet in the world. Some of its cutters still in service are over sixty years old. Recognizing the looming obsolescence of its legacy fleet, in the mid 1990s the Coast Guard embarked on an effort to create a wholly integrated system of ships, aircraft, sensors, and communications systems and called the effort Deepwater. Recapitalizing the Coast Guard remains one of this Nation's most important National Security initiatives.

However, recent events have made it clear that additional Congressional oversight is warranted for this major acquisitions program. Failure of the 123-foot patrol boat conversion program, and questions about the fatigue life of the hull of the National Security Cutter under the purview of Integrated Coast Guard Systems have called into question the value of this ''lead systems integrator.'' The contract as written has given the contractor too much autonomy and not enough focus on actual performance.

By placing restrictions on the structure of any agreements between the Coast Guard and its contractors, this bill will ensure that future Deepwater contracts protect the American taxpayer while allowing the Coast Guard to acquire the assets necessary to carry out its critical responsibilities. We cannot change the simple fact that in order to protect our Nation, the Coast Guard must be able to upgrade its existing assets. The safety of the brave men and women who serve in the Coast Guard, and the security of every American depends on the success of this program.

I remain convinced that the Integrated Deepwater Program is the appropriate vehicle for the Coast Guard's modernization. However, in order for the Coast Guard to receive the best assets at the best value for the American taxpayer, Congress must ensure that the service and the contractors recognizes their joint commitment to both excellence and fiscal responsibility. By limiting the use of a lead systems integrator, increasing requirements for open competition, requiring additional internal Coast Guard management, and increasing reporting requirements to Congress, this bill provides that assurance.

I am proud to add this bill to my record of Coast Guard oversight. I also would like to take this opportunity to thank Senator CANTWELL for all her hard work on this legislation.

By Mr. NELSON of Florida (for himself and Mr. MARTINEZ):

S. 926. A bill to amend the Internal Revenue Code of 1986 to provide for the creation of disaster protection funds By property and casualty insurance companies for the payment of policyholders' claims arising from future catastrophic events; to the Committee on Finance.

By Mr. NELSON of Florida (for himself and Mr. MARTINEZ):

S. 927. A bill to amend the Internal Revenue Code of 1986 to create Catastrophe Savings Accounts; to the Committee on Finance.

By Mr. NELSON of Florida (for himself and Mr. MARTINEZ):

S. 928. A bill to establish a program to provide more protection at lower cost through a national backstop for State natural catastrophe insurance programs to help the United States better prepare for and protect its citizens against the ravages of natural catastrophes, to encourage and promote mitigation and prevention for, and recovery and rebuilding from such catastrophes, to better assist in the financial recovery from such catastrophes, and to develop a rigorous process of continuous improvement; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MARTINEZ (for himself, Mr. NELSON of Florida):

S. 929. A bill to streamline the regulation of nonadmitted insurance and reinsurance, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MARTINEZ (for himself and Mr. NELSON of Florida):

S. 930. A bill to amend the Internal Revenue Code of 1986 to provide a credit against tax for hurricane and tornado mitigation expenditures; to the Committee on Finance.

By Mr. MARTINEZ (for himself, Mr. NELSON of Florida, Mrs. DOLE, and Ms. LANDRIEU):

S. 931. bill to establish the National Hurricane Research Initiative to improve hurricane preparedness, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. NELSON of Florida. Mr. President, I am pleased to be joined by my colleague Senator MEL MARTINEZ as we introduce a package of bills aimed at providing a comprehensive solution to strengthen our Nation's property and casualty insurance market. Without serious reform, the Federal Government will be forced to continue to spend billions of dollars of taxpayer money to cover the costs of natural disasters in the United States. Worse, without Federal action, property insurance soon will become more expensive and hard to find, preventing some consumers from insuring their homes and businesses.

As we know all too well, the last few years have brought a devastating cycle of natural catastrophes in the United States. In 2004 and 2005, we witnessed a series of powerful hurricanes that caused unthinkable human tragedy and property loss. Hurricanes Katrina and Rita alone caused over $200 billion in total economic losses, including insured and uninsured losses.

In my own home State of Florida, eight catastrophic storms in fifteen months caused more than $31 billion in insured damages. Now Florida is witnessing skyrocketing insurance rates, insurance companies are canceling hundreds of thousands of policies, and Florida's State catastrophe fund is depleted.

In short, the inability of our private markets to fully handle the fallout from natural disasters has made our Nation's property and casualty insurance marketplace unstable. This market instability repeatedly has forced the Federal Government to absorb billions of dollars in uninsured losses. This is a waste of taxpayer money, especially when we know there are ways to design the system to anticipate and plan for the financial impacts of catastrophes.

As insurance companies struggle to maintain their businesses, costs are passed on to homeowners and small businesses in Florida and in other States. In essence, the people who can least afford it are being forced to bear the disproportionate share of the billions of dollars of losses caused by natural catastrophes.

Many Floridians have seen their insurance bills double in the last few years. As I travel around Florida, I hear repeatedly from my constituents that they may soon be unable to afford property and casualty insurance. That is a frightening proposition for people living in a State where increasingly vicious hurricane seasons are predicted. I am sure we all agree—consumers never should be put in the untenable position of having to choose between purchasing insurance and purchasing other necessities.

While our Nation's property and casualty insurance system is not yet broken, it's clear that Congress needs to act now to shore up the system. Private sector insurance is currently available to spread some catastrophe-related losses throughout the Nation and internationally, but most experts believe that there will be significant insurance and reinsurance shortages. These shortages could result in future dramatic rate increases for consumers and businesses and the unavailability of catastrophe insurance.

Let me be clear: these issues will not just affect Florida or the coastal States. Natural catastrophes can strike anywhere in the country. For example, a major earthquake fault line runs through several of our Midwestern States. We also saw firsthand the devastating effects of a volcano eruption at Mount Saint Helens in Washington State.

In the past few decades, major disasters have been declared in almost every State. As I mentioned earlier, the Federal Government has provided and will continue to provide billions of dollars and resources to pay for these catastrophic losses, at huge costs to all American taxpayers.

Congress has struggled with these issues for decades. Although we have talked about these issues time and time again, nothing much has gotten accomplished. The most notable step Congress did take was to create a National Flood Insurance Program. But Congress needs to do much more. It's time for a comprehensive approach to solving our Nation's property and casualty insurance issues.

These matters are usually within the purview of the States, and I cannot understate the importance of State-based solutions to these insurance issues. Nonetheless, the Federal Government also has a critical interest in ensuring appropriate and fiscally responsible risk management of catastrophes.

For example, mortgages require reliable property insurance, and the unavailability of reliable property insurance would make most real estate transactions impossible. Moreover, the public health, safety, and welfare demand that structures damaged or destroyed in catastrophes be reconstructed as soon as possible.

In order to help protect consumers and small businesses, today I join Senator MARTINEZ to introduce this package of bills as part of a comprehensive approach to fixing our troubled insurance system. Let me summarize each of the bills and tell you how this integrated approach makes good policy sense.

The first piece of legislation Senator MARTINEZ and I are introducing today is the Homeowners Protection Act of 2007. This bill is a companion bill to legislation introduced by Florida Representatives BROWN-WAITE, BUCHANAN, and others.

This bill would establish a Fund within the U.S. Department of Treasury, which would sell Federal catastrophe insurance to State catastrophe funds; like the fund I helped to set up in Florida. State catastrophe funds essentially act as reinsurance mechanisms for insurance companies who lack resources to compensate homeowners for their losses.

Under this bill, State catastrophe funds would be eligible to purchase reinsurance from the Federal fund at sound rates. However, a State catastrophe fund would be prohibited from gaining access to the Federal fund until private insurance companies and the State catastrophe fund met their financial obligations.

Why is this good for homeowners? Because this back-up mechanism will improve the solvency and capacity of homeowners' insurance markets, which will reduce the chance that consumers will lose their insurance coverage or be hit by huge premium increases.

Importantly, the Homeowners Protection Act of 2007 also recognizes that part of the problem with our broken property and casualty insurance system lies with outdated building codes and mitigation techniques. Noted insurance experts and consumer groups have been pointing out this problem for many years. So, under the bill, the Secretary of the Treasury would establish an expert commission to assist States in developing mitigation, prevention, recovery, and rebuilding programs that would reduce the types of enormous damage we have seen caused by past hurricanes.

I note that this bill covers not just hurricanes, but catastrophes such as tornados, earthquakes, cyclones, catastrophic winter storms, and volcanic eruptions. These are disasters that can—and do—occur in many different States. Again, every State and every taxpayer is affected by this problem, not just Florida.

This bill has widespread support from a broad range of stakeholders, including ProtectingAmerica.org, a national coalition of first responders, businesses, and emergency managers. This organization is co-chaired by former FEMA director James Lee Witt, one of the most respected names in disaster prevention and preparedness.

The second bill that Senator MARTINEZ and I are introducing today is the Catastrophic Savings Accounts Act of 2007. This bill proposes changing the Federal tax code to allow homeowners to put money aside—on a tax-free basis—to grow over time. If and when a catastrophe hits, a homeowner could take the accumulated savings out of the account to cover uninsured losses, deductible expenses, and building upgrades to mitigate damage that could be caused in future disasters. Homeowners could even reduce their insurance premiums because their tax-free savings would allow them to choose higher deductibles.

The benefits of this approach are pretty straightforward and very consumer friendly. Homeowners would be encouraged to plan in advance for future disasters, and they wouldn't be taxed to do it. Moreover, homeowners wouldn't be as dependent on insurance companies to help them out immediately after a disaster. As one expert has noted, why should a consumer continue to give insurance companies thousands of dollars each year when the consumer could deposit the same amount of money annually in a tax-free, interest-bearing savings account controlled by the consumer?

The third bill that Senator MARTINEZ and I are introducing today is the Policyholder Disaster Protection Act of 2007. Under this bill, insurance companies would be permitted to accumulate tax-deferred catastrophic reserves, much like the way that homeowners would be permitted under the bill I just discussed. Depending on their size, insurance companies could save up to a certain capped amount, which would grow over time.

Our current Federal tax code actually provides a disincentive for insurance companies to accumulate reserve funds for catastrophes. Under the current system, insurance companies can only reserve against losses that have already occurred, instead of future losses. The United States is the only industrialized nation that actually taxes reserves in this way. It's time for reform, so that consumers are better protected.

Make no mistake, though—this bill is not a give-away to the insurance companies. Instead, the Policyholder Disaster Protection Act of 2007 would strictly regulate when and how insurance companies could access their reserves, to make sure the money is used only for its intended purposes.

If implemented correctly, this bill could result in approximately $15 billion worth of reserves being saved up by insurance companies, which later could be spent to pay for policyholder claims and to keep insurance policies available and affordable. Consumers could feel more protected knowing that their insurance company would have the money saved to help them out after a major disaster. Moreover, this approach should help make the insurance market more stable and less prone to insurers going bankrupt.

The fourth bill that Senator MARTINEZ and I are introducing is the Hurricane and Tornado Mitigation Investment Act of 2007. A similar bill was introduced in the House of Representatives by GUS BILIRAKIS and has eight cosponsors.

We have learned through experience that steps taken to fortify and strengthen homes and businesses can prevent damage in the event of a catastrophe. This bill would allow a tax credit of 25 percent not to exceed $5,000 for the costs of building upgrades to mitigate damage caused by hurricanes or tornados.

Updates and improvements to roofs, exterior doors and garages would be covered under this bill. To ensure that these measures are adequately constructed, a state-certified inspector must examine the home or business. The benefits of this approach are straightforward—home and business owners would be encouraged to plan in advance for future disasters and take steps to mitigate damage caused by catastrophic events.

The fifth bill that Senator MARTINEZ and I are introducing is the Nonadmitted and Reinsurance Reform Act of 2007. Last year, a similar bill, introduced by GINNY BROWN-WAITE passed unanimously in the House of Representatives.

Currently, a small percentage of consumers may be unable to find insurance from a licensed insurer, and may be able to purchase insurance from non-licensed insurers, called nonadmitted or surplus lines insurers. These surplus lines insurers often function as a ''safety valve'' for the insurance market. Florida has more individuals in the surplus lines market than any other State.

Virtually every sector—insurers, producers, consumers—has voiced concern with the inefficient patchwork of different laws and regulations that characterize the surplus lines regulatory system. This bill aims to streamline regulations in the surplus lines marketplace through a mix of national standards with State enforcement and uniformity achieved through both incentives and preemption of certain State laws. This bill would create a more efficient and streamlined regulatory system and promote competition in the nonadmitted marketplace.

The sixth bill that Senator MARTINEZ and I are introducing is the National Hurricane Research Initiative Act of 2007. From the storms of 2004 and 2005 we learned the importance of accurate hurricane tracking and prediction. Accurate prediction provides residents of coastal communities more time to find safe and sound shelter.

The objective of this bill is to enhance and improve knowledge of hurricanes by harnessing the expertise of the Federal Government's science professionals to better understand hurricane prediction, intensity, and mitigation on coastal populations and infrastructure.

Let me emphasize again what we need to accomplish to reform our current insurance system and to effectively plan for catastrophic losses.

We need a comprehensive approach that will make sure the United States is truly prepared for the financial fallout from natural disasters. We need a property and casualty insurance system that is not forced to spread valuable taxpayer dollars after a catastrophe strikes. We need a system that protects consumers and small businesses from losing their insurance policies or being forced to pay exorbitant insurance rates. We need ways to encourage responsible construction and mitigation techniques. And we need a

system that helps insurance companies use their resources in cost-effective ways so that they will not go insolvent after major disasters.

Our American economy depends on a health property and casualty insurance system. By enacting meaningful reforms, we can ensure that our economy remains protected and remains the most resilient economy in the world. I know this complicated process won't be easy for us—but let's roll up our shirtsleeves and get it done.

I request that the text of the Homeowners Protection Act of 2007, the Catastrophe Savings Accounts Act and the Policyholder Disaster Protection Act of 2007 be printed in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 926

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Policyholder Disaster Protection Act of 2007''.

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) Rising costs resulting from natural disasters are placing an increasing strain on the ability of property and casualty insurance companies to assure payment of homeowners' claims and other insurance claims arising from major natural disasters now and in the future.

(2) Present tax laws do not provide adequate incentives to assure that natural disaster insurance is provided or, where such insurance is provided, that funds are available for payment of insurance claims in the event of future catastrophic losses from major natural disasters, as present law requires an insurer wishing to accumulate surplus assets for this purpose to do so entirely from its after-tax retained earnings.

(3) Revising the tax laws applicable to the property and casualty insurance industry to permit carefully controlled accumulation of pretax dollars in separate reserve funds devoted solely to the payment of claims arising from future major natural disasters will provide incentives for property and casualty insurers to make natural disaster insurance available, will give greater protection to the Nation's homeowners, small businesses, and other insurance consumers, and will help assure the future financial health of the Nation's insurance system as a whole.

(4) Implementing these changes will reduce the possibility that a significant portion of the private insurance system would fail in the wake of a major natural disaster and that governmental entities would be required to step in to provide relief at taxpayer expense.

SEC. 3. CREATION OF POLICYHOLDER DISASTER PROTECTION FUNDS; CONTRIBUTIONS TO AND DISTRIBUTIONS FROM FUNDS; OTHER RULES.

(a) CONTRIBUTIONS TO POLICYHOLDER DISASTER PROTECTION FUNDS.—Subsection (c) of section 832 of the Internal Revenue Code of 1986 (relating to the taxable income of insurance companies other than life insurance companies) is amended by striking ''and'' at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ''; and'', and by adding at the end the following new paragraph:

''(14) the qualified contributions to a policyholder disaster protection fund during the taxable year.''.

(b) DISTRIBUTIONS FROM POLICYHOLDER DISASTER PROTECTION FUNDS.—Paragraph (1) of section 832(b) of such Code is amended by striking ''and'' at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting '', and'', and by adding at the end the following new subparagraph:

''(F) the amount of any distributions from a policyholder disaster protection fund during the taxable year, except that a distribution made to return to the qualified insurance company any contribution which is not a qualified contribution (as defined in subsection (h)) for a taxable year shall not be included in gross income if such distribution is made prior to the filing of the tax return for such taxable year.''.

(c) DEFINITIONS AND OTHER RULES RELATING TO POLICYHOLDER DISASTER PROTECTION FUNDS.—Section 832 of such Code (relating to insurance company taxable income) is amended by adding at the end the following new subsection:

''(h) DEFINITIONS AND OTHER RULES RELATING TO POLICYHOLDER DISASTER PROTECTION FUNDS.—For purposes of this section—

''(1) POLICYHOLDER DISASTER PROTECTION FUND.—The term 'policyholder disaster protection fund' (hereafter in this subsection referred to as the 'fund') means any custodial account, trust, or any other arrangement or account—

''(A) which is established to hold assets that are set aside solely for the payment of qualified losses, and

''(B) under the terms of which—

''(i) the assets in the fund are required to be invested in a manner consistent with the investment requirements applicable to the qualified insurance company under the laws of its jurisdiction of domicile,

''(ii) the net income for the taxable year derived from the assets in the fund is required to be distributed no less frequently than annually,

''(iii) an excess balance drawdown amount is required to be distributed to the qualified insurance company no later than the close of the taxable year following the taxable year for which such amount is determined,

''(iv) a catastrophe drawdown amount may be distributed to the qualified insurance company if distributed prior to the close of the taxable year following the year for which such amount is determined,

''(v) a State required drawdown amount may be distributed, and

''(vi) no distributions from the fund are required or permitted other than the distributions described in clauses (ii) through (v) and the return to the qualified insurance company of contributions that are not qualified contributions.

''(2) QUALIFIED INSURANCE COMPANY.—The term 'qualified insurance company' means any insurance company subject to tax under section 831(a).

''(3) QUALIFIED CONTRIBUTION.—The term 'qualified contribution' means a contribution to a fund for a taxable year to the extent that the amount of such contribution, when added to the previous contributions to the fund for such taxable year, does not exceed the excess of—

''(A) the fund cap for the taxable year, over

''(B) the fund balance determined as of the close of the preceding taxable year.

''(4) EXCESS BALANCE DRAWDOWN AMOUNTS.—The term 'excess balance drawdown amount' means the excess (if any) of—

''(A) the fund balance as of the close of the taxable year, over

''(B) the fund cap for the following taxable year.

''(5) CATASTROPHE DRAWDOWN AMOUNT.—

''(A) IN GENERAL.—The term 'catastrophe drawdown amount' means an amount that does not exceed the lesser of the amount determined under subparagraph (B) or (C).

''(B) NET LOSSES FROM QUALIFYING EVENTS.—The amount determined under this subparagraph shall be equal to the qualified losses for the taxable year determined without regard to clause (ii) of paragraph (8)(A).

''(C) GROSS LOSSES IN EXCESS OF THRESHOLD.—The amount determined under this subparagraph shall be equal to the excess (if any) of—

''(i) the qualified losses for the taxable year, over

''(ii) the lesser of—

''(I) the fund cap for the taxable year (determined without regard to paragraph (9)(E)), or

''(II) 30 percent of the qualified insurance company's surplus as regards policyholders as shown on the company's annual statement for the calendar year preceding the taxable year.

''(D) SPECIAL DRAWDOWN AMOUNT FOLLOWING A RECENT CATASTROPHE LOSS YEAR.—If for any taxable year included in the reference period the qualified losses exceed the amount determined under subparagraph (C)(ii), the 'catastrophe drawdown amount' shall be an amount that does not exceed the lesser of the amount determined under subparagraph (B) or the amount determined under this subparagraph. The amount determined under this subparagraph shall be an amount equal to the excess (if any) of—

''(i) the qualified losses for the taxable year, over

''(ii) the lesser of—

''(I) ⅓ of the fund cap for the taxable year (determined without regard to paragraph (9)(E)), or

''(II) 10 percent of the qualified insurance company's surplus as regards policyholders as shown on the company's annual statement for the calendar year preceding the taxable year.

''(E) REFERENCE PERIOD.—For purposes of subparagraph (D), the reference period shall be determined under the following table:

''For a taxable year beginning in—	The reference period shall be—
2010 and later	The 3 preceding taxable years.
2009	The 2 preceding taxable years.
2008	The preceding taxable year.
2007 or before	No reference period applies.

''(6) STATE REQUIRED DRAWDOWN AMOUNT.—The term 'State required drawdown amount' means any amount that the department of insurance for the qualified insurance company's jurisdiction of domicile requires to be distributed from the fund, to the extent such amount is not otherwise described in paragraph (4) or (5).

''(7) FUND BALANCE.—The term 'fund balance' means—

''(A) the sum of all qualified contributions to the fund,

''(B) less any net investment loss of the fund for any taxable year or years, and

''(C) less the sum of all distributions under clauses (iii) through (v) of paragraph (1)(B).

''(8) QUALIFIED LOSSES.—

''(A) IN GENERAL.—The term 'qualified losses' means, with respect to a taxable year—

''(i) the amount of losses and loss adjustment expenses incurred in the qualified lines of business specified in paragraph (9), net of reinsurance, as reported in the qualified insurance company's annual statement for the taxable year, that are attributable to one or more qualifying events (regardless of when such qualifying events occurred),

''(ii) the amount by which such losses and loss adjustment expenses attributable to

such qualifying events have been reduced for reinsurance received and recoverable, plus

''(iii) any nonrecoverable assessments, surcharges, or other liabilities that are borne by the qualified insurance company and are attributable to such qualifying events.

''(B) QUALIFYING EVENT.—For purposes of subparagraph (A), the term 'qualifying event' means any event that satisfies clauses (i) and (ii).

''(i) EVENT.—An event satisfies this clause if the event is 1 or more of the following:

''(I) Windstorm (hurricane, cyclone, or tornado).

''(II) Earthquake (including any fire following).

''(III) Winter catastrophe (snow, ice, or freezing).

''(IV) Fire.

''(V) Tsunami.

''(VI) Flood.

''(VII) Volcanic eruption.

''(VIII) Hail.

''(ii) CATASTROPHE DESIGNATION.—An event satisfies this clause if the event—

''(I) is designated a catastrophe by Property Claim Services or its successor organization,

''(II) is declared by the President to be an emergency or disaster, or

''(III) is declared to be an emergency or disaster in a similar declaration by the chief executive official of a State, possession, or territory of the United States, or the District of Columbia.

''(9) FUND CAP.—

''(A) IN GENERAL.—The term 'fund cap' for a taxable year is the sum of the separate lines of business caps for each of the qualified lines of business specified in the table contained in subparagraph (C) (as modified under subparagraphs (D) and (E)).

''(B) SEPARATE LINES OF BUSINESS CAP.—For purposes of subparagraph (A), the separate lines of business cap, with respect to a qualified line of business specified in the table contained in subparagraph (C), is the product of—

''(i) net written premiums reported in the annual statement for the calendar year preceding the taxable year in such line of business, multiplied by

''(ii) the fund cap multiplier applicable to such qualified line of business.

''(C) QUALIFIED LINES OF BUSINESS AND THEIR RESPECTIVE FUND CAP MULTIPLIERS.—For purposes of this paragraph, the qualified lines of business and fund cap multipliers specified in this subparagraph are those specified in the following table:

"Line of Business on Annual Statement Blank:	Fund Cap Multiplier:
Fire	0.25
Allied	1.25
Farmowners Multiple Peril	0.25
Homeowners Multiple Peril	0.75
Commercial Multi Peril (non-liability portion)	0.50
Earthquake	13.00
Inland Marine	0.25.

''(D) SUBSEQUENT MODIFICATIONS OF THE ANNUAL STATEMENT BLANK.—If, with respect to any taxable year beginning after the effective date of this subsection, the annual statement blank required to be filed is amended to replace, combine, or otherwise modify any of the qualified lines of business specified in subparagraph (C), then for such taxable year subparagraph (C) shall be applied in a manner such that the fund cap shall be the same amount as if such reporting modification had not been made.

''(E) 20-YEAR PHASE-IN.—Notwithstanding subparagraph (C), the fund cap for a taxable year shall be the amount determined under subparagraph (C), as adjusted pursuant to subparagraph (D) (if applicable), multiplied by the phase-in percentage indicated in the following table:

Taxable year beginning in:	Phase-in percentage to be applied to fund cap computed under subparagraphs (A) and (B):
2007	5 percent
2008	10 percent
2009	15 percent
2010	20 percent
2011	25 percent
2012	30 percent
2013	35 percent
2014	40 percent
2015	45 percent
2016	50 percent
2017	55 percent
2018	60 percent
2019	65 percent
2020	70 percent
2021	75 percent
2022	80 percent
2023	85 percent
2024	90 percent
2025	95 percent
2026 and later	100 percent

''(10) TREATMENT OF INVESTMENT INCOME AND GAIN OR LOSS.—

''(A) CONTRIBUTIONS IN KIND.—A transfer of property other than money to a fund shall be treated as a sale or exchange of such property for an amount equal to its fair market value as of the date of transfer, and appropriate adjustment shall be made to the basis of such property. Section 267 shall apply to any loss realized upon such a transfer.

''(B) DISTRIBUTIONS IN KIND.—A transfer of property other than money by a fund to the qualified insurance company shall not be treated as a sale or exchange or other disposition of such property. The basis of such property immediately after such transfer shall be the greater of the basis of such property immediately before such transfer or the fair market value of such property on the date of such transfer.

''(C) INCOME WITH RESPECT TO FUND ASSETS.—Items of income of the type described in paragraphs (1)(B), (1)(C), and (2) of subsection (b) that are derived from the assets held in a fund, as well as losses from the sale or other disposition of such assets, shall be considered items of income, gain, or loss of the qualified insurance company. Notwithstanding paragraph (1)(F) of subsection (b), distributions of net income to the qualified insurance company pursuant to paragraph (1)(B)(ii) of this subsection shall not cause such income to be taken into account a second time.

''(11) NET INCOME; NET INVESTMENT LOSS.—For purposes of paragraph (1)(B)(ii), the net income derived from the assets in the fund for the taxable year shall be the items of income and gain for the taxable year, less the items of loss for the taxable year, derived from such assets, as described in paragraph (10)(C). For purposes of paragraph (7), there is a net investment loss for the taxable year to the extent that the items of loss described in the preceding sentence exceed the items of income and gain described in the preceding sentence.

''(12) ANNUAL STATEMENT.—For purposes of this subsection, the term 'annual statement' shall have the meaning set forth in section 846(f)(3).

''(13) EXCLUSION OF PREMIUMS AND LOSSES ON CERTAIN PUERTO RICAN RISKS.—Notwithstanding any other provision of this subsection, premiums and losses with respect to risks covered by a catastrophe reserve established under the laws or regulations of the Commonwealth of Puerto Rico shall not be taken into account under this subsection in determining the amount of the fund cap or the amount of qualified losses.

''(14) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection, including regulations—

''(A) which govern the application of this subsection to a qualified insurance company having a taxable year other than the calendar year or a taxable year less than 12 months,

''(B) which govern a fund maintained by a qualified insurance company that ceases to be subject to this part, and

''(C) which govern the application of paragraph (9)(D).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

S. 927

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Catastrophe Savings Accounts Act of 2007''.

SEC. 2. CATASTROPHE SAVINGS ACCOUNTS.

(a) IN GENERAL.—Subchapter F of Chapter 1 of the Internal Revenue Code of 1986 (relating to exempt organizations) is amended by adding at the end the following new part:

''PART IX—CATASTROPHE SAVINGS ACCOUNTS

''SEC. 530A. CATASTROPHE SAVINGS ACCOUNTS.

''(a) GENERAL RULE.—A Catastrophe Savings Account shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such account shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

''(b) CATASTROPHE SAVINGS ACCOUNT.—For purposes of this section, the term 'Catastrophe Savings Account' means a trust created or organized in the United States for the exclusive benefit of an individual or his beneficiaries and which is designated (in such manner as the Secretary shall prescribe) at the time of the establishment of the trust as a Catastrophe Savings Account, but only if the written governing instrument creating the trust meets the following requirements:

''(1) Except in the case of a qualified rollover contribution—

''(A) no contribution will be accepted unless it is in cash, and

''(B) contributions will not be accepted in excess of the account balance limit specified in subsection (c).

''(2) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which that person will administer the trust will be consistent with the requirements of this section.

''(3) The interest of an individual in the balance of his account is nonforfeitable.

''(4) The assets of the trust shall not be commingled with other property except in a common trust fund or common investment fund.

''(c) ACCOUNT BALANCE LIMIT.—The aggregate account balance for all Catastrophe Savings Accounts maintained for the benefit of an individual (including qualified rollover contributions) shall not exceed—

''(1) in the case of an individual whose qualified deductible is not more than $1,000, $2,000, and

''(2) in the case of an individual whose qualified deductible is more than $1,000, the amount equal to the lesser of—

''(A) $15,000, or

''(B) twice the amount of the individual's qualified deductible.

''(d) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED CATASTROPHE EXPENSES.—The term 'qualified catastrophe expenses' means expenses paid or incurred by reason of a major disaster that has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

''(2) QUALIFIED DEDUCTIBLE.—With respect to an individual, the term 'qualified deductible' means the annual deductible for the individual's homeowners' insurance policy.

''(3) QUALIFIED ROLLOVER CONTRIBUTION.—The term 'qualified rollover contribution' means a contribution to a Catastrophe Savings Account—

''(A) from another such account of the same beneficiary, but only if such amount is contributed not later than the 60th day after the distribution from such other account, and

''(B) from a Catastrophe Savings Account of a spouse of the beneficiary of the account to which the contribution is made, but only if such amount is contributed not later than the 60th day after the distribution from such other account.

''(e) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) IN GENERAL.—Any distribution from a Catastrophe Savings Account shall be includible in the gross income of the distributee in the manner as provided in section 72.

''(2) DISTRIBUTIONS FOR QUALIFIED CATASTROPHE EXPENSES.—

''(A) IN GENERAL.—No amount shall be includible in gross income under paragraph (1) if the qualified catastrophe expenses of the distributee during the taxable year are not less than the aggregate distributions during the taxable year.

''(B) DISTRIBUTIONS IN EXCESS OF EXPENSES.—If such aggregate distributions exceed such expenses during the taxable year, the amount otherwise includible in gross income under paragraph (1) shall be reduced by the amount which bears the same ratio to the amount which would be includible in gross income under paragraph (1) (without regard to this subparagraph) as the qualified catastrophe expenses bear to such aggregate distributions.

''(3) ADDITIONAL TAX FOR DISTRIBUTIONS NOT USED FOR QUALIFIED CATASTROPHE EXPENSES.—The tax imposed by this chapter for any taxable year on any taxpayer who receives a payment or distribution from a Catastrophe Savings Account which is includible in gross income shall be increased by 10 percent of the amount which is so includible.

''(4) RETIREMENT DISTRIBUTIONS.—No amount shall be includible in gross income under paragraph (1) (or subject to an additional tax under paragraph (3)) if the payment or distribution is made on or after the date on which the distributee attains age 62.

''(f) TAX TREATMENT OF ACCOUNTS.—Rules similar to the rules of paragraphs (2) and (4) of section 408(e) shall apply to any Catastrophe Savings Account.''.

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) IN GENERAL.—Subsection (a) of section 4973 of the Internal Revenue Code of 1986 (relating to tax on excess contributions to certain tax-favored accounts and annuities) is amended by striking ''or'' at the end of paragraph (4), by inserting ''or'' at the end of paragraph (5), and by inserting after paragraph (5) the following new paragraph:

''(6) a Catastrophe Savings Account (as defined in section 530A),''.

(2) EXCESS CONTRIBUTION.—Section 4973 of such Code is amended by adding at the end the following new subsection:

''(h) EXCESS CONTRIBUTIONS TO CATASTROPHE SAVINGS ACCOUNTS.—For purposes of this section, in the case of Catastrophe Savings Accounts (within the meaning of section 530A), the term 'excess contributions' means the amount by which the aggregate account balance for all Catastrophe Savings Accounts maintained for the benefit of an individual exceeds the account balance limit defined in section 530A(c)(1).''.

(c) CONFORMING AMENDMENT.—The table of parts for subchapter F of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''PART IX. CATASTROPHE SAVINGS ACCOUNTS''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

S. 928

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Homeowners Protection Act of 2007''.

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

SEC. 2. FINDINGS.

Congress finds that—

(1) America needs to take steps to be better prepared for and better protected from catastrophes;

(2) the hurricane seasons of 2004 and 2005 are startling reminders of both the human and economic devastation that hurricanes, flooding, and other natural disasters can cause;

(3) if a repeat of the deadly 1900 Galveston hurricane occurred again it could cause thousands of deaths and over $36,000,000,000 in loss;

(4) if the 1906 San Francisco earthquake occurred again it could cause thousands of deaths, displace millions of residents, destroy thousands of businesses, and cause over $400,000,000,000 in loss;

(5) if a Category 5 hurricane were to hit Miami it could cause thousands of deaths and over $50,000,000,000 in loss and devastate the local and national economy;

(6) if a repeat of the 1938 ''Long Island Express'' were to occur again it could cause thousands of deaths and over $30,000,000,000 in damage, and if a hurricane that strong were to directly hit Manhattan it could cause over $150,000,000,000 in damage and cause irreparable harm to our Nation's economy;

(7) a more comprehensive and integrated approach to dealing with catastrophes is needed;

(8) using history as a guide, natural catastrophes will inevitably place a tremendous strain on homeowners' insurance markets in many areas, will raise costs for consumers, and will jeopardize the ability of many consumers to adequately insure their homes and possessions;

(9) the lack of sufficient insurance capacity and the inability of private insurers to build enough capital, in a short amount of time, threatens to increase the number of uninsured homeowners, which, in turn, increases the risk of mortgage defaults and the strain on the Nation's banking system;

(10) some States have exercised leadership through reasonable action to ensure the continued availability and affordability of homeowners' insurance for all residents;

(11) it is appropriate that efforts to improve insurance availability be designed and implemented at the State level;

(12) while State insurance programs may be adequate to cover losses from most natural disasters, a small percentage of events is likely to exceed the financial capacity of these programs and the local insurance markets;

(13) a limited national insurance backstop will improve the effectiveness of State insurance programs and private insurance markets and will increase the likelihood that homeowners' insurance claims will be fully paid in the event of a large natural catastrophe and that routine claims that occur after a mega-catastrophe will also continue to be paid;

(14) it is necessary to provide a national insurance backstop program that will provide more protection at an overall lower cost and that will promote stability in the homeowners' insurance market;

(15) it is the proper role of the Federal Government to prepare for and protect its citizens from catastrophes and to facilitate consumer protection, victim assistance, and recovery, including financial recovery; and

(16) any Federal reinsurance program must be founded upon sound actuarial principles and priced in a manner that encourages the creation of State funds and maximizes the buying potential of these State funds and encourages and promotes prevention and mitigation, recovery and rebuilding, and consumer education, and emphasizes continuous analysis and improvement.

SEC. 3. NATIONAL COMMISSION ON CATASTROPHE PREPARATION AND PROTECTION.

(a) ESTABLISHMENT.—The Secretary of the Treasury shall establish a commission to be known as the National Commission on Catastrophe Preparation and Protection.

(b) DUTIES.—The Commission shall meet for the purpose of advising the Secretary regarding the estimated loss costs associated with the contracts for reinsurance coverage available under this Act and carrying out the functions specified in this Act, including—

(1) the development and implementation of public education concerning the risks posed by natural catastrophes;

(2) the development and implementation of prevention, mitigation, recovery, and rebuilding standards that better prepare and protect the United States from catastrophes; and

(3) conducting continuous analysis of the effectiveness of this Act and recommending improvements to the Congress so that—

(A) the costs of providing catastrophe protection are decreased; and

(B) the United States is better prepared.

(c) MEMBERS.—

(1) APPOINTMENT AND QUALIFICATION.—The Commission shall consist of 9 members, as follows:

(A) HOMELAND SECURITY MEMBER.—The Secretary of Homeland Security or the Secretary's designee.

(B) APPOINTED MEMBERS.—8 members appointed by the Secretary, who shall consist of—

(i) 1 individual who is an actuary;

(ii) 1 individual who is employed in engineering;

(iii) 1 individual representing the scientific community;

(iv) 1 individual representing property and casualty insurers;

(v) 1 individual representing reinsurers;

(vi) 1 individual who is a member or former member of the National Association of Insurance Commissioners; and

(vii) 2 individuals who are consumers.

(2) PREVENTION OF CONFLICTS OF INTEREST.—Members shall have no personal or financial interest at stake in the deliberations of the Commission.

(d) TREATMENT OF NON-FEDERAL MEMBERS.—Each member of the Commission who is not otherwise employed by the Federal Government shall be considered a special Government employee for purposes of sections 202 and 208 of title 18, United States Code.

(e) EXPERTS AND CONSULTANTS.—

(1) IN GENERAL.—The Commission may procure temporary and intermittent services from individuals or groups recognized as experts in the fields of meteorology, seismology, vulcanlogy, geology, structural engineering, wind engineering, and hydrology, and other fields, under section 3109(b) of title 5, United States Code, but at a rate not in excess of the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule, for each day during which the individual procured is performing such services for the Commission.

(2) OTHER EXPERTS.—The Commission may also procure, and the Congress encourages the Commission to procure, experts from universities, research centers, foundations, and other appropriate organizations who could study, research, and develop methods and mechanisms that could be utilized to strengthen structures to better withstand the perils covered by this Act.

(f) COMPENSATION.—

(1) IN GENERAL.—Each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate of basic pay payable for level V of the Executive Schedule, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission.

(2) FEDERAL EMPLOYEES.—All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(g) OBTAINING DATA.—

(1) IN GENERAL.—The Commission and the Secretary may solicit loss exposure data and such other information as either the Commission or the Secretary deems necessary to carry out its responsibilities from governmental agencies and bodies and organizations that act as statistical agents for the insurance industry.

(2) OBLIGATION TO KEEP CONFIDENTIAL.—The Commission and the Secretary shall take such actions as are necessary to ensure that information that either deems confidential or proprietary is disclosed only to authorized individuals working for the Commission or the Secretary.

(3) FAILURE TO COMPLY.—No State insurance or reinsurance program may participate if any governmental agency within that State has refused to provide information requested by the Commission or the Secretary.

(h) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated—

(A) $10,000,000 for fiscal year 2008 for the—

(i) initial expenses in establishing the Commission; and

(ii) initial activities of the Commission that cannot timely be covered by amounts obtained pursuant to section 7(b)(6)(B)(iii), as determined by the Secretary;

(B) such additional sums as may be necessary to carry out subsequent activities of the Commission;

(C) $10,000,000 for fiscal year 2008 for the initial expenses of the Secretary in carrying out the program authorized under section 4; and

(D) such additional sums as may be necessary to carry out subsequent activities of the Secretary under this Act.

(2) OFFSET.—

(A) OBTAINED FROM PURCHASERS.—The Secretary shall provide, to the maximum extent practicable, that an amount equal to any amount appropriated under paragraph (1) is obtained from purchasers of reinsurance coverage under this Act and deposited in the Fund established under section 9.

(B) INCLUSION IN PRICING CONTRACTS.—Any offset obtained under subparagraph (A) shall be obtained by inclusion of a provision for the Secretary's and the Commission's expenses incorporated into the pricing of the contracts for such reinsurance coverage, pursuant to section 7(b)(6)(B)(iii).

(i) TERMINATION.—The Commission shall terminate upon the effective date of the repeal under section 11(c).

SEC. 4. PROGRAM AUTHORITY.

(a) IN GENERAL.—The Secretary, in consultation with the Secretary of Homeland Security, shall carry out a program under this Act to make homeowners protection coverage available through contracts for reinsurance coverage under section 7, which shall be made available for purchase only by eligible State programs.

(b) PURPOSE.—The program shall be designed to make reinsurance coverage under this Act available—

(1) to improve the availability and affordability of homeowners' insurance for the purpose of facilitating the pooling, and spreading the risk, of catastrophic financial losses from natural catastrophes;

(2) to improve the solvency and capacity of homeowners' insurance markets;

(3) to encourage the development and implementation of mitigation, prevention, recovery, and rebuilding standards; and

(4) to recommend methods to continuously improve the way the United States reacts and responds to catastrophes, including improvements to the HELP Fund established under section 9.

(c) CONTRACT PRINCIPLES.—Under the program established under this Act, the Secretary shall offer reinsurance coverage through contracts with covered purchasers, which contracts shall—

(1) minimize the administrative costs of the Federal Government; and

(2) provide coverage based solely on insured losses within a State for the eligible State program purchasing the contract.

SEC. 5. QUALIFIED LINES OF COVERAGE.

Each contract for reinsurance coverage made available under this Act shall provide insurance coverage against residential property losses to—

(1) homes (including dwellings owned under condominium and cooperative ownership arrangements); and

(2) the contents of apartment buildings.

SEC. 6. COVERED PERILS.

(a) IN GENERAL.—Each contract for reinsurance coverage made available under this Act shall cover losses insured or reinsured by an eligible State program purchasing the contract that are proximately caused by—

(1) earthquakes;

(2) perils ensuing from earthquakes, including fire and tsunamis;

(3) tropical cyclones having maximum sustained winds of at least 74 miles per hour, including hurricanes and typhoons;

(4) tornadoes;

(5) volcanic eruptions;

(6) catastrophic winter storms; and

(7) any other natural catastrophe peril (not including any flood) insured or reinsured under the eligible State program for which reinsurance coverage under section 7 is provided.

(b) RULEMAKING.—The Secretary shall, by regulation, define the natural catastrophe perils described in subsection (a)(7).

SEC. 7. CONTRACTS FOR REINSURANCE COVERAGE FOR ELIGIBLE STATE PROGRAMS.

(a) ELIGIBLE STATE PROGRAMS.—A program shall be eligible to purchase a contract under this section for reinsurance coverage under this Act only if the State entity authorized to make such determinations certifies to the Secretary that the program complies with the following requirements:

(1) PROGRAM DESIGN.—The program shall be a State-operated—

(A) insurance program that—

(i) offers coverage for—

(I) homes (which may include dwellings owned under condominium and cooperative ownership arrangements); and

(II) the contents of apartments to State residents; and

(ii) is authorized by State law; or

(B) reinsurance program that is designed to improve private insurance markets that offer coverage for—

(i) homes (which may include dwellings owned under condominium and cooperative ownership arrangements); and

(ii) the contents of apartments.

(2) OPERATION.—

(A) IN GENERAL.—The program shall meet the following requirements:

(i) A majority of the members of the governing body of the program shall be public officials.

(ii) The State shall have a financial interest in the program, which shall not include a program authorized by State law or regulation that requires insurers to pool resources to provide property insurance coverage for covered perils.

(iii) The State shall not be eligible for Consumer HELP Fund assistance under section 9 if a State has appropriated money from the State fund and not paid it back to the State fund, with interest.

(iv) Upon receipt of assistance from the Consumer HELP Fund, each reimbursement contract sold by a State shall provide for reimbursements at 100 percent of eligible losses.

(v) A State shall be required to utilize either—

(I) an open rating system that permits insurers to set homeowners' insurance rates without prior approval of the State; or

(II) a rate approval process that requires actuarially sound, risk-based, self-sufficient homeowners' insurance rates.

(B) CERTIFICATION.—A State shall not be eligible for Consumer HELP Fund assistance unless the Secretary can certify that such State is in compliance with the requirement described in clause (v).

(3) TAX STATUS.—The program shall be structured and carried out in a manner so that the program is exempt from all Federal taxation.

(4) COVERAGE.—The program shall cover perils enumerated in section 6.

(5) EARNINGS.—The program may not provide for, nor shall have ever made, any redistribution of any part of any net profits of the program to any insurer that participates in the program.

(6) PREVENTION AND MITIGATION.—

(A) IN GENERAL.—The program shall include prevention and mitigation provisions that require that not less $10,000,000 and not more than 35 percent of the net investment income of the State insurance or reinsurance program be used for programs to mitigate losses from natural catastrophes for which the State insurance or reinsurance program was established.

(B) RULE OF CONSTRUCTION.—For purposes of this paragraph, prevention and mitigation shall include methods to reduce losses of life and property, including appropriate measures to adequately reflect—

(i) encouragement of awareness about the risk factors and what can be done to eliminate or reduce them;

(ii) location of the risk, by giving careful consideration of the natural risks for the location of the property before allowing building and considerations if structures are allowed; and

(iii) construction relative to the risk and hazards, which act upon—

(I) State mandated building codes appropriate for the risk;

(II) adequate enforcement of the risk-appropriate building codes;

(III) building materials that prevent or significantly lessen potential damage from the natural catastrophes;

(IV) building methods that prevent or significantly lessen potential damage from the natural catastrophes; and

(V) a focus on prevention and mitigation for any substantially damaged structure, with an emphasis on how structures can be retrofitted so as to make them building code compliant.

(7) REQUIREMENTS REGARDING COVERAGE.—

(A) IN GENERAL.—The program—

(i) may not, except for charges or assessments related to post-event financing or bonding, involve cross-subsidization between any separate property and casualty lines covered under the program unless the elimination of such activity in an existing program would negatively impact the eligibility of the program to purchase a contract for reinsurance coverage under this Act pursuant to paragraph (3);

(ii) shall include provisions that authorize the State insurance commissioner or other State entity authorized to make such a determination to terminate the program if the insurance commissioner or other such entity determines that the program is no longer necessary to ensure the availability of homeowners' insurance for all residents of the State; and

(iii) shall provide that, for any insurance coverage for homes (which may include dwellings owned under condominium and cooperative ownership arrangements) and the contents of apartments that is made available under the State insurance program and for any reinsurance coverage for such insurance coverage made available under the State reinsurance program, the premium rates charged shall be amounts that, at a minimum, are sufficient to cover the full actuarial costs of such coverage, based on consideration of the risks involved and accepted actuarial and rate making principles, anticipated administrative expenses, and loss and loss-adjustment expenses.

(B) APPLICABILITY.—This paragraph shall apply—

(i) before the expiration of the 2-year period beginning on the date of the enactment of this Act, only to State programs which, after January 1, 2008, commence offering insurance or reinsurance coverage described in subparagraph (A) or (B), respectively, of paragraph (1); and

(ii) after the expiration of such period, to all State programs.

(8) OTHER QUALIFICATIONS.—

(A) REGULATIONS.—

(i) COMPLIANCE.—The State program shall (for the year for which the coverage is in effect) comply with regulations that shall be issued under this paragraph by the Secretary, in consultation with the National Commission on Catastrophe Preparation and Protection established under section 3.

(ii) CRITERIA.—The regulations issued under clause (i) shall establish criteria for State programs to qualify to purchase reinsurance under this section, which are in addition to the requirements under the other paragraphs of this subsection.

(B) CONTENTS.—The regulations issued under subparagraph (A)(i) shall include requirements that—

(i) the State program shall have public members on its board of directors or have an advisory board with public members;

(ii) the State program provide adequate insurance or reinsurance protection, as applicable, for the peril covered, which shall include a range of deductibles and premium costs that reflect the applicable risk to eligible properties;

(iii) insurance or reinsurance coverage, as applicable, provided by the State program is made available on a nondiscriminatory basis to all qualifying residents;

(iv) any new construction, substantial rehabilitation, and renovation insured or reinsured by the program complies with applicable State or local government building, fire, and safety codes;

(v) the State, or appropriate local governments within the State, have in effect and enforce nationally recognized model building, fire, and safety codes and consensus-based standards that offer risk responsive resistance that is substantially equivalent or greater than the resistance to earthquakes or high winds;

(vi) the State has taken actions to establish an insurance rate structure that takes into account measures to mitigate insurance losses;

(vii) there are in effect, in such State, laws or regulations sufficient to prohibit price gouging, during the term of reinsurance coverage under this Act for the State program in any disaster area located within the State; and

(viii) the State program complies with such other requirements that the Secretary considers necessary to carry out the purposes of this Act.

(b) TERMS OF CONTRACTS.—Each contract under this section for reinsurance coverage under this Act shall be subject to the following terms and conditions:

(1) MATURITY.—The term of the contract shall not exceed 1 year or such longer term as the Secretary may determine.

(2) PAYMENT CONDITION.—The contract shall authorize claims payments for eligible losses only to the eligible State program purchasing the coverage.

(3) RETAINED LOSSES REQUIREMENT.—For each event of a covered peril, the contract shall make a payment for the event only if the total amount of insurance claims for losses, which are covered by qualified lines, occur to properties located within the State covered by the contract, and that result from events, exceeds the amount of retained losses provided under the contract (pursuant to section 8(a)) purchased by the eligible State program.

(4) MULTIPLE EVENTS.—The contract shall—

(A) cover any eligible losses from 1 or more covered events that may occur during the term of the contract; and

(B) provide that if multiple events occur, the retained losses requirement under paragraph (3) shall apply on a calendar year basis, in the aggregate and not separately to each individual event.

(5) TIMING OF ELIGIBLE LOSSES.—Eligible losses under the contract shall include only insurance claims for property covered by qualified lines that are reported to the eligible State program within the 3-year period beginning upon the event or events for which payment under the contract is provided.

(6) PRICING.—

(A) DETERMINATION.—The price of reinsurance coverage under the contract shall be an amount established by the Secretary as follows:

(i) RECOMMENDATIONS.—The Secretary shall take into consideration the recommendations of the Commission in establishing the price, but the price may not be less than the amount recommended by the Commission.

(ii) FAIRNESS TO TAXPAYERS.—The price shall be established at a level that—

(I) is designed to reflect the risks and costs being borne under each reinsurance contract issued under this Act; and

(II) takes into consideration empirical models of natural disasters and the capacity of private markets to absorb insured losses from natural disasters.

(iii) SELF-SUFFICIENCY.—The rates for reinsurance coverage shall be established at a level that annually produces expected premiums that shall be sufficient to pay the expected annualized cost of all claims, loss adjustment expenses, and all administrative costs of reinsurance coverage offered under this section.

(B) COMPONENTS.—The price shall consist of the following components:

(i) RISK-BASED PRICE.—A risk-based price, which shall reflect the anticipated annualized payout of the contract according to the actuarial analysis and recommendations of the Commission.

(ii) ADMINISTRATIVE COSTS.—A sum sufficient to provide for the operation of the Commission and the administrative expenses incurred by the Secretary in carrying out this Act.

(7) INFORMATION.—The contract shall contain a condition providing that the Commission may require a State program that is covered under the contract to submit to the Commission all information on the State program relevant to the duties of the Commission, as determined by the Secretary.

(8) ADDITIONAL CONTRACT OPTION.—

(A) IN GENERAL.—The contract shall provide that the purchaser of the contract may, during a term of such original contract, purchase additional contracts from among those offered by the Secretary at the beginning of the term, subject to the limitations under section 8, at the prices at which such contracts were offered at the beginning of the term, prorated based upon the remaining term as determined by the Secretary.

(B) TIMING.—An additional contract purchased under subparagraph (A) shall provide coverage beginning on a date 15 days after the date of purchase but shall not provide coverage for losses for an event that has already occurred.

(9) OTHERS.—The contract shall contain such other terms as the Secretary considers necessary—

(A) to carry out this Act; and

(B) to ensure the long-term financial integrity of the program under this Act.

(c) PARTICIPATION BY MULTI-STATE CATASTROPHE FUND PROGRAMS.—

(1) IN GENERAL.—Nothing in this Act shall prohibit, and this Act shall be construed to facilitate and encourage, the creation of multi-State catastrophe insurance or reinsurance programs, or the participation by such programs in the program established pursuant to section 4.

(2) REGULATIONS.—The Secretary shall, by regulation, apply the provisions of this Act to multi-State catastrophe insurance and reinsurance programs.

SEC. 8. MINIMUM LEVEL OF RETAINED LOSSES AND MAXIMUM FEDERAL LIABILITY.

(a) AVAILABLE LEVELS OF RETAINED LOSSES.—In making reinsurance coverage available under this Act, the Secretary shall make available for purchase contracts for such coverage that require the sustainment of retained losses from covered perils (as required under section 7(b)(3) for payment of eligible losses) in various amounts, as the Secretary, in consultation with the Commission, determines appropriate and subject to the requirements under subsection (b).

(b) MINIMUM LEVEL OF RETAINED LOSSES.—

(1) CONTRACTS FOR STATE PROGRAMS.—Subject to paragraphs (3) and (4) and notwithstanding any other provision of this Act, a contract for reinsurance coverage under section 7 for an eligible State program that offers insurance or reinsurance coverage described in subparagraph (A) or (B), respectively, of section 7(a)(1), may not be made available or sold unless the contract requires retained losses from covered perils in the following amount:

(A) IN GENERAL.—The State program shall sustain an amount of retained losses of not less than—

(i) the claims-paying capacity of the eligible State program, as determined by the Secretary; and

(ii) an amount, determined by the Secretary in consultation with the Commission, that is the amount equal to the eligible losses projected to be incurred at least once every 50 years on an annual basis from covered perils.

(B) TRANSITION RULE FOR EXISTING PROGRAMS.—

(i) CLAIMS-PAYING CAPACITY.—Subject to clause (ii), in the case of any eligible State program that was offering insurance or reinsurance coverage on the date of the enactment of this Act and the claims-paying capacity of which is greater than the amount determined under subparagraph (A)(i) but less than an amount determined for the program under subparagraph (A)(ii), the minimum level of retained losses applicable under this paragraph shall be the claims-paying capacity of such State program.

(ii) AGREEMENT.—

(I) IN GENERAL.—Clause (i) shall apply to a State program only if the program enters into a written agreement with the Secretary providing a schedule for increasing the claims-paying capacity of the program to the amount determined for the program under subparagraph (A)(ii) over a period not to exceed 5 years.

(II) EXTENSION.—The Secretary may extend the 5-year period under subclause (I) for not more than 5 additional 1-year periods if the Secretary determines that losses incurred by the State program as a result of covered perils create excessive hardship on the State program.

(III) CONSULTATION.—The Secretary shall consult with the appropriate officials of the State program regarding the required schedule and any potential 1-year extensions.

(C) TRANSITION RULE FOR NEW PROGRAMS.—

(i) 50-YEAR EVENT.—The Secretary may provide that, in the case of an eligible State program that, after January 1, 2008, commences offering insurance or reinsurance coverage, during the 7-year period beginning on the date that reinsurance coverage under section 7 is first made available, the minimum level of retained losses applicable under this paragraph shall be the amount determined for the State under subparagraph (A)(i), except that such minimum level shall be adjusted annually as provided in clause (ii) of this subparagraph.

(ii) ANNUAL ADJUSTMENT.—Each annual adjustment under this clause shall increase the minimum level of retained losses applicable under this subparagraph to an eligible State program described in clause (i) in a manner such that—

(I) during the course of such 7-year period, the applicable minimum level of retained losses approaches the minimum level that, under subparagraph (A)(ii), will apply to the eligible State program upon the expiration of such period; and

(II) each such annual increase is a substantially similar amount, to the extent practicable.

(D) REDUCTION BECAUSE OF REDUCED CLAIMS-PAYING CAPACITY.—

(i) AUTHORITY.—Notwithstanding subparagraphs (A), (B), and (C) or the terms contained in a contract for reinsurance pursuant to such subparagraphs, if the Secretary determines that the claims-paying capacity of an eligible State program has been reduced because of payment for losses due to an event, the Secretary may reduce the minimum level of retained losses.

(ii) TERM OF REDUCTION.—

(I) EXTENSION.—The Secretary may extend the 5-year period for not more than 5 additional 1-year periods if the Secretary determines that losses incurred by the State program as a result of covered perils create excessive hardship on the State program.

(II) CONSULTATION.—The Secretary shall consult with the appropriate officials of the State program regarding the required schedule and any potential 1-year extensions.

(E) CLAIMS-PAYING CAPACITY.—For purposes of this paragraph, the claims-paying capacity of a State-operated insurance or reinsurance program under section 7(a)(1) shall be determined by the Secretary, in consultation with the Commission, taking into consideration the claims-paying capacity as determined by the State program, retained losses to private insurers in the State in an amount assigned by the State insurance commissioner, the cash surplus of the program, and the lines of credit, reinsurance, and other financing mechanisms of the program established by law.

(c) MAXIMUM FEDERAL LIABILITY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary may sell only contracts for reinsurance coverage under this Act in various amounts that comply with the following requirements:

(A) ESTIMATE OF AGGREGATE LIABILITY.—The aggregate liability for payment of claims under all such contracts in any single year is unlikely to exceed $200,000,000,000 (as such amount is adjusted under paragraph (2)).

(B) ELIGIBLE LOSS COVERAGE SOLD.—Eligible losses covered by all contracts sold within a State during a 12-month period do not exceed the difference between the following amounts (each of which shall be determined by the Secretary in consultation with the Commission):

(i) The amount equal to the eligible loss projected to be incurred once every 500 years from a single event in the State.

(ii) The amount equal to the eligible loss projected to be incurred once every 50 years from a single event in the State.

(2) ANNUAL ADJUSTMENTS.—The Secretary shall annually adjust the amount under paragraph (1)(A) (as it may have been previously adjusted) to provide for inflation in accordance with an inflation index that the Secretary determines to be appropriate.

(d) LIMITATION ON PERCENTAGE OF RISK IN EXCESS OF RETAINED LOSSES.—

(1) IN GENERAL.—The Secretary may not make available for purchase contracts for reinsurance coverage under this Act that would pay out more than 100 percent of eligible losses in excess of retained losses in the case of a contract under section 7 for an eligible State program, for such State.

(2) PAYOUT.—For purposes of this subsection, the amount of payout from a reinsurance contract shall be the amount of eligible losses in excess of retained losses multiplied by the percentage under paragraph (1).

SEC. 9. CONSUMER HURRICANE, EARTHQUAKE, LOSS PROTECTION (HELP) FUND.

(a) ESTABLISHMENT.—There is established within the Treasury of the United States a fund to be known as the Consumer HELP Fund (in this section referred to as the ''Fund'').

(b) CREDITS.—The Fund shall be credited with—

(1) amounts received annually from the sale of contracts for reinsurance coverage under this Act;

(2) any amounts borrowed under subsection (d);

(3) any amounts earned on investments of the Fund pursuant to subsection (e); and

(4) such other amounts as may be credited to the Fund.

(c) USES.—Amounts in the Fund shall be available to the Secretary only for the following purposes:

(1) CONTRACT PAYMENTS.—For payments to covered purchasers under contracts for reinsurance coverage for eligible losses under such contracts.

(2) COMMISSION COSTS.—To pay for the operating costs of the Commission.

(3) ADMINISTRATIVE EXPENSES.—To pay for the administrative expenses incurred by the Secretary in carrying out the reinsurance program under this Act.

(4) TERMINATION.—Upon termination under section 11, as provided in such section.

(d) BORROWING.—

(1) AUTHORITY.—To the extent that the amounts in the Fund are insufficient to pay claims and expenses under subsection (c), the Secretary—

(A) may issue such obligations of the Fund as may be necessary to cover the insufficiency; and

(B) shall purchase any such obligations issued.

(2) PUBLIC DEBT TRANSACTION.—For the purpose of purchasing any such obligations under paragraph (1)—

(A) the Secretary may use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code; and

(B) the purposes for which such securities are issued under such chapter are hereby extended to include any purchase by the Secretary of such obligations under this subsection.

(3) CHARACTERISTICS OF OBLIGATIONS.—Obligations issued under this subsection shall be in such forms and denominations, bear such maturities, bear interest at such rate, and be subject to such other terms and conditions, as the Secretary shall determine.

(4) TREATMENT.—All redemptions, purchases, and sales by the Secretary of obligations under this subsection shall be treated as public debt transactions of the United States.

(5) REPAYMENT.—Any obligations issued under this subsection shall be—

(A) repaid including interest, from the Fund; and

(B) recouped from premiums charged for reinsurance coverage provided under this Act.

(e) INVESTMENT.—If the Secretary determines that the amounts in the Fund are in excess of current needs, the Secretary may invest such amounts as the Secretary considers advisable in obligations issued or guaranteed by the United States.

(f) PROHIBITION OF FEDERAL FUNDS.—Except for amounts made available pursuant to subsection (d) and section 3(h), no further Federal funds shall be authorized or appropriated for the Fund or for carrying out the reinsurance program under this Act.

SEC. 10. REGULATIONS.

The Secretary, in consultation with the Secretary of the Department of Homeland Security, shall issue any regulations necessary to carry out the program for reinsurance coverage under this Act.

SEC. 11. TERMINATION.

(a) IN GENERAL.—Except as provided in subsection (b), the Secretary may not provide any reinsurance coverage under this Act covering any period after the expiration of the 20-year period beginning on the date of the enactment of this Act.

(b) EXTENSION.—If upon the expiration of the period under subsection (a) the Secretary, in consultation with the Commission, determines that continuation of the program for reinsurance coverage under this Act is necessary or appropriate to carry out the purpose of this Act under section 4(b) because of insufficient growth of capacity in the private homeowners' insurance market, the Secretary shall continue to provide reinsurance coverage under this Act until the expiration of the 5-year period beginning upon the expiration of the period under subsection (a).

(c) REPEAL.—Effective upon the date that reinsurance coverage under this Act is no longer available or in force pursuant to subsection (a) or (b), this Act (except for this section) is repealed.

(d) DEFICIT REDUCTION.—The Secretary shall cover into the General Fund of the Treasury any amounts remaining in the Fund under section 9 upon the repeal of this Act.

SEC. 12. ANNUAL STUDY CONCERNING BENEFITS OF THE ACT.

(a) IN GENERAL.—The Secretary shall, on an annual basis, conduct a study and submit to the Congress a report that—

(1) analyzes the cost and availability of homeowners' insurance for losses resulting from catastrophic natural disasters covered by the reinsurance program under this Act;

(2) describes the efforts of the participating States in—

(A) enacting preparedness, prevention, mitigation, recovery, and rebuilding standards; and

(B) educating the public on the risks associated with natural catastrophe; and

(3) makes recommendations regarding ways to improve the program under this Act and its administration.

(b) CONTENTS.—Each annual study under this section shall also determine and identify, on an aggregate basis—

(1) for each State or region, the capacity of the private homeowners' insurance market with respect to coverage for losses from catastrophic natural disasters;

(2) for each State or region, the percentage of homeowners who have such coverage, the catastrophes covered, and the average cost of such coverage; and

(3) for each State or region, the effects this Act is having on the availability and affordability of such insurance.

(c) TIMING.—Each annual report under this section shall be submitted not later than March 30 of the year after the year for which the study was conducted.

(d) COMMENCEMENT OF REPORTING REQUIREMENT.—The Secretary shall first submit an annual report under this section not later than 2 years after the date of the enactment of this Act.

SEC. 13. GAO STUDY OF THE NATIONAL FLOOD INSURANCE PROGRAM AND HURRICANE-RELATED FLOODING.

(a) IN GENERAL.—In light of the flooding associated with Hurricane Katrina, the Comptroller General of the United States shall conduct a study of the availability and adequacy of flood insurance coverage for losses to residences and other properties caused by hurricane-related flooding.

(b) CONTENTS.—The study under this section shall determine and analyze—

(1) the frequency and severity of hurricane-related flooding during the last 20 years in comparison with flooding that is not hurricane-related;

(2) the differences between the risks of flood-related losses to properties located within the 100-year floodplain and those located outside of such floodplain;

(3) the extent to which insurance coverage referred to in subsection (a) is available for properties not located within the 100-year floodplain;

(4) the advantages and disadvantages of making such coverage for such properties available under the national flood insurance program;

(5) appropriate methods for establishing premiums for insurance coverage under such program for such properties that, based on accepted actuarial and rate making principles, cover the full costs of providing such coverage;

(6) appropriate eligibility criteria for making flood insurance coverage under such program available for properties that are not located within the 100-year floodplain or within a community participating in the national flood insurance program;

(7) the appropriateness of the existing deductibles for all properties eligible for insurance coverage under the national flood insurance program, including the standard and variable deductibles for pre-FIRM and post-FIRM properties, and whether a broader range of deductibles should be established;

(8) income levels of policyholders of insurance made available under the national flood insurance program whose properties are pre-FIRM subsidized properties;

(9) how the national flood program is marketed, if changes can be made so that more people are aware of flood coverage, and how take-up rates may be improved;

(10) the number of homes that are not primary residences that are insured under the national flood insurance program and are pre-FIRM subsidized properties; and

(11) suggestions and means on how the program under this Act can better meet its stated goals as well as the feasibility of expanding the national flood insurance program to cover the perils covered by this Act.

(c) CONSULTATION WITH FEMA.—In conducting the study under this section, the Comptroller General shall consult with the Administrator of the Federal Emergency Management Agency.

(d) REPORT.—The Comptroller General shall complete the study under this section and submit a report to the Congress regarding the findings of the study not later than 5 months after the date of the enactment of this Act.

SEC. 14. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) COMMISSION.—The term ''Commission'' means the National Commission on Catastrophe Preparation and Protection established under section 3.

(2) COVERED PERILS.—The term ''covered perils'' means the natural disaster perils under section 6.

(3) COVERED PURCHASER.—The term ''covered purchaser'' means an eligible State-operated insurance or reinsurance program that purchases reinsurance coverage made available under a contract under section 7.

(4) DISASTER AREA.—The term ''disaster area'' means a geographical area, with respect to which—

(A) a covered peril specified in section 6 has occurred; and

(B) a declaration that a major disaster exists, as a result of the occurrence of such peril—

(i) has been made by the President of the United States; and

(ii) is in effect.

(5) ELIGIBLE LOSSES.—The term ''eligible losses'' means losses in excess of the sustained and retained losses, as defined by the Secretary after consultation with the Commission.

(6) ELIGIBLE STATE PROGRAM.—The term ''eligible State program'' means—

(A) a State program that, pursuant to section 7(a), is eligible to purchase reinsurance coverage made available through contracts under section 7; or

(B) a multi-State program that is eligible to purchase such coverage pursuant to section 7(c).

(7) PRICE GOUGING.—The term ''price gouging'' means the providing of any consumer good or service by a supplier related to repair or restoration of property damaged from a catastrophe for a price that the supplier knows or has reason to know is greater, by at least the percentage set forth in a State law or regulation prohibiting such act (notwithstanding any real cost increase due to any attendant business risk and other reasonable expenses that result from the major catastrophe involved), than the price charged by the supplier for such consumer good or service immediately before the disaster.

(8) QUALIFIED LINES.—The term ''qualified lines'' means lines of insurance coverage for which losses are covered under section 5 by reinsurance coverage under this Act.

(9) REINSURANCE COVERAGE.—The term ''reinsurance coverage under this Act'' means coverage under contracts made available under section 7.

(10) SECRETARY.—The term ''Secretary'' means the Secretary of the Treasury.

(11) STATE.—The term ''State'' means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

By Mrs. FEINSTEIN:

S. 933. A bill for the relief of Joseph Gabra and Sharon Kamel; to the Committee on the Judiciary.

Mrs. FEINSTEIN. Mr. President, I am offering today private relief legislation to provide lawful permanent residence status to Joseph Gabra and his wife, Sharon Kamel, Egyptian nationals currently living with their children in Camarillo, CA.

Joseph Gabra and Sharon Kamel entered the United States legally on November 1, 1998, on tourist visas. They immediately filed for political asylum based on religious persecution.

The couple fled Egypt because they had been targeted for their active involvement in the Coptic Christian Church in Egypt. Mr. Gabra was repeatedly jailed by Egyptian authorities because of his work for the church. In addition, Ms. Kamel's cousin was murdered and her brother's business was fire-bombed.

When Ms. Kamel became pregnant with their first child, the family was warned by a member of the Muslim brotherhood that if they did not raise their child as a Muslim, the child would be kidnapped and taken from them.

Frightened by these threats, the young family sought refuge in the United States. Unfortunately, when they sought asylum here, Mr. Gabra, who has a speech impediment, had difficulty communicating his fear of persecution to the immigration judge.

The judge denied their petition, telling the family that he did not see why they could not just move to another city in Egypt to avoid the abuse they were suffering. Since the time that they were denied asylum, Ms. Kamel's brother, who lived in the same town and suffered similar abuse, was granted asylum.

I have decided to offer legislation on their behalf because I believe that, without it, this hardworking couple and their four United States citizen children would endure immense and unfair hardship.

First, in the nine years that Mr. Gabra and Ms. Kamel have lived here, they have worked to adjust their status through the appropriate legal channels. They came to the United States on a lawful visa and immediately notified authorities of their intent to seek asylum here. They have played by the rules and followed our laws.

In addition, during those nine years, the couple has had four U.S. citizen children who do not speak Arabic and are unfamiliar with Egyptian culture. If the family is deported, the children would have to acclimate to a different culture, language and way of life.

Jessica, 8, is the Gabra's oldest child, and in the Gifted and Talented Education program in Ventura County. Rebecca, age 7, and Rafael, age 6, are old enough to understand that they would be leaving their schools, their teachers, their friends and their home. Veronica, the Gabra's youngest child, is just 18 months old.

More troubling is the very real possibility that if sent to Egypt, these four American children would suffer discrimination and persecution because of their religion, just as the rest of their family reports.

Mr. Gabra and Ms. Kamel have made a positive life for themselves and their family in the United States. Both have earned college degrees in Egypt and once in the United States, Mr. Gabra passed the Certified Public Accountant Examination on August 4, 2003. Since arriving here, Mr. Gabra has consistently worked to support his family.

The positive impact they have made on their community is highlighted by the fact that I received a letter of support on their behalf signed by 160 members of their church and community. From everything I have learned about the family, we can expect that they will continue to contribute to their community in productive ways.

Given these extraordinary and unique facts, I ask my colleagues to support this private relief bill on behalf of Joseph Gabra and Sharon Kamel.

In addition, I ask unanimous consent that the text of the private relief bill and the numerous letters of support my office has received from members of the Camarillo community be printed in the RECORD.

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

S. 933

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

SECTION 1. ADJUSTMENT OF STATUS.

(a) IN GENERAL.—Notwithstanding any other provision of law, for the purposes of the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), Joseph Gabra and Sharon Kamel shall each be deemed to have been lawfully admitted to, and remained in, the United States, and shall be eligible for adjustment of status to that of an alien lawfully admitted for permanent residence under section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) upon filing an application for such adjustment of status.

(b) APPLICATION AND PAYMENT OF FEES.—Subsection (a) shall apply only if the application for adjustment of status is filed with appropriate fees not later than 2 years after the date of the enactment of this Act.

(c) REDUCTION OF IMMIGRANT VISA NUMBERS.—Upon the granting of permanent resident status to Joseph Gabra and Sharon Kamel, the Secretary of State shall instruct the proper officer to reduce by 2, during the current or subsequent fiscal year, the total number of immigrant visas that are made available to natives of the country of Joseph Gabra and Sharon Kamel's birth under section 202(e) or 203(a) of the Immigration and Nationality Act (8 U.S.C. 1152(e), 1153(a)), as applicable.

FEBRUARY 14, 2007.

DEAR MRS. FEINSTEIN: I am writing you today to beg you for help. A friend and fellow parent is scheduled for deportation on Monday 2/19 at 10:00 a.m. Her name is Sharon Malak Kamel Hendy (alien # A75–647–452). I was horrified to hear this information. Sharon is a wonderful person and mother. She has 4 children: Jessica (8) who is in my son's class, Rebecca. (7), Rafael (6) who is in Kindergarten with my daughter and Veronica (18 months). All of the children are American citizens.

Sharon and her husband, Joseph Ayad Gabra Youssef (alien # A75–647–253) came to the United States in 1998. They fled their country of Egypt from terrorist threats on their lives and the life of their unborn child (Jessica) due to the fact that they are Christians. They have pursued all legal avenues, to become citizens. Due to time lines being moved up, both have been notified that deportation will occur. Sharon is the first to receive the notice.

I am mortified that the United States would deport hard working people that try to stay the legal way. To top that off, they parents of 4 beautiful American citizen children.

Please help Sharon and Joseph with extensions and a way for them to obtain green cards.

Thank you for your time and consideration and May God bless you.

Sincerely,

SHARON D. VOPAT-MITCHELL.

FEBRUARY 14, 2007.

DEAR SENATOR FEINSTEIN: I am on staff at Camarillo Community Church as director of Adult Education and Family Ministry and am a licensed minister. I am also a California resident and a navy veteran. I am writing on behalf of the Gabra family who has been a member of this congregation for many years.

Joseph and Sharon Gabra fled Egypt seeking asylum because of the growing persecution of people who identify themselves with Jesus Christ (Christians). This persecution historically included job and housing discrimination but now is becoming more detrimental to the health and safety of Christians. Kidnapping, rape and murder are common responses against Christians by radical, extremists Muslims in Egypt.

Sharon Malak Kamel Hendy (Gabra) has received deportation orders and is scheduled to leave Monday, February 19, 2007. She would leave behind four children, all American citizens. Should she take them to Egypt it would be very likely they would be kidnapped or outright murdered. Joseph's case is still pending but the same logic used to send Sharon back would still be expected in his case.

I see, on a daily basis, the devastating consequences of raising children without a mother or father in the home. I ask you to intervene on behalf of this family, particularly the American raised children. Please use your influence as a Senator and a spokesperson for the people of California to keep Sharon in the United States and eventually giving the Gabra family permanent status.

Thank you for your consideration.

Very respectfully,

WILLIAM J. MOYER.

Re political asylum applications of Joseph Ayad Gabra Youssef and Sharon Malak Kamel Hendy.

CAMARILLO, CA,
February 14, 2007.

Senator DIANNE FEINSTEIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR FEINSTEIN: I am asking your immediate attention to a bureaucratic problem which may put one fine Christian family in terrorist hands. Time is of the essence as one family member (the mother of their 4 children—ages 8, 7, 6 and 18 mos.), who is scheduled for deportation on 2–19–2007. They only received the notice on 2–6–2007; our church family became aware of this problem on 2–11–2007. For your information other family members have already been granted political asylum in the United States. They have complied with all of the laws. Again, this is a problem of bureaucratic overload and we need real human intervention from your office to prevent unnecessary family separation, let alone possible death due to their religion convictions.

I plead with your office to grant an extension as they have been working since November 1, 1998 on this goal to become citizens of the United States; from my perspective, their arrival occurred three years before 9–11–2001 and they knew their danger. I already call them citizens of America from my heart as they have shown by their actions and

commitment to be such with pride and honor.

Thank you for your immediate attention on behalf of this beautiful family as your action would show the real intent of the Lady of Liberty in New York Harbor as our country is a land of laws and integrity.

Most sincerely,

TONI WEBSTER.

CAMARILLO COMMUNITY CHURCH,
February 12, 2007.

TO WHOM IT MAY CONCERN: Please review this deportation possibility and if possible please help us with a reprieve.

Sharon Malak Kamel Hendy (A75 647 452) has four small children all born in America and is being asked to leave our country back to Egypt. This seems so unreasonable to send a mother of four children to a country that is unfriendly to her religious preference. To separate her from her husband and children seems so un-American.

Attached is a Summary of the political asylum for you to review. She has a deportation date of the 19th of February.

Thank you for any help you can give this family. They have become a part of our church family at Camarillo Community Church, 1322 Las Posas Road, Camarillo, CA 93010.

DARYL LUNDBERG,
Pastor of Membership Care.

KEITH JAMES,
Camarillo, CA, February 15, 2007.

Re Joseph & Sharon Gabra.

Senator DIANE FEINSTEIN,
U.S. Senate,
San Francisco, CA.

DEAR MS. FEINSTEIN, I'm writing to you on behalf of Joseph and Sharon Gabra, who are good friends of mine and fellow members of Camarillo Community Church. The Gabras are Egyptian nationals who fled Egypt in 1998 due to religious persecution. As Christians in a Muslim society, they experienced terrible persecution; they were threatened by government officials to recant their beliefs and embrace Islam, or suffer the consequences, which meant their child would be taken from them and placed in a home where the child would be raised in Islam. They came to the United States to raise their family and begin a new life. Sharon was pregnant with their first child when they arrived here on a visitor's permit.

Since coming to our country they have had four children, one of whom is a good friend of my daughter, McKenna. The Gabras are very involved in our church community, always willing to lend a hand in the children's ministries. Joseph is a college-educated accountant and one of the hardest working men I know, and Sharon has a degree in social work. Both are very well regarded by the people of our church.

For several years the Gabras have worked diligently to become U.S. citizens, and have done so in all the right ways, but it appears they are finally out of options. Sharon received a notice last week that she will be deported on February 19, at which time she will be forced to leave her family behind. This means four children under the age of eight, including an 18-month-old, will be left in the care of their father, who must continue to work full-time to support his family.

With less than a week before Sharon's deportation, I'm writing to ask that you please stand for this family, that you would intercede on behalf of Sharon Gabra give her family a real chance at achieving their dream of a home in the United States. They are the kind of people we hope will become American citizens—good, honest, moral, and hard-working. Thank you for your consideration.

Best regards,

KEITH JAMES.

CAMARILLO COMMUNITY CHURCH,
Camarillo, CA.

TO THE HON. SENATOR DIANNE FEINSTEIN: I am writing in regard to Joseph Ayad Gabra Youssef (A 75 647 253) and his wife Sharon Malak Kamel Hendy (A 75 647 452). This Christian couple has applied for asylum in the United States because their lives were threatened by Moslem terrorists in their home country of Egypt. They fled Egypt in 1998 when Sharon was pregnant with their first child, hoping to find a safe place to raise their children. They have been seeking asylum here in the U.S, but the process has been slow and difficult. They now have four children and the children are all citizens of the United States, having been born here. This is a wonderful young family that has become a valued part of our church and community, but they are now being threatened with immediate deportation. Our entire church congregation is very concerned for the welfare of this family and fearful of the consequence of their return to Egypt. Please, we earnestly request your help in assisting this family.

Sincerely,

RALPH RITTENHOUSE,
Senior Pastor.

CAMARILLO COMMUNITY CHURCH,
February 14, 2007.

SENATOR BARBARA FEINSTEIN: I faxed a note to you yesterday and apparently the bottom portion of the note was cut off in the fax so I am resending the fax with this, a more detailed letter. Yesterday's note was written in a hurry because of the urgent nature of this request.

I am a Licensed Minister, Pastor of Children's Ministries at Camarillo Community Church in Camarillo, California. I have held this position for two years and prior to that I was the director of a Preschool and After School Program at Trinity Presbyterian Church in Camarillo, California. I have a true love and desire to see young children grow to become confident, successful adults and know that it is only in building up the child that we avoid the difficult task of rebuilding the broken man. The issue I am bringing to your attention deals with the brokenness of man which is now impacting the lives of four children and their parents who have become very precious to me and the community of Camarillo.

It is hard for me, as an American, to truly grasp the dangers Christians face in the Muslim world; however, the threats that caused Sharon Malak Kamel Hendy (A 75 647 253) and Joseph Ayad Gabra Youssef (A 75 647 452) to flee Egypt were real and continue to be present for them should they be forced to leave our country. The evil caused by children who have been raised in hatred, towards Americans and/or non Muslims, who have now become adults in leadership—terrorists—is REAL. Until we can break the cycle of hatred and replace it with love and respect one for another regardless of birth place or faith we will continue to struggle with adults filled with evil. In the meantime we must do all we can to protect those in our area from the evils of terrorism.

Although the Gabra family has been active within our church, it was not until Sunday, February 11, 2007 that we became aware of the gravity of their situation. They have been trying to handle the issue on their own so as not to be a burden to anyone. They came to America for Safety rather than financial gain and do not wish to be a burden on our society. I do not understand the legal hoops that have to be jumped to keep Sharon from deportation on February 19, 2007—but I do know that the family has been attempting to meet the requirements and jump through the hoops ever since their arrival in 1999. It seems that they have, up to this point, received less than appropriate or fair treatment in our court system.

The children, Jessica, age 8, Rebecca, age 7, Raphael, age 6 and Veronica, 18 months are all American born, English speaking children. They fit the profile of typical American children, attending public school, active in our children's ministries programs on Sundays and weekdays for AWANA and other children's events. Without knowledge of their parent's birthplace, one would never know there was a difference between them and their American born peers. They are a family who treasures one another and desires to be a blessing to those around them in a safe society. The deportation of their mother to Egypt—a place where her, her husband's, and the life of their unborn first child were threatened unless they turn from Christianity and return to Islam—would be devastating.

It is my hope that you will be able to use your legal authority to stop the deportation scheduled for February 19, 2007. Know that there are many in Camarillo depending on your leadership to help in this matter. We commit to follow the laws of our country in order to bring this family to safety. We are asking for the time to help them fulfill the requirements.

Sincerely,

ELAINE FRANCISCO,
Pastor of Children's Ministries.

FEBRUARY 12, 2007.

DEAR SENATOR FEINSTEIN: I hope that you will please take the time to read this letter for immediate help to the Gabra family. The mother of this family is scheduled to be deported on 2/19/2007 and the father fears the same. The big problem is that the family has four children between the ages of 8 years and 18 months and are all American Citizens. This family fled Egypt in 1998 because they were pregnant with their first child and were threatened to have their child taken from them because of their Christian beliefs. They came on a visitor's visa and did all the required steps to become legal. After 9/11/2001 they thought they would have a better chance, but by then they were allowing only one Judge to review the cases instead of 3 which shortened the time for accomplishing the same number of cases. By the law they became illegal and were subject to deportation.

Only the Mother, Sharon Malak Kamel Hendy (Alien Number: A 75–647–452) received notice of deportation. She is to be deported 2/19/2007. This would leave her husband Joseph Ayad Gabra Youssef (Alien Number: A 75–647–253) here to work and care for 4 children from age 8 yrs. to 18 months. His deportation notice will probably come next and this will lead to danger for the children. If this happens, the children would suffer the most in Egypt from the Terrorists because they only speak English.

I have taught Sunday school to 3 of their children and they are a lovely, hard working, honest family and want to become citizens. If they are deported their lives are in danger. Also, as Christians, they will not be able to find employment. The children are as follows: Jessica Gabra—8 years; Rebecca Gabra—7 years; Rafael Gabra—6 years; Veronica Gabra—18 months.

Please help us to get an extension for Sharon and a way for them to get green cards. They are the kind of people our country would be proud to have as citizens.

I'm pleading with you to help us. I know the time is short, but they just received the

deportation notice 6 days ago. We would be forever in your debt if you can help the Gabra Family. This family is fearing for their lives and safety right now.

Sincerely,

LINDA DAVIS.

JOHN F. LAUBACHER,
CERTIFIED PUBLIC ACCOUNTANT,
Camarillo, CA, Feb. 11, 2007.

SENATOR DIANNE FEINSTEIN.

DEAR SENATOR FEINSTEIN: I am writing this on behalf of my friend and fellow CPA Joseph Gabra and his family. His wife has been ordered to appear on Feb. 19th for deportation. I have known the Gabra family for a number of years and am writing in hopes that you will intervenue on his wife's behalf and either: a. Seek a stay of execution of the order to deport Mrs. Gabra; or b. Help them to arrange a green card to allow her to remain in the U.S.

Mr. Gabra is a great asset to our community. He is employed by a client of mine as an accountant and I have seen firsthand the tremendous integrity and thoroughness that he brings to his job each day. He is a wonderful example to his co-workers and the general public.

Joseph was not always working as an accountant here even though he is a CPA in his native country. Finding work as an accountant was difficult due to a speech impediment. But he has always been a hard worker, taking manual labor jobs to stay off any public assistance. He has now been working in his field and my client is thrilled with the job he is doing. In addition, he travels to Cal State Northridge to get help with his speech problem.

Mrs. Gabra is a homemaker and takes care of their four children that range from 8 years old to 18 months. She is involved at our church as well in a number of programs. The family has been a great addition to my church and the Camarillo community in general.

But if Mrs. Gabra is deported, the damage will not just be to the community. There is danger that faces the family if they are returned to Egypt. Mr. Gabra will not be able to find work there because he is a Christian. The family will face incredible persecution. The kids are U.S. citizens who will suffer if they are sent to Egypt because they do not speake the language and they are Christians, not Muslim. They could be forced to convert to Islam or be killed. The girls face a barbaric ritual of female circumcision. They are dedicated to each other as a family. So, while Mrs. Gabra is the only one being forced to leave at this time, splitting up the family into two countries is simply not an option.

Senator, Mr. Gabra is a man of faith. He is confident that God will provide a rcsolution to this problem. I, too, am a man of faith. But I believe that perhaps God will use you to provide the miracle that the Gabra family needs now in order to stay together. I am asking you to intercede on their behalf.

Thank you and your staff for taking the time to read this and consider my request. He's a good man. They are a good family. And they deserve better than the death sentence the U.S. Government is giving them. His letter follows along with the order from the Dept. of Homeland Security. Please help.

Very truly yours,

JOHN F. LAUBACHER, CPA.

By Mr. NELSON of Florida (for himself and Mr. MARTINEZ):

S. 934. A bill to amend the Florida National Forest Land Management Act of 2003 to authorize the conveyance of an additional tract of National Forest System land under that Act, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. NELSON of Florida. Mr. President, I rise today to introduce legislation that helps the U.S. Forest Service to protect sensitive and precious forest by selling developed land in Leon County, FL, in order to purchase at-risk land in the heart of our national forests.

Specifically, this bill allows for the sale of tract W–1979, which is 114 acres in Tallahassee, the proceeds of which are specifically designated to purchase private inholdings in the Apalachicola National Forest. The Forest Service believes that W–1979 has lost its national forest character and is unmanageable; the land will be sold to Leon County, where it will help the continued advancement of Blueprint 2000, a series of community initiatives to improve Tallahassee and Leon County. By selling this land on the outskirt of the Apalachicola National Forest, the Forest Service can acquire precious land in the heart of the forest that could be lost to development.

This legislation also gives the U.S. Forest Service in Florida the same flexibility to manage lands and capital that many other states have. Previously, whenever National Forest land was sold, the funds could only be used to purchase more land, while many important infrastructure projects went undone. With passage of this bill, proceeds only from the sale of ''non-green'' lands can go towards capitol improvements, such as administrative facilities that help the Forest Service manage the Ocala, Apalachicola, and Osceola National Forests. These non-green lands have already been developed with urban improvements, and no longer align with the goals of the U.S. Forest Service.

Congressman CRENSHAW and BOYD have introduced similar legislation in the House of Representatives. I hope that we can quickly pass these bills and help Leon County and the Forest Service.

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

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

S. 934

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

SECTION 1. CONVEYANCES UNDER FLORIDA NATIONAL FOREST LAND MANAGEMENT ACT OF 2003.

(a) ADDITIONAL CONVEYANCE AUTHORIZED.—Subsection (b) of section 3 of the Florida National Forest Land Management Act of 2003 (Public Law 108–152; 117 Stat. 1919) is amended—

(1) by striking ''and'' at the end of paragraph (17);

(2) by redesignating paragraph (18) as paragraph (19);

(3) by inserting after paragraph (17) the following new paragraph:

''(18) tract W-1979, located in Leon County consisting of approximately 114 acres, within T. 1 S., R. 1 W., sec. 25; and''; and

(4) in paragraph (19) (as redesignated by paragraph (2)), by striking ''(17)'' and inserting ''(18)''.

(b) ADDITIONAL USE OF PROCEEDS.—Paragraph (2) of subsection (i) of such section (117 Stat. 1921) is amended—

(1) by striking ''and'' at the end of subparagraph (A);

(2) by striking the period at the end of subparagraph (B) and inserting ''; and''; and

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

''(C) acquisition, construction, or maintenance of administrative improvements for units of the National Forest System in the State.''.

(c) LIMITATIONS ON USE OF PROCEEDS.—Subsection (i) of such section is further amended by adding at the end the following new paragraphs:

''(3) GEOGRAPHICAL AND USE RESTRICTION FOR CERTAIN CONVEYANCE.—Notwithstanding paragraph (2), proceeds from the sale or exchange of the tract described in subsection (b)(18) shall be used exclusively for the purchase of inholdings in the Apalachicola National Forest.

''(4) RESTRICTION ON USE OF PROCEEDS FOR ADMINISTRATIVE IMPROVEMENTS.—Proceeds from any sale or exchange of land under this Act may be used for administrative improvements, as authorized by paragraph (2)(C), only if the land generating the proceeds was improved with infrastructure.''.

By Mr. NELSON of Florida (for himself, Mr. HAGEL, Mr. BINGAMAN, Ms. MIKULSKI, Mrs. LINCOLN, Mr. BIDEN, Mr. VITTER, Mr. DOMENICI, Mr. KERRY, Mr. MARTINEZ, Mr. SALAZAR, Ms. SNOWE, Mr. BROWN, Mrs. FEINSTEIN, Mrs. MURRAY, and Mrs. CLINTON):

S. 935. A bill to repeal the requirement for reduction of survivor annuities under the Survivor Benefit Plan by veterans' dependency and indemnity compensation, and for other purposes; to the Committee on Armed Services.

Mr. NELSON of Florida. Mr. President, on behalf of myself and Senators HAGEL, BINGAMAN, KERRY, MIKULSKI, LINCOLN, BIDEN, VITTER, DOMENICI, MARTINEZ, SALAZAR, SNOWE, BROWN, FEINSTEIN, MURRAY, and CLINTON, I am honored to introduce legislation today that we are convinced is necessary to fix a long-standing problem in our military survivors benefits system.

President Lincoln's words are as relevant and moving today as they were during the Civil War: ''as God gives us to see the right, let us strive on to finish the work we are in; to bind up the nation's wounds; to care for him who shall have borne the battle, and for his widow, and his orphan.''

Our Nation continues to be engaged in a violent struggle against brutal and vicious enemies around the world. Sadly, Americans are lost every day. We must never forget that the families left behind by our courageous men and women in uniform bear the greatest pain. Their survivors face a life forever altered, and a future left unclear. They suffer the greatest cost of the ultimate sacrifice, and the nation that asked for that sacrifice must honor it.

Back in 1972, Congress established the military survivors' benefits plan—

or SBP—to provide retirees' survivors an annuity to protect their income. This benefit plan is a voluntary program purchased by the retiree or issued automatically in the case of servicemembers who die while on active duty. Retired servicemembers pay for this benefit from their retired pay. Upon their death, their spouse or dependent children can receive up to 55 percent of their retired pay as an annuity.

For over five years, I've been talking about the unfair and painful offset between SBP and the Department of Veterans Affairs' Dependency and Indemnity Compensation, or DIC, which is received by the surviving spouse of an active duty or retired military member who dies from a service-connected cause. Under current law, even if the surviving spouse of such a servicemember is eligible for SBP, that purchased annuity is reduced by the amount of DIC received. Another inequity in the current system is the delayed effective date for ''paid-up status'' under SBP. We should act to correct these injustices this year.

We have made progress, but even with the important changes made over the last few years, the offset still fails to take care of our military widows and surviving children the way it should. We have considered and adopted increased death gratuity benefits for the survivors of our troops lost in this war, and we have changed the law to enable these survivors to automatically enroll in SBP. However, now we see the pain caused when at the same moment a widow is enrolled in SBP she is hit with the DIC offset.

The SBP offset is no less painful for the survivors of our 100 percent disabled military retirees. SBP is a purchased annuity plan. Before coming to the U.S. Senate, I served as Insurance Commissioner for the State of Florida, and I know of no other purchased annuity program that can then turn around and refuse to pay you the benefits you purchased on the grounds that you are getting a different benefit from somewhere else.

Our Federal civil servants receive both their purchased survivor income protection annuity and any disability compensation for which they may be entitled—without offset. Why on earth would we treat our 100 percent disabled military retirees any differently, especially after they have given the best years of their lives and their health in service to the Nation?

Let me be clear about this: survivors of servicemembers are entitled in law to automatic enrollment in SBP; 100 percent disabled military retirees purchase SBP. Survivors stand to lose most or even all of the benefits under SBP only because they are also entitled to DIC.

This legislation also accelerates an improvement we made earlier to the SBP program. We have already agreed that military retirees who have reached the age of 70 and paid their SBP premiums for thirty years should stop paying a premium, but we delayed the effective date for this relief until 2008. We should not delay their relief any further.

The United States owes its very existence to generations of soldiers, sailors, airmen, and marines who have sacrificed throughout our history to keep us free. The sacrifices of today are no less important to American liberty or tragic when a life is lost in the defense of liberty everywhere.

We owe them and their surviving family members a great debt.

Unfortunately, it is too often that we fall short on this care. We must meet this obligation with the same sense of honor as was the service they and their families have rendered.

We will continue to work to do right by those who have given this Nation their all, and especially for the loved ones they may leave to our care.

I appreciate the co-sponsorship of my colleagues—Senators HAGEL, BINGAMAN, KERRY, MIKULSKI, LINCOLN, BIDEN, VITTER, DOMENICI, MARTINEZ, SALAZAR, SNOWE, BROWN, FEINSTEIN, MURRAY, and CLINTON—and look forward to working with my colleagues in the days ahead.

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

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 935

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

SECTION 1. REPEAL OF REQUIREMENT OF REDUCTION OF SBP SURVIVOR ANNUITIES BY DEPENDENCY AND INDEMNITY COMPENSATION.

(a) REPEAL.—

(1) IN GENERAL.—Subchapter II of chapter 73 of title 10, United States Code, is amended as follows:

(A) In section 1450, by striking subsection (c).

(B) In section 1451(c)—

(i) by striking paragraph (2); and

(ii) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(2) CONFORMING AMENDMENTS.—Such subchapter is further amended as follows:

(A) In section 1450—

(i) by striking subsection (e); and

(ii) by striking subsection (k).

(B) In section 1451(g)(1), by striking subparagraph (C).

(C) In section 1452—

(i) in subsection (f)(2), by striking ''does not apply—'' and all that follows and inserting ''does not apply in the case of a deduction made through administrative error.''; and

(ii) by striking subsection (g).

(D) In section 1455(c), by striking '', 1450(k)(2),''.

(b) PROHIBITION ON RETROACTIVE BENEFITS.—No benefits may be paid to any person for any period before the effective date provided under subsection (f) by reason of the amendments made by subsection (a).

(c) PROHIBITION ON RECOUPMENT OF CERTAIN AMOUNTS PREVIOUSLY REFUNDED TO SBP RECIPIENTS.—A surviving spouse who is or has been in receipt of an annuity under the Survivor Benefit Plan under subchapter II of chapter 73 of title 10, United States Code, that is in effect before the effective date provided under subsection (f) and that is adjusted by reason of the amendments made by subsection (a) and who has received a refund of retired pay under section 1450(e) of title 10, United States Code, shall not be required to repay such refund to the United States.

(d) REPEAL OF AUTHORITY FOR OPTIONAL ANNUITY FOR DEPENDENT CHILDREN.—Section 1448(d)(2) of such title is amended—

(1) by striking ''DEPENDENT CHILDREN.—'' and all that follows through ''In the case of a member described in paragraph (1),'' and inserting ''DEPENDENT CHILDREN.—In the case of a member described in paragraph (1),''; and

(2) by striking subparagraph (B).

(e) RESTORATION OF ELIGIBILITY FOR PREVIOUSLY ELIGIBLE SPOUSES.—The Secretary of the military department concerned shall restore annuity eligibility to any eligible surviving spouse who, in consultation with the Secretary, previously elected to transfer payment of such annuity to a surviving child or children under the provisions of section 1448(d)(2)(B) of title 10, United States Code, as in effect on the day before the effective date provided under subsection (f). Such eligibility shall be restored whether or not payment to such child or children subsequently was terminated due to loss of dependent status or death. For the purposes of this subsection, an eligible spouse includes a spouse who was previously eligible for payment of such annuity and is not remarried, or remarried after having attained age 55, or whose second or subsequent marriage has been terminated by death, divorce or annulment.

(f) EFFECTIVE DATE.—The sections and the amendments made by this section shall take effect on the later of—

(1) the first day of the first month that begins after the date of the enactment of this Act; or

(2) the first day of the fiscal year that begins in the calendar year in which this Act is enacted.

SEC. 2. EFFECTIVE DATE OF PAID-UP COVERAGE UNDER SURVIVOR BENEFIT PLAN.

(a) SURVIVOR BENEFIT PLAN.—Section 1452(j) of title 10, United States Code, is amended by striking ''October 1, 2008'' and inserting ''October 1, 2007''.

(b) RETIRED SERVICEMAN'S FAMILY PROTECTION PLAN.—Section 1436a of such title is amended by striking ''October 1, 2008'' and inserting ''October 1, 2007''.

By Mr. DURBIN (for himself and Mr. SPECTER):

S. 936. A bill to reform the financing of Senate elections, and for other purposes; to the Committee on Finance.

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

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

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Fair Elections Now Act''.

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

TITLE I—FAIR ELECTIONS FINANCING OF SENATE ELECTION CAMPAIGNS

Subtitle A—Fair Elections Financing Program

SEC. 101. FINDINGS AND DECLARATIONS.

(a) UNDERMINING OF DEMOCRACY BY CAMPAIGN CONTRIBUTIONS FROM PRIVATE SOURCES.—The Senate finds and declares that the current system of privately financed campaigns for election to the United States Senate has the capacity, and is often perceived by the public, to undermine democracy in the United States by—

(1) creating a conflict of interest, perceived or real, by encouraging Senators to accept large campaign contributions from private interests that are directly affected by Federal legislation;

(2) diminishing or giving the appearance of diminishing a Senator's accountability to constituents by compelling legislators to be accountable to the major contributors who finance their election campaigns;

(3) violating the democratic principle of ''one person, one vote'' and diminishing the meaning of the right to vote by allowing monied interests to have a disproportionate and unfair influence within the political process;

(4) imposing large, unwarranted costs on taxpayers through legislative and regulatory outcomes shaped by unequal access to lawmakers for campaign contributors;

(5) driving up the cost of election campaigns, making it difficult for qualified candidates without personal wealth or access to campaign contributions from monied individuals and interest groups to mount competitive Senate election campaigns;

(6) disadvantaging challengers, because large campaign contributors tend to donate their money to incumbent Senators, thus causing Senate elections to be less competitive; and

(7) burdening incumbents with a preoccupation with fundraising and thus decreasing the time available to carry out their public responsibilities.

(b) ENHANCEMENT OF DEMOCRACY BY PROVIDING ALLOCATIONS FROM THE SENATE FAIR ELECTIONS FUND.—The Senate finds and declares that providing the option of the replacement of private campaign contributions with allocations from the Senate Fair Elections Fund for all primary, runoff, and general elections to the Senate would enhance American democracy by—

(1) eliminating the potentially inherent conflict of interest created by the private financing of the election campaigns of public officials, thus restoring public confidence in the integrity and fairness of the electoral and legislative processes;

(2) increasing the public's confidence in the accountability of Senators to the constituents who elect them;

(3) helping to eliminate access to wealth as a determinant of a citizen's influence within the political process and to restore meaning to the principle of ''one person, one vote'';

(4) reversing the escalating cost of elections and saving taxpayers billions of dollars that are (or that are perceived to be) currently allocated based upon legislative and regulatory agendas skewed by the influence of campaign contributions;

(5) creating a more level playing field for incumbents and challengers by creating genuine opportunities for all Americans to run for the Senate and by encouraging more competitive elections; and

(6) freeing Senators from the incessant preoccupation with raising money, and allowing them more time to carry out their public responsibilities.

SEC. 102. ELIGIBILITY REQUIREMENTS AND BENEFITS OF FAIR ELECTIONS FINANCING OF SENATE ELECTION CAMPAIGNS.

The Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by adding at the end the following:

''TITLE V—FAIR ELECTIONS FINANCING OF SENATE ELECTION CAMPAIGNS

''SEC. 501. DEFINITIONS.

''In this title:

''(1) ALLOCATION FROM THE FUND.—The term 'allocation from the Fund' means an allocation of money from the Senate Fair Elections Fund to a participating candidate pursuant to sections 510 and 511.

''(2) FAIR ELECTIONS QUALIFYING PERIOD.—The term 'fair elections qualifying period' means, with respect to any candidate for Senator, the period—

''(A) beginning on the date on which the candidate files a statement of intent under section 503(a)(1); and

''(B) ending on the date that is 30 days before—

''(i) the date of the primary election; or

''(ii) in the case of a State that does not hold a primary election, the date prescribed by State law as the last day to qualify for a position on the general election ballot.

''(3) FAIR ELECTIONS START DATE.—The term 'fair elections start date' means, with respect to any candidate, the date that is 180 days before—

''(A) the date of the primary election; or

''(B) in the case of a State that does not hold a primary election, the date prescribed by State law as the last day to qualify for a position on the general election ballot.

''(4) FUND.—The term 'Fund' means the Senate Fair Elections Fund established by section 502.

''(5) IMMEDIATE FAMILY.—The term 'immediate family' means, with respect to any candidate—

''(A) the candidate's spouse;

''(B) a child, stepchild, parent, grandparent, brother, half-brother, sister, or half-sister of the candidate or the candidate's spouse; and

''(C) the spouse of any person described in subparagraph (B).

''(6) INDEPENDENT CANDIDATE.—The term 'independent candidate' means a candidate for Senator who is—

''(A) not affiliated with any political party; or

''(B) affiliated with a political party that—

''(i) in the case of a candidate in a State that holds a primary election for Senator, does not hold a primary election for Senator; or

''(ii) in the case of a candidate in a State that does not hold primary election for Senator, does not have ballot status in such State.

''(7) MAJOR PARTY CANDIDATE.—

''(A) IN GENERAL.—The term 'major party candidate' means a candidate for Senator who is affiliated with a major political party.

''(B) MAJOR POLITICAL PARTY.—The term 'major political party' means, with respect to any State, a political party of which a candidate for the office of Senator, President, or Governor in the preceding 5 years, received, as a candidate of that party in such State, 25 percent or more of the total number of popular votes cast for such office in such State.

''(8) MINOR PARTY CANDIDATE.—The term 'minor party candidate' means a candidate for Senator who is affiliated with a political party that—

''(A) holds a primary for Senate nominations; and

''(B) is not a major political party.

''(9) NONPARTICIPATING CANDIDATE.—The term 'nonparticipating candidate' means a candidate for Senator who is not a participating candidate.

''(10) PARTICIPATING CANDIDATE.—The term 'participating candidate' means a candidate for Senator who is certified under section 508 as being eligible to receive an allocation from the Fund.

''(11) QUALIFYING CONTRIBUTION.—The term 'qualifying contribution' means, with respect to a candidate, a contribution that—

''(A) is in the amount of $5 exactly;

''(B) is made by an individual who—

''(i) is a resident of the State with respect to which the candidate is seeking election; and

''(ii) is not prohibited from making a contribution under this Act;

''(C) is made during the fair elections qualifying period; and

''(D) meets the requirements of section 505(c).

''(12) SEED MONEY CONTRIBUTION.—The term 'seed money contribution' means a contribution or contributions by any 1 individual—

''(A) aggregating not more than $100; and

''(B) made to a candidate after the date of the most recent previous election for the office which the candidate is seeking and before the date the candidate has been certified as a participating candidate under section 508(a).

''SEC. 502. SENATE FAIR ELECTIONS FUND.

''(a) ESTABLISHMENT.—There is established in the Treasury a fund to be known as the 'Senate Fair Elections Fund'.

''(b) AMOUNTS HELD BY FUND.—The Fund shall consist of the following amounts:

''(1) PROCEEDS FROM RECOVERED SPECTRUM.—Proceeds deposited into the Fund under section 309(j)(8)(E)(ii)(II) of the Communications Act of 1934.

''(2) EXCESS SPECTRUM USER FEES.—Amounts deposited in the Fund under section 315A(f)(2)(B)(ii) of the Communications Act of 1934.

''(3) VOLUNTARY CONTRIBUTIONS.—Voluntary contributions to the fund.

''(4) QUALIFYING CONTRIBUTIONS, PENALTIES, AND OTHER DEPOSITS.—Amounts deposited into the Fund under—

''(A) section 504(2) (relating to limitation on amount of seed money);

''(B) section 505(d) (relating to deposit of qualifying contributions);

''(C) section 506(c) (relating to exceptions to contribution requirements);

''(D) section 509(c) (relating to remittance of allocations from the Fund);

''(E) section 513 (relating to violations); and

''(F) any other section of this Act.

''(5) INVESTMENT RETURNS.—Interest on, and the proceeds from, the sale or redemption of, any obligations held by the Fund under subsection (c).

''(c) INVESTMENT.—The Commission shall invest portions of the Fund in obligations of the United States in the same manner as provided under section 9602(b) of the Internal Revenue Code of 1986.

''(d) USE OF FUND.—

''(1) IN GENERAL.—The sums in the Senate Fair Elections Fund shall be used to make allocations to participating candidates in accordance with sections 510 and 511.

''(2) INSUFFICIENT AMOUNTS.—Under regulations established by the Commission, rules similar to the rules of section 9006(c) of the Internal Revenue Code shall apply.

''SEC. 503. ELIGIBILITY FOR ALLOCATIONS FROM THE FUND.

''(a) IN GENERAL.—A candidate for Senator is eligible to receive an allocation from the Fund for any election if the candidate meets the following requirements:

''(1) The candidate files with the Commission a statement of intent to seek certification as a participating candidate under this title during the period beginning on the fair elections start date and ending on the last day of the fair elections qualifying period.

''(2) The candidate has complied with the seed money contribution requirements of section 504.

''(3) The candidate meets the qualifying contribution requirements of section 505.

''(4) Not later than the last day of the fair elections qualifying period, the candidate files with the Commission an affidavit signed by the candidate and the treasurer of the candidate's principal campaign committee declaring that the candidate—

''(A) has complied and, if certified, will comply with the contribution and expenditure requirements of section 506;

''(B) if certified, will comply with the debate requirements of section 507;

''(C) if certified, will not run as a nonparticipating candidate during such year in any election for the office that such candidate is seeking; and

''(D) has either qualified or will take steps to qualify under State law to be on the ballot.

''(b) GENERAL ELECTION.—Notwithstanding subsection (a), a candidate shall not be eligible to receive an allocation from the Fund for a general election or a general run off election unless the candidate's party nominated the candidate to be placed on the ballot for the general election or the candidate qualified to be placed on the ballot as an independent candidate, and the candidate is qualified under State law to be on the ballot.

''SEC. 504. SEED MONEY CONTRIBUTION REQUIREMENT.

''A candidate for Senator meets the seed money contribution requirements of this section if the candidate meets the following requirements:

''(1) SEPARATE ACCOUNTING.—The candidate maintains seed money contributions in a separate account.

''(2) LIMITATION ON AMOUNT.—The candidate deposits into the Senate Fair Elections Fund or returns to donors an amount equal to the amount of any seed money contributions which, in the aggregate, exceed the sum of—

''(A) in the case of an independent candidate, the amount which the candidate would be entitled to under section 510(c)(3); and

''(B) in the case of any other candidate, the amount which the candidate would be entitled to under section 510(c)(1).

''(3) USE OF SEED MONEY.—The candidate makes expenditures from seed money contributions only for campaign-related costs.

''(4) RECORDS.—The candidate maintains a record of the name and street address of any contributor of a seed money contribution and the amount of any such contribution.

''(5) REPORT.—Unless a seed money contribution or an expenditure made with a seed money contribution has been reported previously under section 304, the candidate files with the Commission a report disclosing all seed money contributions and expenditures not later than 48 hours after receiving notification of the determination with respect to the certification of the candidate under section 508.

''SEC. 505. QUALIFYING CONTRIBUTION REQUIREMENT.

''(a) IN GENERAL.—A candidate for Senator meets the requirement of this section if, during the fair elections qualifying period, the candidate obtains a number of qualifying contributions equal to the sum of—

''(1) 2,000; plus

''(2) 500 for each congressional district in excess of 1 in the State with respect to which the candidate is seeking election.

''(b) SPECIAL RULE FOR CERTAIN CANDIDATES.—

''(1) IN GENERAL.—Notwithstanding subsection (a), in the case of a candidate described in paragraph (2), the requirement of this section is met if, during the fair elections qualifying period, the candidate obtains a number of qualifying contributions equal to 150 percent of the number of qualifying contributions that such candidate would be required to obtain without regard to this subsection.

''(2) CANDIDATE DESCRIBED.—A candidate is described in this paragraph if—

''(A) the candidate is a minor party candidate or an independent candidate; and

''(B) in the most recent general election involving the office of Senator, President, or Governor in the State in which the candidate is seeking office, the candidate and all candidates of the same political party as such candidate received less than 5 percent of the total number of votes cast for each such office.

''(c) REQUIREMENTS RELATING TO RECEIPT OF QUALIFYING CONTRIBUTION.—Each qualifying contribution—

''(1) may be made by means of a personal check, money order, debit card, or credit card;

''(2) shall be payable to the Senate Fair Elections Fund;

''(3) shall be accompanied by a signed statement containing—

''(A) the contributor's name and home address;

''(B) an oath declaring that the contributor—

''(i) is a resident of the State in which the candidate with respect to whom the contribution is made is running for election;

''(ii) understands that the purpose of the qualifying contribution is to show support for the candidate so that the candidate may qualify for public financing;

''(iii) is making the contribution in his or her own name and from his or her own funds;

''(iv) has made the contribution willingly; and

''(v) has not received any thing of value in return for the contribution; and

''(4) shall be acknowledged by a receipt that is sent to the contributor with a copy kept by the candidate for the Commission and a copy kept by the candidate for the election authorities in the State with respect to which the candidate is seeking election.

''(d) DEPOSIT OF QUALIFYING CONTRIBUTIONS.—

''(1) IN GENERAL.—Not later than 21 days after obtaining a qualifying contribution, a candidate shall—

''(A) deposit such contribution into the Senate Fair Elections Fund, and

''(B) remit to the Commission a copy of the receipt for such contribution.

''(2) DEPOSIT OF CONTRIBUTIONS AFTER CERTIFICATION.—Notwithstanding paragraph (1), all qualifying contributions obtained by a candidate shall be deposited into the Senate Fair Elections Fund and all copies of receipts for such contributions shall be remitted to the Commission not later than—

''(A) in the case of a candidate who is denied certification under section 508, 3 days after receiving a notice of denial of certification under section 508(a)(2); and

''(B) in any other case, not later than the last day of the fair elections qualifying period.

''(e) VERIFICATION OF QUALIFYING CONTRIBUTIONS.—The Commission shall establish procedures for the auditing and verification of qualifying contributions to ensure that such contributions meet the requirements of this section. Such procedures may provide for verification through the means of a postcard or other method, as determined by the Commission.

''SEC. 506. CONTRIBUTION AND EXPENDITURE REQUIREMENTS.

''(a) GENERAL RULE.—A candidate for Senator meets the requirements of this section if, during the election cycle of the candidate, the candidate—

''(1) except as provided in subsection (b), accepts no contributions other than—

''(A) seed money contributions;

''(B) qualifying contributions made payable to the Senate Fair Elections Fund;

''(C) allocations from the Senate Fair Elections Fund under sections 510 and 511; and

''(D) vouchers provided to the candidate under section 315A of the Communications Act of 1934;

''(2) makes no expenditures from any amounts other than from—

''(A) amounts received from seed money contributions;

''(B) amounts received from the Senate Fair Elections Fund; and

''(C) vouchers provided to the candidate under section 315A of the Communications Act of 1934; and

''(3) makes no expenditures from personal funds or the funds of any immediate family member (other than funds received through seed money contributions).

For purposes of this subsection, a payment made by a political party in coordination with a participating candidate shall not be treated as a contribution to or as an expenditure made by the participating candidate.

''(b) CONTRIBUTIONS FOR LEADERSHIP PACS, ETC.—A political committee of a participating candidate which is not an authorized committee of such candidate may accept contributions other than contributions described in subsection (a)(1) from any person if—

''(1) the aggregate contributions from such person for any for a calendar year do not exceed $100; and

''(2) no portion of such contributions is disbursed in connection with the campaign of the participating candidate.

''(c) EXCEPTION.—

''(1) IN GENERAL.—Notwithstanding subsection (a), a candidate shall not be treated as having failed to meet the requirements of this section if any contributions accepted before the date the candidate files a statement of intent under section 503(a)(1) are not expended and are—

''(A) returned to the contributor; or

''(B) submitted to the Federal Election Commission for deposit in the Senate Fair Elections Fund.

''(2) SPECIAL RULE FOR SEED MONEY CONTRIBUTIONS AND CONTRIBUTIONS FOR LEADERSHIP PACS.—For purposes of paragraph (1), a candidate shall not be required to return, donate, or submit any portion of the aggregate amount of contributions from any person which is $100 or less to the extent that such contribution—

''(A) otherwise qualifies as a seed money contribution; or

''(B) otherwise meets the requirements of subsection (b).

''(3) SPECIAL RULE FOR CONTRIBUTIONS BEFORE THE DATE OF ENACTMENT OF THIS TITLE.—Notwithstanding subsection (a), a candidate shall not be treated as having failed to meet the requirements of this section if any contributions accepted before the date of the enactment of this title are not expended and are—

''(A) returned to the contributor;

''(B) donated to an organization described in section 170(c) of the Internal Revenue Code of 1986;

''(C) donated to a political party;

''(D) used to retire campaign debt; or

''(E) submitted to the Federal Election Commission for deposit in the Senate Fair Elections Fund.

''SEC. 507. DEBATE REQUIREMENT.

''A candidate for Senator meets the requirements of this section if the candidate participates in at least—

''(1) 1 public debate before the primary election with other participating candidates and other willing candidates from the same party and seeking the same nomination as such candidate; and

''(2) 2 public debates before the general election with other participating candidates and other willing candidates seeking the same office as such candidate.

''SEC. 508. CERTIFICATION BY COMMISSION.

''(a) IN GENERAL.—Not later than 5 days after a candidate for Senator files an affidavit under section 503(a)(4), the Commission shall—

''(1) certify whether or not the candidate is a participating candidate; and

''(2) notify the candidate of the Commission's determination.

''(b) REVOCATION OF CERTIFICATION.—

''(1) IN GENERAL.—The Commission may revoke a certification under subsection (a) if—

''(A) a candidate fails to qualify to appear on the ballot at any time after the date of certification; or

''(B) a candidate otherwise fails to comply with the requirements of this title.

''(2) REPAYMENT OF BENEFITS.—If certification is revoked under paragraph (1), the candidate shall repay—

''(A) to the Senate Fair Elections Fund an amount equal to the value of benefits received under this title plus interest (at a rate determined by the Commission) on any such amount received; and

''(B) to Federal Communications Commission an amount equal to the amount of the dollar value of vouchers which were received from the Federal Communications Commission under section 315A of the Communications Act of 1934 and used by the candidate.

''SEC. 509. BENEFITS FOR PARTICIPATING CANDIDATES.

''(a) IN GENERAL.—A participating candidate shall be entitled to—

''(1) for each election with respect to which a candidate is certified as a participating candidate—

''(A) an allocation from the Fund to make or obligate to make expenditures with respect to such election, as provided in section 510;

''(B) fair fight funds, as provided in section 511; and

''(2) for the general election, vouchers for broadcasts of political advertisements, as provided in section 315A of the Communications Act of 1934 (47 U.S.C. 315A).

''(b) RESTRICTION ON USES OF ALLOCATIONS FROM THE FUND.—Allocations from the Fund received by a participating candidate under sections 510 and 511 may only be used for campaign-related costs.

''(c) REMITTING ALLOCATIONS FROM THE FUND.—Not later than the date that is 45 days after the date of the election, a participating candidate shall remit to the Commission for deposit in the Senate Fair Elections Fund any unspent amounts paid to such candidate under this title for such election.

''SEC. 510. ALLOCATIONS FROM THE FUND.

''(a) IN GENERAL.—The Commission shall make allocations from the Fund under section 509(a)(1)(A) to a participating candidate—

''(1) in the case of amounts provided under subsection (c)(1), not later than 48 hours after the date on which such candidate is certified as a participating candidate under section 508;

''(2) in the case of a general election, not later than 48 hours after—

''(A) the date the certification of the results of the primary election or the primary runoff election; or

''(B) in any case in which there is no primary election, the date the candidate qualifies to be placed on the ballot; and

''(3) in the case of a primary runoff election or a general runoff election, not later than 48 hours after the certification of the results of the primary election or the general election, as the case may be.

''(b) METHOD OF PAYMENT.—The Commission shall distribute funds available to participating candidates under this section through the use of an electronic funds exchange or a debit card.

''(c) AMOUNTS.—

''(1) PRIMARY ELECTION ALLOCATION; INITIAL ALLOCATION.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B), the Commission shall make an allocation from the Fund for a primary election to a participating candidate in an amount equal to 67 percent of the base amount with respect to such participating candidate.

''(B) INDEPENDENT CANDIDATES.—In the case of a participating candidate who is an independent candidate, the Commission shall make an initial allocation from the Fund in an amount equal to 25 percent of the base amount with respect to such candidate.

''(C) REDUCTION FOR EXCESS SEED MONEY.—An allocation from the Fund for any candidate under this paragraph shall be reduced by an amount equal to the aggregate amount of seed money contributions received by the candidate in excess of the sum of—

''(i) $75,000; plus

''(ii) $7,500 for each congressional district in excess of 1 in the State with respect to which the candidate is seeking election.

''(2) PRIMARY RUNOFF ELECTION ALLOCATION.—The Commission shall make an allocation from the Fund for a primary runoff election to a participating candidate in an amount equal to 25 percent of the amount the participating candidate was eligible to receive under this section for the primary election.

''(3) GENERAL ELECTION ALLOCATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Commission shall make an allocation from the Fund for a general election to a participating candidate in an amount equal to the base amount with respect to such candidate.

''(B) UNCONTESTED ELECTIONS.—

''(i) IN GENERAL.—The Commission shall make an allocation from the Fund to a participating candidate for a general election that is uncontested in an amount equal to 25 percent of the base amount with respect to such candidate.

''(ii) UNCONTESTED ELECTIONS.—For purposes of this subparagraph, an election is uncontested if not more than 1 candidate has received contributions (including payments from the Senate Fair Elections Fund) in an amount equal to or greater than the lesser of—

''(I) the amount in effect for a candidate in such election under paragraph (1)(C), or

''(II) an amount equal to 50 percent of the base amount with respect to such candidate.

''(C) REDUCTION FOR EXCESS SEED MONEY.—The allocation from the Fund for the general election for any participating candidate in a State that does not hold a primary election shall be reduced by an amount equal to the aggregate amount of seed money contributions received by the candidate in excess of the sum of—

''(i) $75,000; plus

''(ii) $7,500 for each congressional district in excess of 1 in the State with respect to which the candidate is seeking election.

''(4) GENERAL RUNOFF ELECTION ALLOCATION.—The Commission shall make an allocation from the Fund for a general runoff election to a participating candidate in an amount equal to 25 percent of the base amount with respect to such candidate.

''(d) BASE AMOUNT.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the base amount for any candidate is an amount equal to the sum of—

''(A) $750,000; plus

''(B) $150,000 for each congressional district in excess of 1 in the State with respect to which the candidate is seeking election.

''(2) MINOR PARTY AND INDEPENDENT CANDIDATES.—

''(A) REDUCED AMOUNT FOR CERTAIN CANDIDATES.—

''(i) IN GENERAL.—In the case of a minor party candidate or independent candidate described clause (ii), the base amount is an amount equal to the product of—

''(I) a fraction the numerator of which is the highest percentage of the vote received by the candidate or a candidate of the same political party as such candidate in the election described in clause (ii) and the denominator of which is 25 percent; and

''(II) the amount that would (but for this paragraph) be the base amount for the candidate under paragraph (1).

''(ii) CANDIDATE DESCRIBED.—A candidate is described in this clause if, in the most recent general election involving the office of Senator, President, or Governor in the State in which the candidate is seeking office—

''(I) such candidate, or any candidate of the same political party as such candidate, received 5 percent or more of the total number of votes cast for any such office; and

''(II) such candidate and all candidates of the same political party as such candidate received less than 25 percent of the total number of votes cast for each such office.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to any candidate if such candidate receives a number of qualifying contributions which is greater than 150 percent of the number of qualifying contributions such candidate is required to receive in order to meet the requirements of section 505(a).

''(3) INDEXING.—In each odd-numbered year after 2010—

''(A) each dollar amount under paragraph (1) shall be increased by the percent difference between the price index (as defined in section 315(c)(2)(A)) for the 12 months preceding the beginning of such calendar year and the price index for calendar year 2008;

''(B) each dollar amount so increased shall remain in effect for the 2-year period beginning on the first day following the date of the last general election in the year preceding the year in which the amount is increased and ending on the date of the next general election; and

''(C) if any amount after adjustment under subparagraph (A) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

''(4) ADJUSTMENT BY MEDIA MARKET.—

''(A) IN GENERAL.—The Commission, in consultation with the Federal Communications Commission, shall establish an index reflecting the costs of the media markets in each State.

''(B) ADJUSTMENT.—At the beginning of each year, the Commission shall increase the amount under paragraph (1) (after application of paragraph (3)) based on the index established under subparagraph (A).

''SEC. 511. PAYMENT OF FAIR FIGHT FUNDS.

''(a) DETERMINATION OF RIGHT TO PAYMENT.—

''(1) IN GENERAL.—The Commission shall, on a regular basis, make a determination on—

''(A) the amount of opposing funds with respect to each participating candidate, and

''(B) the applicable amount with respect to each participating candidate.

''(2) BASIS OF DETERMINATIONS.—The Commission shall make determinations under paragraph (1) based on—

''(A) reports filed by the relevant opposing candidate under section 304(a) with respect to amounts described in subsection (c)(1)(A)(i)(I); and

''(B) reports filed by political committees under section 304(a) and by other persons under section 304(c) with respect to—

''(i) opposing funds described in clauses (ii)(I) and (iii)(I) of subsection (c)(1)(A); and

''(ii) applicable amounts described in subparagraphs (B)(i) and (C)(i) of subsection (b)(2).

''(3) REQUESTS FOR DETERMINATION RELATING TO CERTAIN ELECTIONEERING COMMUNICATIONS.—

''(A) IN GENERAL.—A participating candidate may request to the Commission to make a determination under paragraph (1) with respect to any relevant opposing candidate with respect to—

''(i) opposing funds described in clauses (ii)(II) and (iii)(II) of subsection (c)(1)(A); and

''(ii) applicable amounts described in subparagraphs (B)(ii) and (C)(ii) of subsection (b)(2).

''(B) TIME FOR MAKING DETERMINATION.—In the case of any such request, the Commission shall make such determination and notify the participating candidate of such determination not later than—

''(i) 24 hours after receiving such request during the 3-week period ending on the date of the election, and

''(ii) 48 hours after receiving such request at any other time.

''(b) PAYMENTS.—

''(1) IN GENERAL.—The Commission shall make available to the participating candidate fair fight funds in an amount equal to the amount of opposing funds that is in excess of the applicable amount—

''(A) immediately after making any determination under subsection (a) with respect to any participating candidate during the 3-week period ending on the date of the election, and

''(B) not later than 24 hours after making such determination at any other time.

''(2) APPLICABLE AMOUNT.—For purposes of this section, the applicable amount is an amount equal to the sum of—

''(A) the sum of—

''(i) the amount of seed money contribution received by the participating candidate;

''(ii) in the case of a general election, the value of any vouchers received by the candidate under section 315A of the Communications Act of 1934; plus

''(iii)(I) in the case of a participating candidate who is a minor party candidate running in a general election or an independent candidate, the allocation from the Fund which would have been provided to such candidate for such election if such candidate were a major party candidate; or

''(II) in the case of any other participating candidate, an amount equal to the allocation from the Fund to such candidate for such election under section 510(c);

''(B) the sum of—

''(i) the amount of independent expenditures made advocating the election of the participating candidate; plus

''(ii) the amount of disbursements for electioneering communications which promote or support such participating candidate;

''(C) the sum of—

''(i) the amount of independent expenditures made advocating the defeat of the relevant opposing candidate; plus

''(ii) the amount of disbursements for electioneering communications which attack or oppose the relevant opposing candidate; plus

''(D) the amount of fair fight funds previously provided to the participating candidate under this subsection for the election.

''(3) LIMITS ON AMOUNT OF PAYMENT.—The aggregate of fair fight funds that a participating candidate receives under this subsection for any election shall not exceed 200 percent of the allocation from the Fund that the participating candidate receives for such election under section 510(c).

''(c) DEFINITIONS.—For purposes of this section—

''(1) OPPOSING FUNDS.—

''(A) IN GENERAL.—The term 'opposing funds' means, with respect to any participating candidate for any election, the sum of—

''(i)(I) the greater of the total contributions received by the relevant opposing candidate or the total expenditures made by such relevant opposing candidate; or

''(II) in the case of a relevant opposing candidate who is a participating candidate, an amount equal to the sum of the amount of seed money contributions received by the relevant opposing candidate, the value of any vouchers received by the relevant opposing candidate for the general election under section 315A of the Communications Act of 1934, and the allocation from the Fund under section 510(c) for the relevant opposing candidate for such election;

''(ii) the sum of—

''(I) the amount of independent expenditures made advocating the election of such relevant opposing candidate; plus

''(II) the amount of disbursements for electioneering communications which promote or support such relevant opposing candidate; plus

''(iii) the sum of—

''(I) the amount of independent expenditures made advocating the defeat of such participating candidate; plus

''(II) the amount of disbursements for electioneering communications which attack or oppose such participating candidate.

''(2) RELEVANT OPPOSING CANDIDATE.—The term 'relevant opposing candidate' means, with respect to any participating candidate, the opposing candidate of such participating candidate with respect to whom the amount under paragraph (1) is the greatest.

''(3) ELECTIONEERING COMMUNICATION.—The term 'electioneering communication' has the meaning given such term under section 304(f)(3), except that subparagraph (A)(i)(II)(aa) thereof shall be applied by substituting '30' for '60'.

''SEC. 512. ADMINISTRATION OF THE SENATE FAIR ELECTIONS SYSTEM.

''(a) REGULATIONS.—The Commission shall prescribe regulations to carry out the purposes of this title, including regulations—

''(1) to establish procedures for—

''(A) verifying the amount of valid qualifying contributions with respect to a candidate;

''(B) effectively and efficiently monitoring and enforcing the limits on the use of personal funds by participating candidates;

''(C) the expedited payment of fair fight funds during the 3-week period ending on the date of the election;

''(D) monitoring the use of allocations from the Fund under this title through audits or other mechanisms; and

''(E) returning unspent disbursements and disposing of assets purchased with allocations from the Fund;

''(2) providing for the administration of the provisions of this title with respect to special elections;

''(3) pertaining to the replacement of candidates;

''(4) regarding the conduct of debates in a manner consistent with the best practices of States that provide public financing for elections; and

''(5) for attributing expenditures to specific elections for the purposes of calculating opposing funds.

''(b) OPERATION OF COMMISSION.—The Commission shall maintain normal business hours during the weekend immediately before any general election for the purposes of administering the provisions of this title, including the distribution of fair fight funds under section 511.

''(c) REPORTS.—Not later than April 1, 2009, and every 2 years thereafter, the Commission shall submit to the Senate Committee on

Rules and Administration a report documenting, evaluating, and making recommendations relating to the administrative implementation and enforcement of the provisions of this title.

"SEC. 513. VIOLATIONS AND PENALTIES.

''(a) CIVIL PENALTY FOR VIOLATION OF CONTRIBUTION AND EXPENDITURE REQUIREMENTS.—If a candidate who has been certified as a participating candidate under section 508(a) accepts a contribution or makes an expenditure that is prohibited under section 506, the Commission shall assess a civil penalty against the candidate in an amount that is not more than 3 times the amount of the contribution or expenditure. Any amounts collected under this subsection shall be deposited into the Senate Fair Elections Fund.

''(b) REPAYMENT FOR IMPROPER USE OF FAIR ELECTIONS FUND.—

''(1) IN GENERAL.—If the Commission determines that any benefit made available to a participating candidate under this title was not used as provided for in this title or that a participating candidate has violated any of the dates for remission of funds contained in this title, the Commission shall so notify the candidate and the candidate shall pay to the Senate Fair Elections Fund an amount equal to—

''(A) the amount of benefits so used or not remitted, as appropriate, and

''(B) interest on any such amounts (at a rate determined by the Commission).

''(2) OTHER ACTION NOT PRECLUDED.—Any action by the Commission in accordance with this subsection shall not preclude enforcement proceedings by the Commission in accordance with section 309(a), including a referral by the Commission to the Attorney General in the case of an apparent knowing and willful violation of this title.''.

SEC. 103. REPORTING REQUIREMENTS FOR NONPARTICIPATING CANDIDATES.

(a) IN GENERAL.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) is amended by adding at the end the following:

''(i) NONPARTICIPATING CANDIDATES.—

''(1) INITIAL REPORT.—

''(A) IN GENERAL.—Each nonparticipating candidate who is opposed to a participating candidate and who receives contributions or makes expenditures aggregating more than the threshold amount shall, within 48 hours of the date such aggregate contributions or expenditures exceed the threshold amount, file with the Commission a report stating the total amount of contributions received and expenditures made or obligated by such candidate.

''(B) THRESHOLD AMOUNT.—For purposes of this paragraph, the term 'threshold amount' means 75 percent of the allocation from the Fund that a participating candidate would be entitled to receive in such election under section 510 if the participating candidate were a major party candidate.

''(2) PERIODIC REPORTS.—

''(A) IN GENERAL.—In addition to any reports required under subsection (a), each nonparticipating candidate who is required to make a report under paragraph (1) shall make the following reports:

''(i) A report which shall be filed not later than 5 P.M. on the forty-second day before the date on which the election involving such candidate is held and which shall be complete through the forty-fourth day before such date.

''(ii) A report which shall be filed not later than 5 P.M. on the twenty-first day before the date on which the election involving such candidate is held and which shall be complete through the twenty-third day before such date.

''(iii) A report which shall be filed not later than 5 P.M. on the twelfth day before the date on which the election involving such candidate is held and which shall be complete through the fourteenth day before such date.

''(B) ADDITIONAL REPORTING WITHIN 2 WEEKS OF ELECTION.—Each nonparticipating candidate who is required to make a report under paragraph (1) and who receives contributions or makes expenditures aggregating more than $1,000 at any time after the fourteenth day before the date of the election involving such candidate shall make a report to the Commission not later than 24 hours after such contributions are received or such expenditures are made.

''(C) CONTENTS OF REPORT.—Each report required under this paragraph shall state the total amount of contributions received and expenditures made or obligated to be made during the period covered by the report.

''(3) DEFINITIONS.—For purposes of this subsection and section 309(a)(13), the terms 'nonparticipating candidate', 'participating candidate', and 'allocation from the Fund' have the respective meanings given to such terms under section 501.''.

(b) INCREASED PENALTY FOR FAILURE TO FILE.—Section 309(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437(g)) is amended by adding at the end the following new paragraph:

''(13) INCREASED CIVIL PENALTIES WITH RESPECT TO REPORTING BY NONPARTICIPATING CANDIDATES.—For purposes of paragraphs (5) and (6), any civil penalty with respect to a violation of section 304(i) shall not exceed the greater of—

''(A) the amount otherwise applicable without regard to this paragraph; or

''(B) for each day of the violation, 3 times the amount of the fair fight funds under section 511 that otherwise would have been allocated to the participating candidate but for such violation.''.

SEC. 104. MODIFICATION OF ELECTIONEERING COMMUNICATION REPORTING REQUIREMENTS.

Paragraph (2) of section 304(f) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(f)(2)) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following new subparagraph:

''(E) in the case of a communication referring to any candidate in an election involving a participating candidate (as defined under section 501(9)), a transcript of the electioneering communication.''.

SEC. 105. LIMITATION ON COORDINATED EXPENDITURES BY POLITICAL PARTY COMMITTEES WITH PARTICIPATING CANDIDATES.

(a) IN GENERAL.—Section 315(d)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)) is amended—

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

(2) by inserting before subparagraph (B), as redesignated by paragraph (1), the following new subparagraph:

''(A) in the case of a candidate for election to the office of Senator who is a participating candidate (as defined in section 501), the lesser of—

''(i) 10 percent of the allocation from the Senate Elections Fund that the participating candidate is eligible to receive for the general election under section 510(c)(3); or

''(ii) the amount which would (but for this subparagraph) apply with respect to such candidate under subparagraph (B);''.

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 315(d)(3) of such Act, as redesignated by subsection (a), is amended by inserting ''who is not a participating candidate (as so defined)'' after ''office of Senator''.

SEC. 106. AUDITS.

Section 311(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438(b)) is amended—

(1) by inserting ''(1)'' before ''The Commission''; and

(2) by adding at the end the following:

''(2) AUDITS OF PARTICIPATING CANDIDATES.—

''(A) IN GENERAL.—Notwithstanding paragraph (1), after every primary, general, and runoff election, the Commission shall conduct random audits and investigations of not less than 30 percent of the authorized committees of candidates who are participating candidates (as defined in section 501).

''(B) SELECTION OF SUBJECTS.—The subjects of audits and investigations under this paragraph shall be selected on the basis of impartial criteria established by a vote of at least 4 members of the Commission.''.

Subtitle B—Senate Fair Elections Fund Revenues

SEC. 111. DEPOSIT OF PROCEEDS FROM RECOVERED SPECTRUM AUCTIONS.

Section 309(j)(8)(E)(ii) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E)(ii)) is amended—

(1) by striking ''deposited in'' and inserting the following: ''deposited as follows:

''(I) 90 percent of such proceeds deposited in''; and

(2) by adding at the end the following:

''(II) 10 percent of such proceeds deposited in the Senate Fair Elections Fund established under section 502 of the Federal Election Campaign Act of 1972.''.

SEC. 112. TAX CREDIT FOR VOLUNTARY DONATIONS TO SENATE FAIR ELECTIONS FUND.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 30D. CREDIT FOR CONTRIBUTIONS TO SENATE FAIR ELECTIONS FUND.

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the lesser of—

''(1) the amount contributed to the Senate Fair Elections Fund by the taxpayer during such taxable year, or

''(2) $500.

''(b) LIMITATIONS.—

''(1) NO CREDIT FOR QUALIFYING CONTRIBUTIONS.—No credit shall be allowed under subsection (a) for any contribution which is a qualifying contribution (as defined under section 501(11) of the Federal Election Campaign Act of 1971).

''(2) NO CREDIT FOR DESIGNATIONS UNDER SECTION 6097.—No credit shall be allowed with respect to any amount designated under section 6097.

''(3) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(A) the regular tax liability (as defined in section 26(b)) reduced by the sum of the credits allowable under subpart A and sections 27, 30, 30B, and 30C, over

''(B) the tentative minimum tax for the taxable year.

''(c) SENATE FAIR ELECTIONS FUND.—For purposes of this section, the term 'Senate Fair Elections Fund' means the fund established under section 502 of the Federal Election Campaign Act of 1971.

''(d) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any amount for which a credit is allowed under subsection (a).''.

(b) CLERICAL AMENDMENT.—The table of section for subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Credit for contributions to Senate Fair Elections Fund.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

Subtitle C—Fair Elections Review Commission

SEC. 121. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the ''Fair Elections Review Commission'' (hereafter in this subtitle referred to as the ''Commission'').

(b) DUTIES.—

(1) REVIEW OF FAIR ELECTIONS FINANCING.—

(A) IN GENERAL.—After each general election for Federal office, the Commission shall conduct a comprehensive review of the Senate fair elections financing program under title V of the Federal Election Campaign Act of 1974, including—

(i) the number and value of qualifying contributions a candidate is required to obtain under section 505 of such Act to qualify for allocations from the Fund;

(ii) the amount of allocations from the Senate Fair Elections Fund that candidates may receive under sections 510 and 511 of such Act;

(iii) the overall satisfaction of participating candidates with the program; and

(iv) such other matters relating to financing of Senate campaigns as the Commission determines are appropriate.

(B) CRITERIA FOR REVIEW.—In conducting the review under subparagraph (A), the Commission shall consider the following:

(i) REVIEW OF QUALIFYING CONTRIBUTION REQUIREMENTS.—The Commission shall consider whether the number and value of qualifying contributions required strikes a balance between the importance of voter choice and fiscal responsibility, taking into consideration the number of primary and general election participating candidates, the electoral performance of those candidates, program cost, and any other information the Commission determines is appropriate.

(ii) REVIEW OF PROGRAM ALLOCATIONS.—The Commission shall consider whether allocations from the Senate Elections Fund under sections 510 ad 511 of the Federal Election Campaign Act of 1974 are sufficient for voters in each State to learn about the candidates to cast an informed vote, taking into account the historic amount of spending by winning candidates, media costs, primary election dates, and any other information the Commission determines is appropriate.

(2) REPORT, RECOMMENDATIONS, AND PROPOSED LEGISLATIVE LANGUAGE.—

(A) REPORT.—Not later than March 30 following any general election for Federal office, the Commission shall submit a report to Congress on the review conducted under paragraph (1). Such report shall contain a detailed statement of the findings, conclusions, and recommendations of the Commission based on such review, and shall contain any proposed legislative language (as required under subparagraph (C)) of the Commission.

(B) FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS.—A finding, conclusion, or recommendation of the Commission shall be included in the report under subparagraph (A) only if not less than 3 members of the Commission voted for such finding, conclusion, or recommendation.

(C) LEGISLATIVE LANGUAGE.—

(i) IN GENERAL.—The report under subparagraph (A) shall include legislative language with respect to any recommendation involving—

(I) an increase in the number or value of qualifying contributions; or

(II) an increase in the amount of allocations from the Senate Elections Fund.

(ii) FORM.—The legislative language shall be in the form of a proposed bill for introduction in Congress and shall not include any recommendation not related to matter described subclause (I) or (II) of clause (i)

SEC. 122. STRUCTURE AND MEMBERSHIP OF THE COMMISSION.

(a) APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 5 members, of whom—

(A) 1 shall be appointed by the President pro tempore of the Senate;

(B) 1 shall be appointed by the Minority Leader of the Senate; and

(C) 3 shall be appointed jointly by the members appointed under subparagraphs (A) and (B).

(2) QUALIFICATIONS.—

(A) IN GENERAL.—The members shall be individuals who are nonpartisan and, by reason of their education, experience, and attainments, exceptionally qualified to perform the duties of members of the Commission.

(B) PROHIBITION.—No member of the Commission may be—

(i) a member of Congress;

(ii) an employee of the Federal government;

(iii) a registered lobbyist; or

(iv) an officer or employee of a political party or political campaign.

(3) DATE.—Members of the Commission shall be appointed not later than 60 days after the date of the enactment of this Act.

(4) TERMS.—A member of the Commission shall be appointed for a term of 5 years.

(b) VACANCIES.—A vacancy on the Commission shall be filled not later than 30 calendar days after the date on which the Commission is given notice of the vacancy, in the same manner as the original appointment. The individual appointed to fill the vacancy shall serve only for the unexpired portion of the term for which the individual's predecessor was appointed.

(c) CHAIRPERSON.—The Commission shall designate a Chairperson from among the members of the Commission.

SEC. 123. POWERS OF THE COMMISSION.

(a) MEETINGS AND HEARINGS.—

(1) MEETINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the purposes of this Act.

(2) QUORUM.—Four members of the Commission shall constitute a quorum for purposes of voting, but a quorum is not required for members to meet and hold hearings.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this Act. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

SEC. 124. ADMINISTRATION.

(a) COMPENSATION OF MEMBERS.—

(1) IN GENERAL.—

(A) IN GENERAL.—Each member, other than the Chairperson, shall be paid at a rate equal to the daily equivalent of the minimum annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission.

(B) CHAIRPERSON.—The Chairperson shall be paid at a rate equal to the daily equivalent of the minimum annual rate of basic pay prescribed for level III of the Executive Schedule under section 5314 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission.

(2) TRAVEL EXPENSES.—Members shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code, while away from their homes or regular places of business in performance of services for the Commission.

(b) PERSONNEL.—

(1) DIRECTOR.—The Commission shall have a staff headed by an Executive Director. The Executive Director shall be paid at a rate equivalent to a rate established for the Senior Executive Service under section 5382 of title 5, United States Code.

(2) STAFF APPOINTMENT.—With the approval of the Chairperson, the Executive Director may appoint such personnel as the Executive Director and the Commission determines to be appropriate.

(3) ACTUARIAL EXPERTS AND CONSULTANTS.—With the approval of the Chairperson, the Executive Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(4) DETAIL OF GOVERNMENT EMPLOYEES.—Upon the request of the Chairperson, the head of any Federal agency may detail, without reimbursement, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission. Any such detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

(5) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and other agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

SEC. 125. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out the purposes of this subtitle.

SEC. 126. EXPEDITED CONSIDERATION OF COMMISSION RECOMMENDATIONS.

(a) INTRODUCTION AND COMMITTEE CONSIDERATION.—

(1) INTRODUCTION.—Not later than 60 days after the Commission files a report under section 121(b), the Majority Leader of the Senate, or the Majority Leader's designee, shall introduce any proposed legislative language submitted by the Commission under section 121(b)(2)(C) in the Senate (hereafter in this section referred to as a ''Commission bill'').

(2) COMMITTEE CONSIDERATION.—

(A) REFERRAL.—A Commission bill introduced in the Senate shall be referred to the Committee on Rules and Administration of the Senate.

(B) REPORTING.—Not later than 60 calendar days after the introduction of the Commission bill, the Committee on Rules and Administration shall hold a hearing on the bill and report the bill to the Senate. No amendment shall be in order to the bill in the Committee.

(C) DISCHARGE OF COMMITTEE.—If the Committee on Rules and Administration has not

reported a Commission bill at the end of 60 calendar days after its introduction, such committee shall be automatically discharged from further consideration of the Commission bill and it shall be placed on the appropriate calendar.

(b) EXPEDITED PROCEDURE.—

(1) FLOOR CONSIDERATION IN THE SENATE.—

(A) IN GENERAL.—Not later than 60 calendar days after the date on which a committee has reported or has been discharged from consideration of a Commission bill, the Majority Leader of the Senate, or the Majority Leader's designee shall move to proceed to the consideration of the Commission bill. It shall also be in order for any member of the Senate to move to proceed to the consideration of the bill at any time after the conclusion of such 60-day period.

(B) MOTION TO PROCEED.—A motion to proceed to the consideration of a Commission bill is privileged in the Senate. The motion is not debatable and is not subject to a motion to postpone consideration of the Commission bill or to proceed to the consideration of other business. A motion to reconsider the vote by which the motion to proceed is agreed to or not agreed to shall not be in order. If the motion to proceed is agreed to, the Senate shall immediately proceed to consideration of the Commission bill without intervening motion, order, action, or other business, and the Commission bill shall remain the unfinished business of the Senate until disposed of.

(C) AMENDMENTS, MOTIONS, AND APPEALS.—No amendment shall be in order in the Senate, and any debatable motion or appeal is debatable for not to exceed 5 hours to be divided equally between those favoring and those opposing the motion or appeal.

(D) LIMITED DEBATE.—Consideration in the Senate of the Commission bill and on all debatable motions and appeals in connection therewith, shall be limited to not more than 40 hours, which shall be equally divided between, and controlled by, the Majority Leader and the Minority Leader of the Senate or their designees. A motion further to limit debate on the Commission bill is in order and is not debatable. All time used for consideration of the Commission bill, including time used for quorum calls (except quorum calls immediately preceding a vote), shall come from the 40 hours of consideration.

(E) VOTE ON PASSAGE.—

(i) IN GENERAL.—The vote on passage in the Senate of the Commission bill shall occur immediately following the conclusion of the 40-hour period for consideration of the Commission bill under subparagraph (D) and a request to establish the presence of a quorum.

(ii) OTHER MOTIONS NOT IN ORDER.—A motion in the Senate to postpone consideration of the Commission bill, a motion to proceed to the consideration of other business, or a motion to recommit the Commission bill is not in order. A motion in the Senate to reconsider the vote by which the Commission bill is agreed to or not agreed to is not in order.

(2) FLOOR CONSIDERATION IN THE HOUSE.—

(A) IN GENERAL.—If a Commission bill is agreed to in the Senate, the Majority Leader of the House of Representatives, or the Majority Leader's designee shall move to proceed to the consideration of the Commission bill not later than 30 days after the date the House or Representatives receives notice of such agreement. It shall also be in order for any member of the House of Representatives to move to proceed to the consideration of the bill at any time after the conclusion of such 30-day period.

(B) MOTION TO PROCEED.—A motion to proceed to the consideration of a Commission bill is privileged in the House of Representatives. The motion is not debatable and is not subject to a motion to postpone consideration of the Commission bill or to proceed to the consideration of other business. A motion to reconsider the vote by which the motion to proceed is agreed to or not agreed to shall not be in order. If the motion to proceed is agreed to, the House of Representatives shall immediately proceed to consideration of the Commission bill without intervening motion, order, action, or other business, and the Commission bill shall remain the unfinished business of the House of Representatives until disposed of.

(C) AMENDMENTS, MOTIONS, AND APPEALS.—No amendment shall be in order in the House of Representatives, and any debatable motion or appeal is debatable for not to exceed 5 hours to be divided equally between those favoring and those opposing the motion or appeal.

(D) LIMITED DEBATE.—Consideration in the House of Representatives of the Commission bill and on all debatable motions and appeals in connection therewith, shall be limited to not more than 40 hours, which shall be equally divided between, and controlled by, the Majority Leader and the Minority Leader of the House of Representatives or their designees. A motion further to limit debate on the Commission bill is in order and is not debatable. All time used for consideration of the Commission bill, including time used for quorum calls (except quorum calls immediately preceding a vote), shall come from the 40 hours of consideration.

(E) VOTE ON PASSAGE.—

(i) IN GENERAL.—The vote on passage in the House of Representatives of the Commission bill shall occur immediately following the conclusion of the 40-hour period for consideration of the Commission bill under subparagraph (D) and a request to establish the presence of a quorum.

(ii) OTHER MOTIONS NOT IN ORDER.—A motion in the House of Representatives to postpone consideration of the Commission bill, a motion to proceed to the consideration of other business, or a motion to recommit the Commission bill is not in order. A motion in the House of Representatives to reconsider the vote by which the Commission bill is agreed to or not agreed to is not in order.

(c) RULES OF SENATE AND HOUSE OF REPRESENTATIVES.—This section is enacted by Congress—

(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a Commission bill, and it supersedes other rules only to the extent that it is inconsistent with such rules, and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

TITLE II—VOTER INFORMATION

SEC. 201. BROADCASTS RELATING TO CANDIDATES.

(a) LOWEST UNIT CHARGE; NATIONAL COMMITTEES.—Section 315(b) of the Communications Act of 1934 (47 U.S.C. 315(b)) is amended—

(1) by striking ''to such office'' in paragraph (1) and inserting ''to such office, or by a national committee of a political party on behalf of such candidate in connection with such campaign,''; and

(2) by inserting ''for pre-emptible use thereof'' after ''station'' in subparagraph (A) of paragraph (1).

(b) BROADCAST RATES.—Section 315(b) of the Communications Act of 1934 (47 U.S.C. 315(b)), as amended by subsection (a), is amended—

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

(2) by adding at the end the following:

''(3) PARTICIPATING CANDIDATES.—In the case of a participating candidate (as defined under section 501(10) of the Federal Election Campaign Act of 1971), the charges made for the use any broadcasting station for a television broadcast shall not exceed 80 percent of the lowest charge described in paragraph (1)(A) during—

''(A) the 45 days preceding the date of a primary or primary runoff election in which the candidate is opposed; and

''(B) the 60 days preceding the date of a general or special election in which the candidate is opposed.

''(4) RATE CARDS.—A licensee shall provide to a candidate for Senate a rate card that discloses—

''(A) the rate charged under this subsection; and

''(B) the method that the licensee uses to determine the rate charged under this subsection.''.

(c) PREEMPTION; AUDITS.—Section 315 of such Act (47 U.S.C. 315) is amended—

(1) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively and moving them to follow the existing subsection (e);

(2) by redesignating the existing subsection (e) as subsection (c); and

(3) by inserting after subsection (c) (as redesignated by paragraph (2)) the following:

''(d) PREEMPTION.—

''(1) IN GENERAL.—Except as provided in paragraph (2), and notwithstanding the requirements of subsection (b)(1)(A), a licensee shall not preempt the use of a broadcasting station by a legally qualified candidate for Senate who has purchased and paid for such use.

''(2) CIRCUMSTANCES BEYOND CONTROL OF LICENSEE.—If a program to be broadcast by a broadcasting station is preempted because of circumstances beyond the control of the station, any candidate or party advertising spot scheduled to be broadcast during that program shall be treated in the same fashion as a comparable commercial advertising spot.

''(e) AUDITS.—During the 45-day period preceding a primary election and the 60-day period preceding a general election, the Commission shall conduct such audits as it deems necessary to ensure that each broadcaster to which this section applies is allocating television broadcast advertising time in accordance with this section and section 312.''.

(d) REVOCATION OF LICENSE FOR FAILURE TO PERMIT ACCESS.—Section 312(a)(7) of the Communications Act of 1934 (47 U.S.C. 312(a)(7)) is amended—

(1) by striking ''or repeated'';

(2) by inserting ''or cable system'' after ''broadcasting station''; and

(3) by striking ''his candidacy'' and inserting ''the candidacy of the candidate, under the same terms, conditions, and business practices as apply to the most favored advertiser of the licensee''.

(e) STYLISTIC AMENDMENTS.—Section 315 of such Act (47 U.S.C. 315) is amended—

(1) by striking ''the'' in subsection (f)(1), as redesignated by subsection (b)(1), and inserting ''BROADCASTING STATION.—'';

(2) by striking ''the'' in subsection (f)(2), as redesignated by subsection (b)(1), and inserting ''LICENSEE; STATION LICENSEE.—''; and

(3) by inserting ''REGULATIONS.—'' in subsection (g), as redesignated by subsection (b)(1), before ''The Commission''.

SEC. 202. POLITICAL ADVERTISEMENT VOUCHERS FOR PARTICIPATING CANDIDATES.

(a) IN GENERAL.—Title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) is amended by inserting after section 315 the following:

''SEC. 315A. POLITICAL ADVERTISEMENT VOUCHER PROGRAM.

''(a) IN GENERAL.—The Commission shall establish and administer a voucher program for the purchase of airtime on broadcasting stations for political advertisements in accordance with the provisions of this section.

''(b) CANDIDATES.—The Commission shall only disburse vouchers under the program established under subsection (a) to individuals who meet the following requirements:

''(1) QUALIFICATION.—The individual is certified by the Federal Election Commission as a participating candidate (as defined under section 501(10) of the Federal Election Campaign Act of 1971) with respect to a general election for Federal office under section 508 of the Federal Election Campaign Act of 1971.

''(2) AGREEMENT.—The individual has agreed in writing—

''(A) to keep and furnish to the Federal Election Commission such records, books, and other information as it may require; and

''(B) to repay to the Federal Communications Commission, if the Federal Election Commission revokes the certification of the individual as a participating candidate (as so defined), an amount equal to the dollar value of vouchers which were received from the Commission and used by the candidate.

''(c) AMOUNTS.—The Commission shall disburse vouchers to each candidate certified under subsection (b) in an aggregate amount equal to $100,000 multiplied by the number of congressional districts in the State with respect to which such candidate is running for office.

''(d) USE.—

''(1) EXCLUSIVE USE.—Vouchers disbursed by the Commission under this section may be used only for the purchase of broadcast airtime for political advertisements relating to a general election for the office of Senate by the participating candidate to which the vouchers were disbursed, except that—

''(A) a candidate may exchange vouchers with a political party under paragraph (2); and

''(B) a political party may use vouchers only to purchase broadcast airtime for political advertisements for generic party advertising, to support candidates for State or local office in a general election, or to support participating candidates of the party in a general election for Federal office, but only if it discloses the value of the voucher used as an expenditure under section 315(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441(d)).

''(2) EXCHANGE WITH POLITICAL PARTY COMMITTEE.—

''(A) IN GENERAL.—An individual who receives a voucher under this section may transfer the right to use all or a portion of the value of the voucher to a committee of the political party of which the individual is a candidate in exchange for money in an amount equal to the cash value of the voucher or portion exchanged.

''(B) CONTINUATION OF CANDIDATE OBLIGATIONS.—The transfer of a voucher, in whole or in part, to a political party committee under this paragraph does not release the candidate from any obligation under the agreement made under subsection (b)(2) or otherwise modify that agreement or its application to that candidate.

''(C) PARTY COMMITTEE OBLIGATIONS.—Any political party committee to which a voucher or portion thereof is transferred under subparagraph (A)—

''(i) shall account fully, in accordance with such requirements as the Commission may establish, for the receipt of the voucher; and

''(ii) may not use the transferred voucher or portion thereof for any purpose other than a purpose described in paragraph (1)(B).

''(D) VOUCHER AS A CONTRIBUTION UNDER FECA.—If a candidate transfers a voucher or any portion thereof to a political party committee under subparagraph (A)—

''(i) the value of the voucher or portion thereof transferred shall be treated as a contribution from the candidate to the committee, and from the committee to the candidate, for purposes of sections 302 and 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 432 and 434);

''(ii) the committee may, in exchange, provide to the candidate only funds subject to the prohibitions, limitations, and reporting requirements of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.); and

''(iii) the amount, if identified as a 'voucher exchange' shall not be considered a contribution for the purposes of sections 315 or 506 of that Act.

''(e) VALUE; ACCEPTANCE; REDEMPTION.—

''(1) VOUCHER.—Each voucher disbursed by the Commission under this section shall have a value in dollars, redeemable upon presentation to the Commission, together with such documentation and other information as the Commission may require, for the purchase of broadcast airtime for political advertisements in accordance with this section.

''(2) ACCEPTANCE.—A broadcasting station shall accept vouchers in payment for the purchase of broadcast airtime for political advertisements in accordance with this section.

''(3) REDEMPTION.—The Commission shall redeem vouchers accepted by broadcasting stations under paragraph (2) upon presentation, subject to such documentation, verification, accounting, and application requirements as the Commission may impose to ensure the accuracy and integrity of the voucher redemption system. The Commission shall use amounts in the Political Advertising Voucher Account established under subsection (f) to redeem vouchers presented under this subsection.

''(4) EXPIRATION.—

''(A) CANDIDATES.—A voucher may only be used to pay for broadcast airtime for political advertisements to be broadcast before midnight on the day before the date of the Federal election in connection with which it was issued and shall be null and void for any other use or purpose.

''(B) EXCEPTION FOR POLITICAL PARTY COMMITTEES.—A voucher held by a political party committee may be used to pay for broadcast airtime for political advertisements to be broadcast before midnight on December 31st of the odd-numbered year following the year in which the voucher was issued by the Commission.

''(5) VOUCHER AS EXPENDITURE UNDER FECA.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), for purposes of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.), the use of a voucher to purchase broadcast airtime constitutes an expenditure as defined in section 301(9)(A) of that Act (2 U.S.C. 431(9)(A)).

''(B) PARTICIPATING CANDIDATES.—The use of a voucher to purchase broadcast airtime by a participating candidate shall not constitute an expenditure for purposes of section 506 of such Act.

''(f) POLITICAL ADVERTISING VOUCHER ACCOUNT.—

''(1) IN GENERAL.—The Commission shall establish an account to be known as the Political Advertising Voucher Account, which shall be credited with commercial television and radio spectrum use fees assessed under this subsection, together with any amounts repaid or otherwise reimbursed under this section or section 508(b)(2)(B) of the Federal Election Campaign Act of 1971.

''(2) SPECTRUM USE FEE.—

''(A) IN GENERAL.—The Commission shall assess, and collect annually, from each broadcast station, a spectrum use fee in an amount equal to 2 percent of each broadcasting station's gross advertising revenues for such year.

''(B) AVAILABILITY.—

''(i) IN GENERAL.—Any amount assessed and collected under this paragraph shall be used by the Commission as an offsetting collection for the purposes of making disbursements under this section, except that—

''(I) the salaries and expenses account of the Commission shall be credited with such sums as are necessary from those amounts for the costs of developing and implementing the program established by this section; and

''(II) the Commission may reimburse the Federal Election Commission for any expenses incurred by the Commission under this section.

''(ii) DEPOSIT OF EXCESS FEES INTO SENATE FAIR ELECTIONS FUND.—If the amount assessed and collected under this paragraph for years in any election period exceeds the amount necessary for making disbursements under this section for such election period, the Commission shall deposit such excess in the Senate Fair Elections Fund.

''(C) FEE DOES NOT APPLY TO PUBLIC BROADCASTING STATIONS.—Subparagraph (A) does not apply to a public telecommunications entity (as defined in section 397(12) of this Act).

''(3) ADMINISTRATIVE PROVISIONS.—Except as otherwise provided in this subsection, section 9 of this Act applies to the assessment and collection of fees under this subsection to the same extent as if those fees were regulatory fees imposed under section 9.

''(g) DEFINITIONS.—In this section:

''(1) BROADCASTING STATION.—The term 'broadcasting station' has the meaning given that term by section 315(f)(1) of this Act.

''(2) FEDERAL ELECTION.—The term 'Federal election' means any regularly-scheduled, primary, runoff, or special election held to nominate or elect a candidate to Federal office.

''(3) FEDERAL OFFICE.—The term 'Federal office' has the meaning given that term by section 301(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(3)).

''(4) POLITICAL PARTY.—The term 'political party' means a major party or a minor party as defined in section 9002(3) or (4) of the Internal Revenue Code of 1986 (26 U.S.C. 9002(3) or (4)).

''(5) OTHER TERMS.—Except as otherwise provided in this section, any term used in this section that is defined in section 301 or 501 of the Federal Election Campaign of 1971 (2 U.S.C. 431) has the meaning given that term by either such section of that Act.

''(h) REGULATIONS.—The Commission shall prescribe such regulations as may be necessary to carry out the provisions of this section. In developing the regulations, the Commission shall consult with the Federal Election Commission.''.

SEC. 203. FCC TO PRESCRIBE STANDARDIZED FORM FOR REPORTING CANDIDATE CAMPAIGN ADS.

(a) IN GENERAL.—Within 90 days after the date of enactment of this Act, the Federal Communications Commission shall initiate a rulemaking proceeding to establish a standardized form to be used by broadcasting stations, as defined in section 315(f)(1) of the Communications Act of 1934 (47 U.S.C. 315(f)(1)), to record and report the purchase

of advertising time by or on behalf of a candidate for nomination for election, or for election, to Federal elective office.

(b) CONTENTS.—The form prescribed by the Commission under subsection (a) shall require, broadcasting stations to report, at a minimum—

(1) the station call letters and mailing address;

(2) the name and telephone number of the station's sales manager (or individual with responsibility for advertising sales);

(3) the name of the candidate who purchased the advertising time, or on whose behalf the advertising time was purchased, and the Federal elective office for which he or she is a candidate;

(4) the name, mailing address, and telephone number of the person responsible for purchasing broadcast political advertising for the candidate;

(5) notation as to whether the purchase agreement for which the information is being reported is a draft or final version; and

(6) the following information about the advertisement:

(A) The date and time of the broadcast.

(B) The program in which the advertisement was broadcast.

(C) The length of the broadcast airtime.

(c) INTERNET ACCESS.—In its rulemaking under subsection (a), the Commission shall require any broadcasting station required to file a report under this section that maintains an Internet website to make available a link to such reports on that website.

SEC. 204. LIMIT ON CONGRESSIONAL USE OF THE FRANKING PRIVILEGE.

(a) IN GENERAL.—Section 3210(a)(6) of title 39, United States Code, is amended by striking subparagraph (A) and inserting the following:

''(A)(i) Except as provided in clause (ii), Member of Congress or a Congressional Committee or Subcommittee of which such Member is Chairman or Ranking Member shall not mail any mass mailing as franked mail during the period which begins 90 days before date of the primary election and ends on the date of the general election with respect to any Federal office which such Member holds, unless the Member has made a public announcement that the Member will not be a candidate for reelection to such office in that year.

''(ii) A Member of Congress or a Congressional Committee or Subcommittee of which such Member is Chairman or Ranking Member may mail a mass mailing as franked mail if—

''(I) the purpose of the mailing is to communicate information about a public meeting; and

''(II) the content of the mailed matter includes only the name of the Member, Committee, or Subcommittee, as appropriate, and the date, time, and place of the public meeting.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3210(a)(6) of title 39, United States Code, is amended by striking subparagraph (B) and by redesignating subparagraphs (C) through (F) as subparagraphs (B) through (E), respectively.

(2) Section 3210(a)(6)(E) of title 39, United States Code, as redesignated by paragraph (1), is amended by striking ''subparagraphs (A) and (C)'' and inserting ''subparagraphs (A) and (B)''.

TITLE III—RESPONSIBILITIES OF THE FEDERAL ELECTION COMMISSION

SEC. 301. PETITION FOR CERTIORARI.

Section 307(a)(6) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437d(a)(6)) is amended by inserting ''(including a proceeding before the Supreme Court on certiorari)'' after ''appeal''.

SEC. 302. FILING BY SENATE CANDIDATES WITH COMMISSION.

Section 302(g) of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(g)) is amended to read as follows:

''(g) FILING WITH THE COMMISSION.—All designations, statements, and reports required to be filed under this Act shall be filed with the Commission.''.

SEC. 303. ELECTRONIC FILING OF FEC REPORTS.

Section 304(a)(11) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a)(11)) is amended—

(1) in subparagraph (A), by striking ''under this Act—'' and all that follows and inserting ''under this Act shall be required to maintain and file such designation, statement, or report in electronic form accessible by computers.'';

(2) in subparagraph (B), by striking ''48 hours'' and all that follows through ''filed electronically)'' and inserting ''24 hours''; and

(3) by striking subparagraph (D).

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 401. SEVERABILITY.

If any provision of this Act or amendment made by this Act, or the application of a provision or amendment to any person or circumstance, is held to be unconstitutional, the remainder of this Act and amendments made by this Act, and the application of the provisions and amendment to any person or circumstance, shall not be affected by the holding.

SEC. 402. REVIEW OF CONSTITUTIONAL ISSUES.

An appeal may be taken directly to the Supreme Court of the United States from any final judgment, decree, or order issued by any court ruling on the constitutionality of any provision of this Act or amendment made by this Act.

SEC. 403. EFFECTIVE DATE.

Except as otherwise provided for in this Act, this Act and the amendments made by this Act shall take effect on January 1, 2008.

By Mrs. CLINTON (for herself and Mr. ALLARD):

S. 937. A bill to improve support and services for individuals with autism and their families; to the Committee on Health, Education, Labor, and Pensions.

Mrs. CLINTON. Mr. President, today, I, along with my colleague Senator ALLARD, am proud to introduce the Expanding the Promise for Individuals with Autism Act (EPIAA.) This legislation will help to increase the availability of treatments, services, and interventions for both children and adults with autism.

Last year, I worked with my colleagues on the HELP Committee to pass the Combating Autism Act into law. This important bill will increase the amount and type of research we are doing to understand the origins of this disease, and help us develop new treatments—and eventually—a cure. It will also help to increase the ability of our health professionals to screen and diagnose autism as early as possible in children, so as to improve our ability to treat this disease.

But while we are carrying out the research that will lead us to gain a better understanding of this disorder, we cannot forget those who are and who have been living with this disease today—the families who are desperate for assistance and help with a disorder that so often shuts off individuals from the world around them.

The need for this legislation is evident—we continue to see an increasing number of individuals with autism. Last month, the Centers for Disease Control and Prevention released numbers that estimate that one in every 150 children are living with an autism spectrum disorder, numbers that are higher than those released even just a few short years ago. And our service delivery system for individuals with autism is being overwhelmed by this increase. The care involved in treating these symptoms often requires hours of intensive therapy every week—regimens that are often inaccessible to many families.

While we do not know what causes autism, we do know that with early intervention and concentrated treatment, the symptoms of autism spectrum disorder can be mitigated, enabling individuals with autism and their families to live less isolated lives. Our legislation will provide additional treatment and support resources, increasing access to effective therapies and essential support services for people with autism.

This legislation will do the following: Establish a Demonstration Grant Program to Assist States with Service Provision. While the Interagency Autism Coordinating Committee (IACC) is developing a long-term strategy for providing autism care and treatment services, there is currently no effort to plan for improved access to services in the immediate future. The EPIAA would establish a Treatment, Interventions and Services Evaluation Task Force to evaluate evidence-based services that could be implemented by States in the years immediately following enactment. The Secretary would then provide grants to states to help provide the services identified by the Task Force to individuals with autism.

Develop a Demonstration Grant Program for Adult Autism Services. While early diagnosis and treatment are critical for children with autism, the need for intervention and services continues across the lifespan. In order to help address the needs of adults living with autism, the EPIAA would establish a grant program for states to provide appropriate interventions and services, such as housing or vocational training, to adults with autism.

Increase Access to Services Following Diagnosis. After receiving a diagnosis of autism, many children and families must wait months before gaining access to appropriate treatment. In order to improve the ability to access a minimum level of services during this post-diagnosis period, the EPIAA would mandate that the Secretary develop guidance and provide funding to eliminate delays in access to supplementary health care, behavioral support services, and individual and family-support services.

Increase Support for Developmental Disabilities Centers of Excellence. Many families report difficulties in accessing services because of the limited number of health and education professionals who are trained to provide autism-specific services. In order to increase the number of individuals across sectors that can provide adequate care and treatment services for individuals living with autism, the EPIAA would increase the capacity of University Centers for Excellence in Developmental Disabilities Education, Research and Service (UCEDDS) to train professionals in meeting the treatment, interventions and service needs of both children and adults living with autism.

Improve Protection and Advocacy Services. Early statistics from 2006 indicate that a quarter of individuals served under already-existing protection and advocacy programs are individuals with autism, a 6 percent increase from the previous year, yet thousands of individuals with autism are unable to access these services due to a lack of resources. The EPIAA will create a program to expand currently existing protection and advocacy services to assist individuals with autism and other emerging populations of individuals with disabilities.

Improves Technical Assistance and Evaluation. The EPIAA would establish a National Technical Assistance Center for Autism Treatments, Interventions and Services to act as a clearinghouse for information about evidence-based treatments, interventions and services, and analyze the grant programs under this Act.

The organizations supporting this legislation include Autism Speaks, the Autism Society of America, Easter Seals, the Association of University Centers for Disability, the Disability Policy Collaboration, and the National Disability Rights Network, and I have included their letters of support to be printed in the RECORD.

I look forward to working with Senator ALLARD and all of our colleagues to pass this legislation and help people with autism get the services they need.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AUTISM SPEAKS,
New York, NY, March 19, 2007.

Hon. HILLARY RODHAM CLINTON,
U.S. Senator,
Washington, DC.

DEAR SENATOR CLINTON: I write to offer the enthusiastic endorsement of Autism Speaks for your proposed legislation, ''The Expanding the Promise for Individuals with Autism Act of 2007'' (''EPIAA'') and to thank you for your ongoing leadership in providing an appropriate and necessary federal response to the urgent national public health issue of autism.

Your bill is the logical next step for Congress to take in creating a national battle plan against autism, following the passage last year, with your significant support, of the Combating Autism Act.

The CAA deals primarily with biomedical research and with systems for the early identification of children with autism. The EPIAA will expand and intensify the federal commitment to the provision of services to persons with autism, from the immediate period following their diagnosis, throughout their lifespan.

In addition to the authorization of critical new resources for important initiatives related to treatments, interventions and services for both children and adults with autism, Autism Speaks applauds the Congressional finding you have drafted into the EPIAA that—''Individuals living with autism have the same rights as other individuals to exert control and choice over their own lives, to live independently, and to fully participate in and contribute to their communities . . .''

The range of grant programs authorized by the EPIAA will demonstrate mechanisms to fill large gaps in the present system for the delivery of autism treatments, interventions and services. The task force to be created by your legislation—including vital input from the autism community—will facilitate consensus on the state of evidence-based treatments and services. And the GAO study, which your legislation requires, will provide the basis for dramatically improved service provision and financing.

Once again, please accept the support and gratitude of Autism Speaks for the EPIAA. We look forward to working with you and your fine staff to enact these essential policies into law.

Sincerely,

ROBERT C. WRIGHT.

AUTISM SOCIETY OF AMERICA,
Bethesda, MD, March 20, 2007.

Hon. HILLARY RODHAM CLINTON,
U.S. Senate,
Washington, DC.

Hon. WAYNE ALLARD,
U.S. Senate,
Washington, DC.

DEAR SENATOR CLINTON AND SENATOR ALLARD: On behalf of the 1.5 million Americans with autism and their families, we at the Autism Society of America (ASA) write in strong support of the Expanding the Promise for Individuals with Autism Act of 2007.

Autism is a complex developmental disability that affects the normal functioning of the brain, impacting development in the areas of social interaction and communication skills. Both children and adults with autism typically show difficulties in verbal and non-verbal communication, social interactions, and sensory processing. Research has demonstrated that with early diagnosis, treatment, and intervention, however, individuals with autism can experience positive change in the language, social, or cognitive outcomes. Unfortunately, as the Centers for Disease Control and Prevention's autism prevalence study of 2007 showed, far too many children with autism are not accessing the early interventions, treatments, and services that they need.

Just as critical, our current system for providing community based services does not meet the complex needs of adults with autism. Frequently, staff is not trained and experienced in autism and is often at a loss when trying to handle the unusual language, cognitive, behavioral and social deficits of autism. As a result, adults with autism are not able to access employment, health care, housing, and community support services.

The Expanding the Promise for Individuals with Autism Act addresses these problems in many ways. This critical legislation provides approximately $350 million to improve access to comprehensive treatments, interventions, and services for individuals with autism and their families. The Expanding the Promise for Individuals with Autism Act comes at a time when autism prevalence is increasing to more than 1 in 150 children in America today. As our Nation faces the epidemic of autism, we must take steps now to strengthen our services infrastructure to meet the needs of individuals with autism and their families so that they too can lead happy and productive lives throughout their lives.

ASA strongly supports the Expanding the Promise for Individuals With Autism Act of 2007, and applauds you for your leadership on this important issue. We urge all Senators to join you in cosponsoring this important legislation.

Thank you, again, for your support of people with autism and their families.

Sincerely,

LEE GROSSMAN,
President and CEO.

DISABILITY POLICY COLLABORATION,
Washington, DC, March 20, 2007.

Hon. HILLARY RODHAM CLINTON,
U.S. Senate,
Washington, DC.

DEAR SENATOR CLINTON: The Disability Policy Collaboration (DPC), a partnership of The Arc of the United States and United Cerebral Palsy, appreciates your leadership on behalf of children and adults with autism spectrum disorders and related developmental disabilities. The DPC is pleased to support the ''Expanding the Promise for Individuals with Autism Act of 2007'' and its emphasis on developing and providing effective interventions, supports and services to individuals with autism spectrum disorders and their families.

Most individuals with autism spectrum disorder and related developmental disabilities need major assistance in the areas of early intervention, education, employment, transportation, housing and health. Expanding the capacity of the service delivery system to meet these needs and providing better coordination of services will enable the individuals and families to access appropriate assistance to live independently and fully participate in their communities.

The Disability Policy Collaboration applauds your commitment to individuals with autism spectrum disorders and related developmental disabilities and their families and looks forward to working with you on speedy passage of this bill in the 110th Congress.

Sincerely,

PAUL MARCHAND,
Staff Director.

ASSOCIATION OF UNIVERSITY CENTERS ON DISABILITIES,
Silver Spring, MD, March 19, 2007.

Hon. HILLARY RODHAM CLINTON,
U.S. Senate,
Washington, DC.

DEAR SENATOR CLINTON: On behalf of the Association of University Centers on Disabilities (AUCD), this letter is to thank you for your outstanding work and leadership on behalf of children and adults with autism spectrum disorders and related developmental disabilities. AUCD is in strong support of your legislation to develop and provide effective treatments, interventions, supports and services to individuals with autism spectrum disorders and their families.

The prevalence of autism appears to be growing. According to a recent report by the Centers for Disease Control and Prevention, the prevalence of autism has reached epidemic proportions, now affecting one in every 150 children. Clearly from the information we get from our Centers and families, our current service system is unprepared to meet the growing needs of individuals with autism and their families. There are pressing needs for trained professionals and providers

to better serve children and adults with autism with the latest evidence based information and effective practices. Furthermore, while early detection and treatment are essential, families of children with autism often face numerous obstacles for obtaining high quality services for their children. Similarly, adults with autism face long waiting lists and many barriers in obtaining appropriate community-based supports and services to enable them to participate fully in society. The Expanding the Promise to Individuals with Autism Act that you have developed greatly helps to address these issues by providing demonstration grants to states to provide immediate assistance to individuals and their families.

The membership of AUCD includes a network of 67 University Centers for Excellence in Developmental Disabilities located in every U.S. state and territory. These University Centers provide research, education, and service to further independence, productivity, and quality of life for individuals with developmental disabilities, including autism. University Centers collaborate with stakeholders in states to identify and address training needs in creative and effective ways. As the prevalence of autism has risen, University Centers have initiated many activities to help meet the growing need for children, adults, and families. This bill builds upon these efforts by expanding the capacity of University Centers to focus on interdisciplinary training of professionals and providers in the area of autism, provide technical assistance, and disseminate information on effective community-based treatment, interventions and services.

AUCD applauds your commitment to individuals with autism and their families and looks forward to working with you on speedy passage of this bill in the 110th Congress.

Sincerely,

ROYAL WALKER,
Board President & Associate Director, Institute for Disability Studies, University of Southern Mississippi.
GEORGE JESIEN,
Executive Director, AUCD.

EASTER SEALS,
Washington, DC, March 20, 2007.

Hon. HILLARY RODHAM CLINTON,
U.S. Senate,
Washington, DC.

DEAR SENATOR CLINTON: Easter Seals is pleased to support the Expanding the Promise for Individuals with Autism Act of 2007. This legislation will go a long way to help children and adults with autism spectrum disorders and other developmental disabilities live, learn, work and play in their communities.

The Expanding the Promise for Individuals with Autism Act of 2007 (EPIAA) is necessary legislation that must become law. Research has demonstrated that children who are diagnosed by age 2 and who receive appropriate services can live with greater independence. Yet, too many children are not diagnosed until age 5. The EPIAA will allow us to do better for these children. Parents and young adults with autism across the country report that too many youth exit the school system, needing housing and job training opportunities that are in short supply. The EPIAA will allow us to do better. Finally, parents, schools, and communities are struggling to find the answers of how to provide appropriate services and supports to individuals with autism. The EPIAA will allow us to do better in this area as well.

Over the last 20 years, Easter Seals has seen a dramatic increase in the number of people we serve who live with autism. More than a generation ago, Easter Seals was front and center during the polio epidemic, working tirelessly to help children and adults with polio gain the skills they need to live independently. Today, we are the country's leading provider of services for people with autism.

Thank you for sponsoring this important legislation. We look forward to working with you on the enactment of the Expanding the Promise for Individuals with Autism Act of 2007.

Sincerely,

KATHERINE BEH NEAS,
Director, Congressional Affairs.

NATIONAL DISABILITY RIGHTS NETWORK,
Washington, DC, March 20, 2007.

Hon. HILLARY CLINTON,
Russell Senate Office Building,
Washington, DC.
Hon. WAYNE ALLARD,
Dirksen Senate Office Building,
Washington, DC.

DEAR SENATORS CLINTON AND ALLARD: The National Disability Rights Network (NDRN) is pleased with your introduction of the Expanding the Promise for Individuals with Autism Act of 2007. NDRN is the nonprofit membership organization for the federally mandated Protection and Advocacy (P&A) Systems and Client Assistance Programs (CAP). The P&A/CAP network operates in every state and territory in the United States. Collectively, the P&A/CAP network is the largest provider of legally based advocacy services to people with disabilities in the United States.

Currently, the P&A network is on the front-line of work with individuals with autism and their families. Early statistics from FY 2006 indicate that 25 percent of the people served by the Protection and Advocacy for Developmental Disabilities program (PADD) were individuals with autism. This is an increase of 6 percent from the previous year. Unfortunately, due to the high demand for P&A services from children and adults with all types of disabilities and their families—and the concomitant inadequate funding for the P&A programs—thousands of individuals with autism were unable to access critical P&A services.

Key components of the P&A network's legally based advocacy include investigating abuse and neglect; seeking systemic change to prevent harm to children and adults with disabilities; advocating for basic human and civil rights; and ensuring accountability in education, employment, housing, public services, transportation, and health care. Each of these components is critical to ensuring that individuals with autism—no matter their age—get access to the supports and services they need to live as successfully and as safely as possible in the community.

Parents of children with autism—both young children and adult children—know the important role that P&A services can play in their lives. They have advocated for the inclusion of a P&A component in this legislation in order to increase the ability to serve this vulnerable population. These families know that once this program is authorized and funded, the P&A in their state will be mandated to make autism a priority for services, providing individuals and their families with the help needed to live full and successful lives.

NDRN is pleased to work with you on the passage of this legislation, and to ensure that critical services and supports are available to both children and adults with autism. For more information, please contact Kathy McGinley, Deputy Executive Director for Public Policy.

Sincerely,

CURT DECKER,
Executive Director.

By Mr. REED (for himself, Ms. COLLINS, Mr. KENNEDY, Mrs. MURRAY, Mr. DODD, and Mr. SANDERS):

S. 938. A bill to amend the Higher Education Act of 1965 to expand college access and increase college persistence, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. REED (for himself, Ms. COLLINS, Mr. KENNEDY, Mrs. MURRAY, and Mr. SANDERS):

S. 939. A bill to amend the Higher Education Act of 1965 to simplify and improve the process of applying for student assistance, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. REED. Mr. President, today I introduce two bipartisan bills to expand access to college for students and their families.

We are slated to reauthorize the Higher Education Act this Congress for the first time since 1998. The key to this reauthorization will be ensuring that we make a substantial Federal investment in need-based grant aid. I am pleased we took a significant first step down this path last month by increasing the maximum Pell Grant, the Federal Government's primary source of need-based financial aid, for the first time in four years. However, we are still far from the robust lift Congress provided students and their families in the mid-1970s, when the maximum Pell Grant covered 84 percent of costs at a public 4-year institution. Today, it covers only 32 percent.

There has also been a concurrent increase in college costs. According to a recent report by the College Board, for the 2006–07 school year, tuition rose 6.3 percent at 4-year public colleges and 5.9 percent for 4-year private institutions. The combination of declining Federal investments in need-based aid and sharp increases in college costs has priced more and more qualified individuals out of college.

This is particularly troubling, given the strong correlation between educational attainment, employment, and wages. A college education has now increasingly become a necessary requirement for upward income mobility. College graduates, on average, earn 62 percent more than high school graduates. Over a lifetime, the gap in earnings between those with a high school diploma and a bachelor's or higher degree exceeds $1 million.

To help increase the amount of need-based grant aid to low-income students and fulfill their unmet financial aid need, today I introduce the ACCESS, Accessing College through Comprehensive Early Outreach and State Partnerships, Act, cosponsored by Senators COLLINS, KENNEDY, MURRAY, DODD, and

SANDERS. This legislation improves the Leveraging Educational Assistance Partnership or LEAP program by forging a new Federal incentive for States to form partnerships with businesses, colleges, and private or philanthropic organizations to provide low-income students with increased need-based grant aid, early information and assurance of aid eligibility (beginning in middle school), and early intervention, mentoring, and outreach services. Research has shown that college access programs that combine these elements are successful in making the dream of higher education a reality. Students participating in such programs are more financially and academically prepared, and thus, more likely to enroll in college and persist to degree completion.

Since 1972, the Federal-State partnership embodied by LEAP, with modest Federal support, has helped leverage State grant aid to low-and moderate-income students. Without this important Federal incentive, many States would never have established need-based financial aid programs, and many States would not continue to maintain such programs. Last year, States matched approximately $65 million in Federal LEAP funds with over $840 million in supplemental need-based aid. By way of example, in my home State of Rhode Island, the Federal investment of approximately $350,000 in LEAP funds spurred the State to expend over $13 million in need-based aid.

The second bill I introduce today, the FAFSA Financial Aid Form Simplification and Access Act, cosponsored by Senators COLLINS, KENNEDY, MURRAY, and SANDERS, has several key components to make the college financial aid application process both simple and certain. First, our legislation would allow more students to qualify for an automatic-zero expected family contribution, or auto-zero, and align the auto-zero eligibility levels, income of $30,000 or less, with the standards of other Federal means-tested programs like school lunch, SSI, and food stamps. Second, the FAFSA Act would establish a short paper FAFSA or EZ-FAFSA for students who qualify for the auto-zero. Third, the bill phases out the long form, using the savings to utilize ''smart'' technology to create a tailored web-based application form and ensure that students answer only the questions needed to determine financial aid eligibility in the state in which they reside. For those students who do not have access to the Internet, we propose creating a free telefile system for filing by phone.

The FAFSA Act would also emphasize providing students with the opportunity to complete financial applications earlier in order to receive early estimates of aid eligibility. This legislation would create a pilot program to test an early application system under which dependent students would apply for an aid estimate in their junior year, using the student's prior/prior year income (PPY). The pilot program also includes a requirement that the Secretary study the feasibility, benefits, and adverse effects of utilizing information from the IRS in order to simplify the financial aid process.

I was pleased to work with the Advisory Committee on Student Financial Assistance and a host of other higher education organizations and charitable foundations on these bills. I am also pleased that both bills are supported by a range of higher education and student groups, including the American Association of Community Colleges, the American Council on Education, the Association of American Universities, the Association of Jesuit Colleges and Universities, the Center for Law and Social Policy, the National Association of College Admission Counseling, the National Association of Independent Colleges and Universities, the National Association of State Student Grant and Aid Programs, the National Association of Student Financial Aid Administrators, the United States Student Association, and the College Parents of America. The FAFSA Act is supported by the Council of Graduate Schools as well.

We must act on these bills and continue to push for increased Federal investment in need-based aid to middle- and low-income students and their families. All too often successful students give up on a college education because they think there is no way they can ever afford it. We must ensure that every student who works hard and plays by the rules gets the opportunity to live the American Dream.

I urge my colleagues to cosponsor these bills and work for their inclusion in the upcoming reauthorization of the Higher Education Act.

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

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 938

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Accessing College through Comprehensive Early Outreach and State Partnerships Act''.

SEC. 2. GRANTS FOR ACCESS AND PERSISTENCE.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 415A(b) of the Higher Education Act of 1965 (20 U.S.C. 1070c(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this subpart $500,000,000 for fiscal year 2008, and such sums as may be necessary for each of the 5 succeeding fiscal years.

''(2) RESERVATION.—For any fiscal year for which the amount appropriated under paragraph (1) exceeds $30,000,000, the excess amount shall be available to carry out section 415E.''.

(b) APPLICATIONS FOR LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAMS.—Section 415C(b) of the Higher Education Act of 1965 (20 U.S.C. 1070c–2(b)) is amended—

(1) in paragraph (2), by striking ''$5,000'' and inserting ''$12,500'';

(2) in paragraph (9), by striking ''and'' after the semicolon;

(3) in paragraph (10), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(11) provides notification to eligible students that such grants are—

''(A) Leveraging Educational Assistance Partnership Grants; and

''(B) funded by the Federal Government and the State.''.

(c) GRANTS FOR ACCESS AND PERSISTENCE.—Section 415E of the Higher Education Act of 1965 (20 U.S.C. 1070c–3a) is amended to read as follows:

''SEC. 415E. GRANTS FOR ACCESS AND PERSISTENCE.

''(a) PURPOSE.—It is the purpose of this section to expand college access and increase college persistence by making allotments to States to enable the States to—

''(1) expand and enhance partnerships with institutions of higher education, early information and intervention, mentoring, or outreach programs, private corporations, philanthropic organizations, and other interested parties to carry out activities under this section and to provide coordination and cohesion among Federal, State, and local governmental and private efforts that provide financial assistance to help low-income students attend college;

''(2) provide need-based access and persistence grants to eligible low-income students;

''(3) provide early notification to low-income students of their eligibility for financial aid; and

''(4) encourage increased participation in early information and intervention, mentoring, or outreach programs.

''(b) ALLOTMENTS TO STATES.—

''(1) IN GENERAL.—

''(A) AUTHORIZATION.—From sums reserved under section 415A(b)(2) for each fiscal year, the Secretary shall make an allotment to each State that submits an application for an allotment in accordance with subsection (c) to enable the State to pay the Federal share of the cost of carrying out the activities under subsection (d).

''(B) DETERMINATION OF ALLOTMENT.—In making allotments under subparagraph (A), the Secretary shall consider the following:

''(i) CONTINUATION OF AWARD.—If a State continues to meet the specifications established in its application under subsection (c), the Secretary shall make an allotment to such State that is not less than the allotment made to such State for the previous fiscal year.

''(ii) PRIORITY.—The Secretary shall give priority in making allotments to States that meet the requirements under paragraph (2)(B)(ii).

''(2) FEDERAL SHARE.—

''(A) IN GENERAL.—The Federal share of the cost of carrying out the activities under subsection (d) for any fiscal year shall not exceed 66.66 percent.

''(B) DIFFERENT PERCENTAGES.—The Federal share under this section shall be determined in accordance with the following:

''(i) If a State applies for an allotment under this section in partnership with any number of degree granting institutions of higher education in the State whose combined full-time enrollment represents less than a majority of all students attending institutions of higher education in the State, and philanthropic organizations that are located in, or that provide funding in, the State or private corporations that are located in, or that do business in, the State,

then the Federal share of the cost of carrying out the activities under subsection (d) shall be equal to 57 percent.

''(ii) If a State applies for an allotment under this section in partnership with any number of degree granting institutions of higher education in the State whose combined full-time enrollment represents a majority of all students attending institutions of higher education in the State, philanthropic organizations that are located in, or that provide funding in, the State, and private corporations that are located in, or that do business in, the State, then the Federal share of the cost of carrying out the activities under subsection (d) shall be equal to 66.66 percent.

''(C) NON-FEDERAL SHARE.—

''(i) IN GENERAL.—The non-Federal share under this section may be provided in cash or in kind, fairly evaluated.

''(ii) IN KIND CONTRIBUTION.—For the purpose of calculating the non-Federal share under this subparagraph, an in kind contribution is a non-cash contribution that—

''(I) has monetary value, such as the provision of—

''(aa) room and board; or

''(bb) transportation passes; and

''(II) helps a student meet the cost of attendance at an institution of higher education.

''(iii) EFFECT ON NEEDS ANALYSIS.—For the purpose of calculating a student's need in accordance with part F, an in kind contribution described in clause (ii) shall not be considered an asset or income of the student or the student's parent.

''(c) APPLICATION FOR ALLOTMENT.—

''(1) IN GENERAL.—

''(A) SUBMISSION.—A State that desires to receive an allotment under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

''(B) CONTENT.—An application submitted under subparagraph (A) shall include the following:

''(i) A description of the State's plan for using the allotted funds.

''(ii) Assurances that the State will provide matching funds, from State, institutional, philanthropic, or private funds, of not less than 33.33 percent of the cost of carrying out the activities under subsection (d). Matching funds from philanthropic organizations used to provide early information and intervention, mentoring, or outreach programs may be in cash or in kind. The State shall specify the methods by which matching funds will be paid and include provisions designed to ensure that funds provided under this section will be used to supplement, and not supplant, Federal and non-Federal funds available for carrying out the activities under this title. A State that uses non-Federal funds to create or expand existing partnerships with nonprofit organizations or community-based organizations in which such organizations match State funds for student scholarships, may apply such matching funds from such organizations toward fulfilling the State's matching obligation under this clause.

''(iii) Assurances that early information and intervention, mentoring, or outreach programs exist within the State or that there is a plan to make such programs widely available.

''(iv) A description of the organizational structure that the State has in place to administer the activities under subsection (d).

''(v) A description of the steps the State will take to ensure students who receive grants under this section persist to degree completion.

''(vi) Assurances that the State has a method in place, such as acceptance of the automatic zero expected family contribution determination described in section 479(c), to identify eligible low-income students and award State grant aid to such students.

''(vii) Assurances that the State will provide notification to eligible low-income students that grants under this section are—

''(I) Leveraging Educational Assistance Partnership Grants; and

''(II) funded by the Federal Government and the State.

''(2) STATE AGENCY.—The State agency that submits an application for a State under section 415C(a) shall be the same State agency that submits an application under paragraph (1) for such State.

''(3) PARTNERSHIP.—In applying for an allotment under this section, the State agency shall apply for the allotment in partnership with—

''(A) not less than 1 public and 1 private degree granting institution of higher education that are located in the State;

''(B) new or existing early information and intervention, mentoring, or outreach programs located in the State; and

''(C) not less than 1—

''(i) philanthropic organization located in, or that provides funding in, the State; or

''(ii) private corporation located in, or that does business in, the State.

''(4) ROLES OF PARTNERS.—

''(A) STATE AGENCY.—A State agency that is in a partnership receiving an allotment under this section—

''(i) shall—

''(I) serve as the primary administrative unit for the partnership;

''(II) provide or coordinate matching funds, and coordinate activities among partners;

''(III) encourage each institution of higher education in the State to participate in the partnership;

''(IV) make determinations and early notifications of assistance as described under subsection (d)(2); and

''(V) annually report to the Secretary on the partnership's progress in meeting the purpose of this section; and

''(ii) may provide early information and intervention, mentoring, or outreach programs.

''(B) DEGREE GRANTING INSTITUTIONS OF HIGHER EDUCATION.—A degree granting institution of higher education that is in a partnership receiving an allotment under this section—

''(i) shall—

''(I) recruit and admit participating qualified students and provide such additional institutional grant aid to participating students as agreed to with the State agency;

''(II) provide support services to students who receive an access and persistence grant under this section and are enrolled at such institution; and

''(III) assist the State in the identification of eligible students and the dissemination of early notifications of assistance as agreed to with the State agency; and

''(ii) may provide funding for early information and intervention, mentoring, or outreach programs or provide such services directly.

''(C) PROGRAMS.—An early information and intervention, mentoring, or outreach program that is in a partnership receiving an allotment under this section shall provide direct services, support, and information to participating students.

''(D) PHILANTHROPIC ORGANIZATION OR PRIVATE CORPORATION.—A philanthropic organization or private corporation that is in a partnership receiving an allotment under this section shall provide funds for access and persistence grants for participating students, or provide funds or support for early information and intervention, mentoring, or outreach programs.

''(d) AUTHORIZED ACTIVITIES.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT OF PARTNERSHIP.—Each State receiving an allotment under this section shall use the funds to establish a partnership to award access and persistence grants to eligible low-income students in order to increase the amount of financial assistance such students receive under this subpart for undergraduate education expenses.

''(B) AMOUNT.—

''(i) PARTNERSHIPS WITH INSTITUTIONS SERVING LESS THAN A MAJORITY OF STUDENTS IN THE STATE.—

''(I) IN GENERAL.—In the case where a State receiving an allotment under this section is in a partnership described in subsection (b)(2)(B)(i), the amount of an access and persistence grant awarded by such State shall be not less than the amount that is equal to the average undergraduate tuition and mandatory fees at 4-year public institutions of higher education in the State where the student resides (less any other Federal or State sponsored grant amount, college work study amount, and scholarship amount received by the student) and such amount shall be used toward the cost of attendance at an institution of higher education, located in the State, that is a partner in the partnership.

''(II) COST OF ATTENDANCE.—A State that has a program, apart from the partnership under this section, of providing eligible low-income students with grants that are equal to the average undergraduate tuition and mandatory fees at 4-year public institutions of higher education in the State, may increase the amount of access and persistence grants awarded by such State up to an amount that is equal to the average cost of attendance at 4-year public institutions of higher education in the State (less any other Federal or State sponsored grant amount, college work study amount, and scholarship amount received by the student).

''(ii) PARTNERSHIP WITH INSTITUTIONS SERVING THE MAJORITY OF STUDENTS IN THE STATE.—In the case where a State receiving an allotment under this section is in a partnership described in subsection (b)(2)(B)(ii), the amount of an access and persistence grant awarded by such State shall be not less than the average cost of attendance at 4-year public institutions of higher education in the State where the student resides (less any other Federal or State sponsored grant amount, college work study amount, and scholarship amount received by the student) and such amount shall be used by the student to attend an institution of higher education, located in the State, that is a partner in the partnership.

''(2) EARLY NOTIFICATION.—

''(A) IN GENERAL.—Each State receiving an allotment under this section shall annually notify low-income students, such as students who are eligible to receive a free lunch under the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), in grade 7 through grade 12 in the State of their potential eligibility for student financial assistance, including an access and persistence grant, to attend an institution of higher education.

''(B) CONTENT OF NOTICE.—The notification under subparagraph (A)—

''(i) shall include—

''(I) information about early information and intervention, mentoring, or outreach programs available to the student;

''(II) information that a student's candidacy for an access and persistence grant is enhanced through participation in an early

information and intervention, mentoring, or outreach program;

''(III) an explanation that student and family eligibility and participation in other Federal means-tested programs may indicate eligibility for an access and persistence grant and other student aid programs;

''(IV) a nonbinding estimation of the total amount of financial aid a low-income student with a similar income level may expect to receive, including an estimation of the amount of an access and persistence grant and an estimation of the amount of grants, loans, and all other available types of aid from the major Federal and State financial aid programs;

''(V) an explanation that in order to be eligible for an access and persistence grant, at a minimum, a student shall meet the requirement under paragraph (3), graduate from secondary school, and enroll at an institution of higher education that is a partner in the partnership;

''(VI) information on any additional requirements (such as a student pledge detailing student responsibilities) that the State may impose for receipt of an access and persistence grant under this section; and

''(VII) instructions on how to apply for an access and persistence grant and an explanation that a student is required to file a Free Application for Federal Student Aid authorized under section 483(a) to be eligible for such grant and assistance from other Federal and State financial aid programs; and

''(ii) may include a disclaimer that access and persistence grant awards are contingent upon—

''(I) a determination of the student's financial eligibility at the time of the student's enrollment at an institution of higher education that is a partner in the partnership;

''(II) annual Federal and State appropriations; and

''(III) other aid received by the student at the time of the student's enrollment at an institution of higher education that is a partner in the partnership.

''(3) ELIGIBILITY.—In determining which students are eligible to receive access and persistence grants, the State shall ensure that each such student meets not less than 1 of the following:

''(A) Meets not less than 2 of the following criteria, with priority given to students meeting all of the following criteria:

''(i) Has an expected family contribution equal to zero (as described in section 479) or a comparable alternative based upon the State's approved criteria in section 415C(b)(4).

''(ii) Has qualified for a free lunch, or at the State's discretion a reduced price lunch, under the school lunch program established under the Richard B. Russell National School Lunch Act.

''(iii) Qualifies for the State's maximum undergraduate award, as authorized under section 415C(b).

''(iv) Is participating in, or has participated in, a Federal, State, institutional, or community early information and intervention, mentoring, or outreach program, as recognized by the State agency administering activities under this section.

''(B) Is receiving, or has received, an access and persistence grant under this section, in accordance with paragraph (5).

''(4) GRANT AWARD.—Once a student, including those students who have received early notification under paragraph (2) from the State, applies for admission to an institution that is a partner in the partnership, files a Free Application for Federal Student Aid and any related existing State form, and is determined eligible by the State under paragraph (3), the State shall—

''(A) issue the student a preliminary access and persistence grant award certificate with tentative award amounts; and

''(B) inform the student that payment of the access and persistence grant award amounts is subject to certification of enrollment and award eligibility by the institution of higher education.

''(5) DURATION OF AWARD.—An eligible student that receives an access and persistence grant under this section shall receive such grant award for each year of such student's undergraduate education in which the student remains eligible for assistance under this title, including pursuant to section 484(c), and remains financially eligible as determined by the State, except that the State may impose reasonable time limits to baccalaureate degree completion.

''(e) ADMINISTRATIVE COST ALLOWANCE.—A State that receives an allotment under this section may reserve not more than 3.5 percent of the funds made available annually through the allotment for State administrative functions required to carry out this section.

''(f) STATUTORY AND REGULATORY RELIEF FOR INSTITUTIONS OF HIGHER EDUCATION.—The Secretary may grant, upon the request of an institution of higher education that is in a partnership described in subsection (b)(2)(B)(ii) and that receives an allotment under this section, a waiver for such institution from statutory or regulatory requirements that inhibit the ability of the institution to successfully and efficiently participate in the activities of the partnership.

''(g) APPLICABILITY RULE.—The provisions of this subpart which are not inconsistent with this section shall apply to the program authorized by this section.

''(h) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving an allotment under this section for a fiscal year shall provide the Secretary an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (d) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditure by the State for the activities for the second preceding fiscal year.

''(i) SPECIAL RULE.—Notwithstanding subsection (h), for purposes of determining a State's share of the cost of the authorized activities described in subsection (d), the State shall consider only those expenditures from non-Federal sources that exceed its total expenditures for need-based grants, scholarships, and work-study assistance for fiscal year 1999 (including any such assistance provided under this subpart).

''(j) REPORTS.—Not later than 3 years after the date of enactment of the Accessing College through Comprehensive Early Outreach and State Partnerships Act, and annually thereafter, the Secretary shall submit a report describing the activities and the impact of the partnerships under this section to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives.''.

(d) CONTINUATION AND TRANSITION.—During the 2-year period commencing on the date of enactment of this Act, the Secretary shall continue to award grants under section 415E of the Higher Education Act of 1965 (20 U.S.C. 1070c–3a), as such section existed on the day before the date of enactment of this Act, to States that choose to apply for grants under such predecessor section.

(e) IMPLEMENTATION AND EVALUATION.—Section 491(j) of the Higher Education Act of 1965 (20 U.S.C. 1098(j)) is amended—

(1) in paragraph (4), by striking ''and'' after the semicolon;

(2) by redesignating paragraph (5) as paragraph (6); and

(3) by inserting after paragraph (4) (as amended by paragraph (1)) the following:

''(5) not later than 6 months after the date of enactment of the Accessing College through Comprehensive Early Outreach and State Partnerships Act, advise the Secretary on means to implement the activities under section 415E, and the Advisory Committee shall continue to monitor, evaluate, and make recommendations on the progress of partnerships that receive allotments under such section; and''.

S. 939

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Aid Form Simplification and Access Act''.

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

SEC. 2. SIMPLIFIED NEEDS TEST AND AUTOMATIC ZERO IMPROVEMENTS.

(a) SIMPLIFIED NEEDS TEST.—Section 479 of the Higher Education Act of 1965 (20 U.S.C. 1087ss) is amended—

(1) in subsection (b)—

(A) in paragraph (1)(A)(i)—

(i) in subclause (II), by striking ''or'' after the semicolon;

(ii) by redesignating subclause (III) as subclause (IV);

(iii) by inserting after subclause (II) the following:

''(III) 1 of whom is a dislocated worker; or''; and

(iv) in subclause (IV) (as redesignated by clause (ii), by striking ''12-month'' and inserting ''24-month''; and

(B) in subparagraph (B)(i)—

(i) in subclause (II), by striking ''or'' after the semicolon;

(ii) by redesignating subclause (III) as subclause (IV);

(iii) by inserting after subclause (II) the following:

''(III) 1 of whom is a dislocated worker; or''; and

(iv) in subclause (IV) (as redesignated by clause (ii), by striking ''12-month'' and inserting ''24-month'';

(2) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) in clause (ii), by striking ''or'' after the semicolon;

(II) by redesignating clause (iii) as clause (iv);

(III) by inserting after clause (ii) the following:

''(iii) 1 of whom is a dislocated worker; or''; and

(IV) in clause (iv) (as redesignated by subclause (II), by striking ''12-month'' and inserting ''24-month''; and

(ii) in subparagraph (B), by striking ''20,000'' and inserting ''$30,000''; and

(B) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (ii), by striking ''or'' after the semicolon;

(II) by redesignating clause (iii) as clause (iv);

(III) by inserting after clause (ii) the following:

''(iii) is a dislocated worker; or''; and

(IV) in clause (iv) (as redesignated by subclause (II), by striking ''12-month'' and inserting ''24-month''; and

(ii) in subparagraph (B), by striking ''$20,000'' and inserting ''$30,000''; and

(C) in the flush matter following paragraph (2)(B), by adding at the end the following: ''The Secretary shall annually adjust the income level necessary to qualify an applicant for the zero expected family contribution. The income level shall be adjusted according to increases in the Consumer Price Index, as defined in section 478(f).''; and

(3) in subsection (d)—

(A) by redesignating paragraphs (1) through (6) as subparagraphs (A) through (F), respectively;

(B) by striking ''(d) DEFINITION'' and all that follows through ''the term'' and inserting the following:

''(d) DEFINITIONS.—In this section:

''(1) DISLOCATED WORKER.—The term 'dislocated worker' has the meaning given the term in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801).

''(2) MEANS-TESTED FEDERAL BENEFIT PROGRAM.—The term''.

(b) DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.—Section 479A(a) of the Higher Education Act of 1965 (20 U.S.C. 1087tt(a)) is amended in the third sentence by inserting ''a family member who is a dislocated worker (as defined in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801)),'' after ''recent unemployment of a family member,''.

(c) REPORTING REQUIREMENTS.—

(1) ELIGIBILITY GUIDELINES.—The Secretary of Education shall regularly evaluate the impact of the eligibility guidelines in subsections (b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A), and (c)(2)(A) of section 479 of the Higher Education Act of 1965 (20 U.S.C. 1087ss(b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A), and (c)(2)(A)).

(2) MEANS-TESTED FEDERAL BENEFIT PROGRAM.—The Secretary shall evaluate every 3 years the impact of including whether a student or parent received benefits under a means-tested Federal benefit program (as defined in section 479(d) of the Higher Education Act of 1965 (20 U.S.C. 1087ss(d)) as a factor in determining eligibility under subsections (b) and (c) of section 479 of the Higher Education Act of 1965 (20 U.S.C. 1087ss(b) and (c)).

SEC. 3. IMPROVING PAPER AND ELECTRONIC FORMS.

(a) SIMPLIFIED NEEDS TEST.—Section 479(a) of the Higher Education Act of 1965 (20 U.S.C. 1087ss(a)) is amended by adding at the end the following:

''(3) SIMPLIFIED FORMS.—The Secretary shall make special efforts to notify families meeting the requirements of subsection (c) that such families may use the EZ FAFSA described in section 483(a)(2)(B) and notify families meeting the requirements of subsection (b) that such families may use the simplified electronic application form described in section 483(a)(3)(B).''.

(b) COMMON FINANCIAL AID FORM DEVELOPMENT AND PROCESSING.—Section 483 of the Higher Education Act of 1965 (20 U.S.C. 1090) is amended—

(1) in subsection (a)—

(A) by striking paragraphs (1), (2), and (5);

(B) by redesignating paragraphs (3), (4), (6), and (7), as paragraphs (8), (9), (10), and (11), respectively;

(C) by inserting before paragraph (8), as redesignated by subparagraph (B), the following:

''(1) IN GENERAL.—

''(A) COMMON FINANCIAL REPORTING FORMS.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge common financial reporting forms as described in this subsection to be used for application and reapplication to determine the need and eligibility of a student for financial assistance under parts A through E (other than subpart 4 of part A). These forms shall be made available to applicants in both paper and electronic formats and shall be referred to (except as otherwise provided in this subsection) as the 'Free Application for Federal Student Aid' or 'FAFSA'.

''(B) EARLY ANALYSIS.—The Secretary shall permit an applicant to complete a form described in this subsection prior to enrollment in order to obtain an estimate from the Secretary of the applicant's expected family contribution. Such applicant shall be permitted to update the information contained on a form submitted pursuant to the preceding sentence, using the process described in paragraph (4), for purposes of applying for assistance under this title for the first academic year for which the applicant applies for financial assistance under this title.

''(2) PAPER FORMAT.—

''(A) IN GENERAL.—Subject to subparagraph (C), the Secretary shall produce, distribute, and process common forms in paper format to meet the requirements of paragraph (1). The Secretary shall develop a common paper form for applicants who do not meet the requirements of section 479(c).

''(B) EZ FAFSA.—

''(i) IN GENERAL.—The Secretary shall develop and use a simplified paper application form, to be known as the 'EZ FAFSA', to be used for applicants meeting the requirements of section 479(c).

''(ii) REDUCED DATA REQUIREMENTS.—The EZ FAFSA shall permit an applicant to submit for financial assistance purposes, only the data elements required to make a determination of whether the applicant meets the requirements under section 479(c).

''(iii) STATE DATA.—The Secretary shall include on the EZ FAFSA space for information that is required of an applicant to be eligible for State financial assistance, as provided under paragraph (5), except the Secretary shall not include a State's data if that State does not permit its applicants for State assistance to use the EZ FAFSA.

''(iv) FREE AVAILABILITY AND PROCESSING.—The provisions of paragraph (6) shall apply to the EZ FAFSA, and the data collected by means of the EZ FAFSA shall be available to institutions of higher education, guaranty agencies, and States in accordance with paragraph (8).

''(v) TESTING.—The Secretary shall conduct appropriate field testing on the EZ FAFSA.

''(C) PHASING OUT THE PAPER FORM FOR STUDENTS WHO DO NOT MEET THE REQUIREMENTS OF THE AUTOMATIC ZERO EXPECTED FAMILY CONTRIBUTION.—

''(i) IN GENERAL.—The Secretary shall make all efforts to encourage all applicants to utilize the electronic forms described in paragraph (3).

''(ii) PHASEOUT OF FULL PAPER FAFSA.—Not later than 5 years after the date of enactment of the Financial Aid Form Simplification and Access Act, to the extent practicable, the Secretary shall phaseout the printing of the full paper Free Application for Federal Student Aid described in subparagraph (A) and used by applicants who do not meet the requirements of the EZ FAFSA described in subparagraph (B).

''(iii) AVAILABILITY OF FULL PAPER FAFSA.—

''(I) IN GENERAL.—Prior to and after the phaseout described in clause (ii), the Secretary shall maintain an online printable version of the paper forms described in subparagraphs (A) and (B).

''(II) ACCESSIBILITY.—The online printable version described in subclause (I) shall be made easily accessible and downloadable to students on the same website used to provide students with the electronic application forms described in paragraph (3).

''(III) SUBMISSION OF FORMS.—The Secretary shall enable, to the extent practicable, students to submit a form described in this clause that is downloaded and printed in order to meet the filing requirements of this section and to receive aid from programs established under this title.

''(iv) USE OF SAVINGS TO ADDRESS THE DIGITAL DIVIDE.—

''(I) IN GENERAL.—The Secretary shall utilize savings accrued by phasing out the full paper Free Application for Federal Student Aid and moving more applicants to the electronic forms, to improve access to the electronic forms for applicants meeting the requirements of section 479(c).

''(II) REPORT.—The Secretary shall report annually to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives on steps taken to eliminate the digital divide and on the phaseout of the full paper Free Application for Federal Student Aid described in subparagraph (A). The report shall specifically address the impact of the digital divide on independent students, adults, and dependent students, including students completing applications described in this paragraph and paragraphs (3) and (4).

''(3) ELECTRONIC FORMAT.—

''(A) IN GENERAL.—

''(i) ESTABLISHMENT.—The Secretary shall produce, distribute, and process common financial reporting forms in electronic format (such as through a website called 'FAFSA on the Web') to meet the requirements of paragraph (1). The Secretary shall include an electronic version of the EZ FAFSA form for applicants who meet the requirements of section 479(c) and develop common electronic forms for applicants who meet the requirements of section 479(b) and common electronic forms for applicants who do not meet the requirements of section 479(b).

''(ii) STATE DATA.—The Secretary shall include on the common electronic forms described in clause (i) space for information that is required of an applicant to be eligible for State financial assistance, as provided under paragraph (5). The Secretary may not require an applicant to complete data required by any State other than the applicant's State of residence.

''(iii) STREAMLINED FORMAT.—The Secretary shall use, to the fullest extent practicable, all available technology to ensure that a student answers only the minimum number of questions necessary.

''(B) SIMPLIFIED APPLICATION.—

''(i) IN GENERAL.—The Secretary shall develop and use a simplified electronic application form to be used by applicants meeting the requirements under section 479(b).

''(ii) REDUCED DATA REQUIREMENTS.—The simplified electronic application form shall permit an applicant to submit for financial assistance purposes, only the data elements required to make a determination of whether the applicant meets the requirements under section 479(b).

''(iii) STATE DATA.—The Secretary shall include on the simplified electronic application form space for information that is required of an applicant to be eligible for State financial assistance, as provided under paragraph (5), except the Secretary shall not include a State's data if that State does not permit its applicants for State assistance to

use the simplified electronic application form.

''(iv) FREE AVAILABILITY AND PROCESSING.—The provisions of paragraph (6) shall apply to the simplified electronic application form, and the data collected by means of the simplified electronic application form shall be available to institutions of higher education, guaranty agencies, and States in accordance with paragraph (8).

''(v) TESTING.—The Secretary shall conduct appropriate field testing on the form developed under this subparagraph.

''(C) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to prohibit the use of the form developed by the Secretary pursuant to this paragraph by an eligible institution, eligible lender, guaranty agency, State grant agency, private computer software provider, a consortium of such entities, or such other entities as the Secretary may designate.

''(D) PRIVACY.—The Secretary shall ensure that data collection under this paragraph complies with section 552a of title 5, United States Code, and that any entity using the electronic version of the forms developed by the Secretary pursuant to this paragraph shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information, and to protect against security threats, or unauthorized uses or disclosures of the information provided on the electronic version of the form. Data collected by such electronic version of the form shall be used only for the application, award, and administration of aid awarded under this title, State aid, or aid awarded by eligible institutions or such entities as the Secretary may designate. No data collected by such electronic version of the form shall be used for making final aid awards under this title until such data have been processed by the Secretary or a contractor or designee of the Secretary, except as may be permitted under this title.

''(E) SIGNATURE.—Notwithstanding any other provision of this Act, the Secretary may permit an electronic form to be submitted without a signature, if a signature is subsequently submitted by the applicant.

''(F) PERSONAL IDENTIFICATION NUMBERS AUTHORIZED.—The Secretary is authorized to assign to applicants personal identification numbers—

''(i) to enable the applicants to use such numbers in lieu of a signature for purposes of completing a form under this paragraph; and

''(ii) for any purpose determined by the Secretary to enable the Secretary to carry out this title.

''(G) PERSONAL IDENTIFICATION NUMBER IMPROVEMENT ASSESSMENT AND REPORT.—

''(i) ASSESSMENT.—The Secretary shall conduct an assessment of the feasibility of minimizing, and of eliminating, the time required for applicants to obtain a Personal Identification Number when applying for aid under this title through an electronic format (such as through a website called 'FAFSA on the Web') including an examination of the feasibility of implementing a real-time data match between the Social Security Administration and the Department.

''(ii) REPORT.—The Secretary shall report the findings of the assessment described in clause (i) to Congress not later than 6 months after the date of enactment of the Financial Aid Form Simplification and Access Act, including the next steps that may be taken to minimize the time required for applicants to obtain a Personal Identification Number when applying for aid under this title through an electronic format.

''(4) REAPPLICATION.—

''(A) IN GENERAL.—The Secretary shall develop streamlined reapplication forms and processes, including both paper and electronic reapplication processes, consistent with the requirements of this subsection, for an applicant who applies for financial assistance under this title in the next succeeding academic year subsequent to the year in which such applicant first applied for financial assistance under this title.

''(B) UPDATED.—The Secretary shall determine, in cooperation with States, institutions of higher education, and agencies and organizations involved in student financial assistance, the data elements that can be updated from the previous academic year's application.

''(C) ZERO FAMILY CONTRIBUTION.—Applicants determined to have a zero family contribution pursuant to section 479(c) shall not be required to provide any financial data in a reapplication form, except that which is necessary to determine eligibility under such section.

''(5) STATE REQUIREMENTS.—

''(A) IN GENERAL.—The Secretary shall include on the forms developed under this subsection, such State-specific data items as the Secretary determines are necessary to meet State requirements for need-based State aid. Such items shall be selected in consultation with States to assist in the awarding of State financial assistance in accordance with the terms of this subsection. The number of such data items shall not be less than the number included on the form on October 7, 1998, unless States notify the Secretary that they no longer require those data items for the distribution of State need-based aid.

''(B) ANNUAL REVIEW.—The Secretary shall conduct an annual review process to determine which forms and data items the States require to award need-based State aid and other application requirements that the States may impose.

''(C) FEDERAL REGISTER NOTICE.—The Secretary shall publish on an annual basis a notice in the Federal Register requiring each State agency to inform the Secretary—

''(i) if the agency is unable to permit applicants to utilize the forms described in paragraphs (2)(B) and (3)(B); and

''(ii) of the State-specific data that the agency requires for delivery of State need-based financial aid.

''(D) STATE NOTIFICATION TO THE SECRETARY.—

''(i) IN GENERAL.—Each State shall notify the Secretary—

''(I) whether the State permits an applicant to file a form described in paragraph (2)(B) or (3)(B) for purposes of determining eligibility for State need-based grant aid; and

''(II) of the State-specific data that the State requires for delivery of State need-based financial aid.

''(ii) NO PERMISSION.—In the event that a State does not permit an applicant to file a form described in paragraph (2)(B) or (3)(B) for purposes of determining eligibility for State need-based grant aid—

''(I) the State shall notify the Secretary if it is not permitted to do so because of State law or because of agency policy; and

''(II) the notification under subclause (I) shall include an estimate of the program cost to permit applicants to complete the forms described in paragraphs (2)(B) and (3)(B).

''(iii) LACK OF NOTIFICATION BY THE STATE.—If a State does not notify the Secretary pursuant to clause (i), the Secretary shall—

''(I) permit residents of that State to complete the forms described in paragraphs (2)(B) and (3)(B); and

''(II) not require any resident of that State to complete any data previously required by that State.

''(E) RESTRICTION.—The Secretary shall not require applicants to complete any nonfinancial data or financial data that are not required by the applicant's State agency, except as may be required for applicants who use the paper forms described in subparagraphs (A) and (B) of paragraph (2).

''(6) CHARGES TO STUDENTS AND PARENTS FOR USE OF FORMS PROHIBITED.—The common financial reporting forms prescribed by the Secretary under this subsection shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee by the Secretary, a contractor, a third party servicer or private software provider, or any other public or private entity for the collection, processing, or delivery of financial aid through the use of such forms. The need and eligibility of a student for financial assistance under parts A through E (other than under subpart 4 of part A) may only be determined by using a form developed by the Secretary pursuant to this subsection. No student may receive assistance under parts A through E (other than under subpart 4 of part A), except by use of a form developed by the Secretary pursuant to this subsection. No data collected on a paper or electronic form or other document, which the Secretary determines was created to replace a form prescribed under this subsection and therefore violates the integrity of a simplified and free financial aid application process, for which a fee is charged shall be used to complete the form prescribed under this subsection. No person, commercial entity, or other entity shall request, obtain, or utilize an applicant's Personal Identification Number for purposes of submitting an application on an applicant's behalf, other than a State agency, an eligible institution, or a program under this title that the Secretary permits to so request, obtain, or utilize an applicant's Personal Identification Number in order to streamline the application.

''(7) APPLICATION PROCESSING CYCLE.—The Secretary shall, prior to January 1 of a student's planned year of enrollment to the extent practicable—

''(A) enable the student to submit a form described under this subsection in order to meet the filing requirements of this section and receive aid from programs under this title; and

''(B) initiate the processing of a form under this subsection submitted by the student.''; and

(D) by adding at the end the following:

''(12) EARLY APPLICATION AND AWARD DEMONSTRATION PROGRAM.—

''(A) IN GENERAL.—Not later than 2 years after the date of enactment of the Financial Aid Form Simplification and Access Act, the Secretary shall implement an early application demonstration program enabling dependent students to—

''(i) complete applications under this subsection in such students' junior year of secondary school, or in the academic year that is 2 years prior to such students' intended year of enrollment at an institution of higher education (as early as the Secretary determines practicable after January 1st of such junior year or academic year, respectively);

''(ii) receive an estimate of such students' final financial aid awards in such junior year or academic year, respectively;

''(iii) update, in the year prior to such students' planned year of enrollment (before January 1st of the planned year of enrollment to the extent practicable), the information contained in an application submitted under clause (i), using the process described in paragraph (4) to determine such students' final financial aid awards; and

''(iv) receive final financial aid awards based on updated information described in clause (iii).

''(B) PURPOSE.—The purpose of the demonstration program under this paragraph is to measure the benefits, in terms of student aspirations and plans to attend college, and the adverse effects, in terms of program costs, integrity, distribution, and delivery of aid under this title, of implementing an early application system for all dependent students that allows dependent students to apply for financial aid using information from the year prior to the year prior to enrollment at an institution of higher education. Additional objectives associated with implementation of the demonstration program are the following:

''(i) Measure the feasibility of enabling dependent students to apply for Federal, State, and institutional financial aid in such students' junior year of secondary school, or in the academic year that is 2 years prior to such students' intended year of enrollment at an institution of higher education, using information from the year prior to the year prior to enrollment, by completing any of the application forms under this subsection.

''(ii) Determine the feasibility, benefits, and adverse effects of utilizing information from the Internal Revenue Service in order to simplify the Federal student aid application process.

''(iii) Identify whether receiving estimates of final financial aid awards not later than a student's junior year, or the academic year that is 2 years prior to such students' intended year of enrollment at an institution of higher education, positively impacts the college aspirations and plans of such student.

''(iv) Measure the impact of using income information from the year prior to the year prior to enrollment on—

''(I) eligibility for financial aid under this title and for other institutional aid; and

''(II) the cost of financial aid programs under this title.

''(v) Effectively evaluate the benefits and adverse effects of the demonstration program on program costs, integrity, distribution, and delivery of aid.

''(C) PARTICIPANTS.—The Secretary shall select, in consultation with States and institutions of higher education, States and institutions of higher education within the States interested in participating in the demonstration program under this paragraph. The States and institutions of higher education shall participate in programs under this title and be willing to make estimates of final financial aid awards to students based on such students' application information from the year prior to the year prior to enrollment. The Secretary shall also select as participants in the demonstration program secondary schools that are located in the participating States and dependent students who reside in the participating States.

''(D) APPLICATION PROCESS.—The Secretary shall ensure that the following provisions are included in the demonstration program:

''(i) Participating States and institutions of higher education shall—

''(I) encourage participating students to apply for estimates of final financial aid awards as provided under this title in such students' junior year of secondary school, or in the academic year that is 2 years prior to such students' intended year of enrollment at an institution of higher education, using information from the year prior to the year prior to enrollment;

''(II) provide estimates of final financial aid awards to participating students based on the students' application information from the year prior to the year of enrollment; and

''(III) make final financial aid awards to participating students based on the updated information contained on a form submitted using the process described in paragraph (4).

''(ii) Financial aid administrators at participating institutions of higher education shall be allowed to use such administrators' discretion in awarding financial aid to participating students, as outlined under section 479A.

''(E) FEASIBILITY STUDY.—The Secretary shall include in the demonstration program a study of the feasibility of utilizing data from the Internal Revenue Service in order to—

''(i) pre-populate electronic application forms for financial aid under this title (such as through a website called 'FAFSA on the Web') with applicant information from the Internal Revenue Service;

''(ii) verify data provided by students participating in the demonstration program, including the feasibility of a data match; and

''(iii) award and deliver financial aid under this title.

''(F) EVALUATION.—The Secretary shall conduct a rigorous evaluation of the demonstration program in order to measure the program's benefits and adverse effects as the benefits and affects relate to the purpose and objectives described in subparagraph (B).

''(G) OUTREACH.—The Secretary shall make appropriate efforts in order to notify States of the demonstration program. Upon determination of which States will be participating in the demonstration program, the Secretary shall continue to make efforts to notify institutions of higher education and dependent students within such participating States of the opportunity to participate in the demonstration program and of the participation requirements.

''(H) CONSULTATION.—The Secretary shall consult with the Advisory Committee on Student Financial Assistance, established under section 491, on the design and implementation of the demonstration program and on the evaluation described in paragraph (F).'';

(2) by striking subsection (b) and inserting the following:

''(b) EARLY AWARENESS OF AID ELIGIBILITY.—

''(1) IN GENERAL.—The Secretary shall make every effort to provide students with early information about potential financial aid eligibility.

''(2) AVAILABILITY OF MEANS TO DETERMINE ELIGIBILITY.—

''(A) IN GENERAL.—The Secretary shall provide, in cooperation with States, institutions of higher education, agencies, and organizations involved in student financial assistance, through a widely disseminated printed form and through the Internet or other electronic means, a system for individuals to determine easily, by entering relevant data, approximately the amount of grant, work-study, and loan assistance for which an individual would be eligible under this title upon completion and verification of a form under subsection (a).

''(B) DETERMINATION OF WHETHER TO USE SIMPLIFIED APPLICATION.—The system established under this paragraph shall also permit an individual to determine whether or not the individual may apply for aid using an EZ FAFSA described in subsection (a)(2)(B) or a simplified electronic application form described in subsection (a)(3)(B).

''(3) AVAILABILITY OF MEANS TO COMMUNICATE ELIGIBILITY.—

''(A) LOWER-INCOME STUDENTS.—The Secretary shall—

''(i) make special efforts to notify students who qualify for a free or reduced price lunch under the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), benefits under the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), or benefits under such programs as the Secretary shall determine, of such students' potential eligibility for a maximum Federal Pell Grant under subpart 1 of part A; and

''(ii) disseminate informational materials regarding the linkage between eligibility for means-tested Federal benefit programs and eligibility for a Federal Pell Grant, as determined necessary by the Secretary.

''(B) MIDDLE SCHOOL STUDENTS.—The Secretary shall, in cooperation with States, middle schools, programs under this title that serve middle school students, and other cooperating independent outreach programs, make special efforts to notify middle school students of the availability of financial assistance under this title and of the approximate amounts of grant, work-study, and loan assistance an individual would be eligible for under this title.

''(C) SECONDARY SCHOOL STUDENTS.—The Secretary, in cooperation with States, secondary schools, programs under this title that serve secondary school students, and cooperating independent outreach programs, shall make special efforts to notify students in their junior year of secondary school, or in the academic year that is 2 years prior to such students' intended year of enrollment at an institution of higher education, of the approximate amounts of grant, work-study, and loan assistance an individual would be eligible for under this title upon completion and verification of an application form under subsection (a).'';

(3) in subsection (c)—

(A) by striking ''Labor and Human Resources'' and inserting ''Health, Education, Labor, and Pensions''; and

(B) by striking ''the Workforce'' and inserting ''Labor''; and

(4) by striking subsections (d) and (e), and inserting the following:

''(d) ASSISTANCE IN PREPARATION OF FINANCIAL AID APPLICATION.—

''(1) PREPARATION AUTHORIZED.—Nothing in this Act shall be construed to limit an applicant from using a preparer for consultative or preparation services for the completion of the common financial reporting forms described in subsection (a).

''(2) PREPARER IDENTIFICATION.—Any common financial reporting form required to be made under this title shall include the name, signature, address or employer's address, social security number or employer identification number, and organizational affiliation of the preparer of such common financial reporting form.

''(3) SPECIAL RULE.—Nothing in this Act shall be construed to limit preparers of common financial reporting forms required to be made under this title from collecting source information, including Internal Revenue Service tax forms, in providing consultative and preparation services in completing the forms.

''(4) ADDITIONAL REQUIREMENTS.—A preparer that provides consultative or preparation services pursuant to this subsection shall—

''(A) clearly inform individuals upon initial contact (including advertising in clear and conspicuous language on the website of the preparer, including by providing a link directly to the website described in subsection (a)(3), if the preparer provides such services through a website) that the common financial reporting forms that are required to determine eligibility for financial assistance under parts A through E (other than subpart 4 of part A) may be completed for

free via paper or electronic forms provided by the Secretary;

''(B) refrain from producing or disseminating any form other than the forms produced by the Secretary under subsection (a); and

''(C) not charge any fee to any individual seeking such services who meets the requirements under subsection (b) or (c) of section 479.''.

(c) TOLL-FREE APPLICATION AND INFORMATION.—Section 479 of the Higher Education Act of 1965 (20 U.S.C. 1087ss), as amended by subsection (b)(4), is further amended by adding at the end the following:

''(e) TOLL-FREE APPLICATION AND INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone service to provide an application mechanism and timely and accurate information to the general public. The information provided shall include specific instructions on completing the application form for assistance under this title. Such service shall also include a service accessible by telecommunications devices for the deaf (TDD's) and shall, in addition to the services provided for in the previous sentence, refer such students to the national clearinghouse on postsecondary education or another appropriate provider of technical assistance and information on postsecondary educational services, that is supported under section 663 of the Individuals with Disabilities Education Act (20 U.S.C. 1463). Not later than 2 years after the date of enactment of the Financial Aid Form Simplification and Access Act, the Secretary shall test and implement, to the extent practicable, a toll-free telephone-based application system to permit applicants who are eligible to utilize the EZ FAFSA described in section 483(a) over such system.''.

(d) MASTER CALENDAR.—Section 482(a)(1)(B) of the Higher Education Act of 1965 (20 U.S.C. 1089(a)(1)(B)) is amended to read as follows:

''(B) by March 1: proposed modifications and updates pursuant to sections 478, 479(c), and 483(a)(5) published in the Federal Register;''.

(e) SIMPLIFYING THE VERIFICATION PROCESS.—Section 484 of the Higher Education Act of 1965 (20 U.S.C. 1091) is amended by adding at the end the following:

''(s) VERIFICATION OF STUDENT ELIGIBILITY.—

''(1) REGULATORY REVIEW.—The Secretary shall review all regulations of the Department related to verifying the information provided on a student's financial aid application in order to simplify the verification process for students and institutions.

''(2) REPORT.—Not later than 2 years after the date of enactment of the Financial Aid Form Simplification and Access Act, the Secretary shall prepare and submit a final report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives on steps taken, to the extent practicable, to simplify the verification process. The report shall specifically address steps taken to—

''(A) reduce the burden of verification on students who are selected for verification at multiple institutions;

''(B) reduce the number of data elements that are required to be verified for applicants meeting the requirements of subsection (b) or (c) of section 479, so that only those data elements required to determine eligibility under subsection (b) or (c) of section 479 are subject to verification;

''(C) reduce the burden and costs associated with verification for institutions that are eligible to participate in Federal student aid programs under this title; and

''(D) increase the use of technology in the verification process.''.

SEC. 4. SUPPORT FOR WORKING STUDENTS.

(a) DEPENDENT STUDENTS.—Section 475(g)(2)(D) of the Higher Education Act of 1965 (20 U.S.C. 1087oo(g)(2)(D)) is amended to read as follows:

''(D) $9,000;''.

(b) INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.—Section 476(b)(1)(A)(iv) of the Higher Education Act of 1965 (20 U.S.C. 1087pp(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) $10,000 for single or separated students;

''(II) $10,000 for married students where both are enrolled pursuant to subsection (a)(2); and

''(III) $13,000 for married students where 1 is enrolled pursuant to subsection (a)(2);''.

(c) INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.—Section 477(b)(4) of the Higher Education Act of 1965 (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 following table (or a successor table prescribed by the Secretary under section 478):

''Income Protection Allowance

Family Size	Number in College				
	1	2	3	4	5
2	$17,580	$15,230			
3	20,940	17,610	$16,260		
4	24,950	22,600	20,270	$17,930	
5	28,740	26,390	24,060	21,720	$19,390
6	32,950	30,610	28,280	25,940	23,610

NOTE: For each additional family member, add $3,280. For each additional college student, subtract $2,330.''.

SEC. 5. SIMPLIFICATION FOR STUDENTS WITH SPECIAL CIRCUMSTANCES.

(a) INDEPENDENT STUDENT.—Section 480(d) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(d)) is amended to read as follows:

''(d) INDEPENDENT STUDENT.—

''(1) DEFINITION.—The term 'independent', when used with respect to a student, means any individual who—

''(A) is 24 years of age or older by December 31 of the award year;

''(B) is an orphan, in foster care, or a ward of the court, or was in foster care or a ward of the court until the individual reached the age of 18;

''(C) is an emancipated minor or is in legal guardianship as determined by a court of competent jurisdiction in the individual's State of legal residence;

''(D) is a veteran of the Armed Forces of the United States (as defined in subsection (c)(1)) or is currently serving on active duty in the Armed Forces;

''(E) is a graduate or professional student;

''(F) is a married individual;

''(G) has legal dependents other than a spouse; or

''(H) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

''(2) SIMPLIFYING THE DEPENDENCY OVERRIDE PROCESS.—Nothing in this section shall be construed to prohibit a financial aid administrator from making a determination of independence, as described in paragraph (1)(H), based upon a determination of independence previously made by another financial aid administrator in the same application year.''.

(b) TAILORING ELECTRONIC APPLICATIONS FOR STUDENTS WITH SPECIAL CIRCUMSTANCES.—Section 483(a) of the Higher Education Act of 1965 (20 U.S.C. 1090(a)), as amended by section 3(b)(1)(D), is further amended by adding at the end the following:

''(13) APPLICATIONS FOR STUDENTS SEEKING A DOCUMENTED DETERMINATION OF INDEPENDENCE.—In the case of a dependent student seeking a documented determination of independence by a financial aid administrator, as described in section 480(d), nothing in this section shall prohibit the Secretary from—

''(A) allowing such student to—

''(i) indicate the student's request for a documented determination of independence on an electronic form developed pursuant to this subsection; and

''(ii) submit such form for preliminary processing that only contains those data elements required of independent students, as defined in section 480(d);

''(B) collecting and processing on a preliminary basis data provided by such a student using the electronic forms developed pursuant to this subsection; and

''(C) distributing such data to institutions of higher education, guaranty agencies, and States for the purposes of processing loan applications and determining need and eligibility for institutional and State financial aid awards on a preliminary basis, pending a documented determination of independence by a financial aid administrator.''.

SEC. 6. DEFINITIONS.

(a) TOTAL INCOME.—Section 480(a)(2) of the Higher Education Act of (20 U.S.C. 1087vv(a)(2)) is amended—

(1) by striking ''and no portion'' and inserting ''no portion''; and

(2) by inserting ''and no distribution from any qualified education benefit described in subsection (f)(3) that is not subject to Federal income tax,'' after ''1986,''.

(b) ASSETS.—Section 480(f) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(f)) is amended—

(1) in paragraph (3), by striking ''shall not be considered an asset of a student for purposes of section 475'' and inserting ''shall be considered an asset of the parent for purposes of section 475'';

(2) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(3) by inserting after paragraph (3) the following:

''(4) A qualified education benefit shall be considered an asset of the student for purposes of section 476 and 477.''.

(c) OTHER FINANCIAL ASSISTANCE.—Section 480(j)(2) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(j)(2)) is amended by inserting '', or a distribution that is not includable in gross income under section 529 of such Code, under another prepaid tuition plan offered by a State, or under a Coverdell education savings account under section 530 of such Code,'' after ''1986''.

SEC. 7. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

Section 491 of the Higher Education Act of 1965 (20 U.S.C. 1098) is further amended—

(1) in subsection (a)(2)—

(A) in subparagraph (B), by striking ''and'' after the semicolon;

(B) in subparagraph (C), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

''(D) to provide knowledge and understanding of early intervention programs and make recommendations that will result in early awareness by low- and moderate-income students and families of their eligibility for assistance under this title, and, to the extent practicable, their eligibility for other forms of State and institutional need-based student assistance; and

''(E) to make recommendations that will expand and improve partnerships among the Federal Government, States, institutions, and private entities to increase the awareness and total amount of need-based student assistance available to low- and moderate-income students.'';

(2) in subsection (d)—

(A) in paragraph (6), by striking '', but nothing in this section shall authorize the committee to perform such studies, surveys, or analyses'';

(B) in paragraph (8), by striking ''and'' after the semicolon;

(C) by redesignating paragraph (9) as paragraph (10); and

(D) by inserting after paragraph (8) the following:

''(9) monitor the adequacy of total need-based aid available to low- and moderate-income students from all sources, assess the implications for access and persistence, and report those implications annually to Congress and the Secretary; and'';

(3) in subsection (j)—

(A) in paragraph (4), by striking ''and'' after the semicolon;

(B) in paragraph (5), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(6) monitor and assess implementation of improvements called for under this title, make recommendations to the Secretary that ensure the timely design, testing, and implementation of the improvements, and report annually to Congress and the Secretary on progress made toward simplifying overall delivery, reducing data elements and questions, incorporating the latest technology, aligning Federal, State, and institutional eligibility, enhancing partnerships, and improving early awareness of total student aid eligibility for low- and moderate-income students and families.''; and

(4) in subsection (k), by striking ''2004'' and inserting ''2011''.

By Mr. BAUCUS (for himself, Mr. HATCH, and Mr. CRAPO):

S. 940. A bill to amend the Internal Revenue Code of 1986 to permanently extend the subpart F exemption for active financing income; to the Committee on Finance.

Mr. BAUCUS. Mr. President, I am pleased to join my friends and Colleagues, Senator HATCH and Senator CRAPO in introducing legislation to make permanent the tax treatment in Subpart F for active financial services income earned abroad.

The legislation that we are introducing today is identical to a bill we introduced in the 109th Congress. Since then, this exemption has been temporarily extended. But that extension will expire at the end of next year. This exemption ensures that the active financial services income earned abroad by American financial services companies, or American manufacturing firms with a financial services operation, is not subject to U.S. tax until that income is brought home to the U.S. parent company.

By making this provision permanent, our legislation will put the American financial services industry on an equal footing with its foreign-based competitors. Those competitors do not face current home country taxation on active financial services income.

This bill is about jobs in Montana. And it is about jobs in each of our States. One of these competitive American financial services companies employs hundreds of Montanans in Great Falls alone. So the health of that company is critically important to my State.

American financial services companies successfully compete in world financial markets. We need to make sure, however, that the U.S. tax rules do not change that situation and make them less competitive in the world arena. This legislation will extend a provision that I believe preserves the international competitiveness of American-based financial services companies, including finance and credit companies, commercial banks, securities firms, and insurance companies. This provision also contains appropriate safeguards to ensure that only truly active businesses benefit.

The active financial services provision is critically important in today's global economy. America's financial services industry is a global leader. It plays a pivotal role in maintaining confidence in the international marketplace. This is a fiercely competitive business. And American-based companies would surely be disadvantaged with an additional tax burden if we allow this exemption to lapse. Through our network of trade agreements, we have made tremendous progress in gaining access to new foreign markets for this industry in recent years. Our tax laws should complement, and not undermine, this effort.

The temporary nature of the active financial services provision, like other expiring provisions, denies American companies the stability enjoyed by their foreign competitors. It is time to make permanent this subpart F active financial services provision. We need to allow American companies to make business decisions on a long-term basis.

I invite my Colleagues to join us in supporting this legislation to provide consistent, equitable, and stable tax treatment for the U.S. financial services industry.

By Ms. SNOWE (for herself and Ms. COLLINS):

S. 942. A bill to modify the boundaries for a certain empowerment zone designation; to the Committee on Finance.

By Ms. SNOWE (for herself and Ms. COLLINS):

S. 943. A bill to amend the Internal Revenue Code of 1986 to extend the period for which the designation of an area as an empowerment zone is in effect; to the Committee on Finance.

Ms. SNOWE. Mr. President, I rise today with Senator COLLINS to introduce two pieces of legislation to help reverse the devastating population decline and economic distress that have plagued individuals and businesses in Aroostook County, the northernmost county in Maine, as well as in other parts of the country. What the first bill does is simple, it will bring all of Aroostook County under the Empowerment Zone (EZ) program. The legislation is identical to a bill that we introduced in the 108th Congress and was included in the FY 2004 Agriculture Appropriations bill in 2003 as passed by the Senate. The second piece of legislation would enable those economically depressed communities, already taking advantage of these incentives, to secure the full 15 years of targeted growth originally granted to the areas first designated as Empowerment Zones.

To fully grasp the importance of the former legislation, it is necessary to understand the unique situation facing the residents of Aroostook County. ''The County,'' as it is called by Mainers, is a vast and remote region of Maine. It shares more of its border with Canada than its neighboring Maine counties. It has the distinction of being the largest county east of the Mississippi River. Its geographic isolation is even more acute when considering that the county's relatively small population of 73,000 people are scattered throughout 6,672 square miles of rural countryside. Aroostook County is home to 71 organized townships, as well as 125 unorganized townships much of which is forest land and wilderness.

As profoundly remote as this geographic isolation may seem, it is the

economic isolation and the recent out-migration that has had the most devastating effect on the region. The economy of northern Maine has a historical dependence upon its natural resources, particularly forestry and agriculture. While these industries served the region well in previous decades, and continue to form the underpinnings of the local economy, many of these sectors have experienced decline and can no longer provide the number of quality jobs that residents require and deserve.

While officials in the region have put forward a herculean effort to redevelop the region, with nearly 1,000 new jobs at the Loring Commerce Center alone, Aroostook County is still experiencing a significant ''job deficit'', and as a result continues to lose population at an alarming rate. Since its peak in 1960, northern Maine's population has declined by 30 percent. Unfortunately, the Maine State Planning Office predicts that Aroostook County will continue losing population as more workers leave the area to seek opportunities and higher wages in southern Maine and the rest of New England.

In January 2002, a portion of Aroostook County was one of two regions that received Empowerment Zone status from the USDA for out-migration. The entire county experienced an out-migration of 15 percent from 86,936 in 1990 to 73,938 in 2000. Moreover, a staggering 40 percent of 15- to 29-year-olds left during the last decade.

The current zone boundaries were chosen based on the criteria that Empowerment Zones be no larger than 1,000 square miles, and have a maximum population of 30,000 for rural areas. The lines drawn for the Aroostook County Empowerment Zone were considered to be the most inclusive and reasonable given the constraints of the program. It should be noted as well that the boundaries were drawn based on the 1990 census, making the data significantly outdated at the start, and included the former Loring Air Force Base and its population of nearly 8,000 people, which had closed nearly 8 years before the designation, taking its military and much of its civilian workforces with it. The Maine State Planning Office estimated that the base closure resulted in the loss of 3,494 jobs directly related to the base and another 1,751 in associated industry sectors for a total loss of $106.9 million annual payroll dollars.

Some of the most distressed communities that have lost substantial population are not in the Empowerment Zone, and other communities, such as Houlton, literally are divided simply by a road, having one business on one side of the street with no Empowerment Zone designation across from a neighboring business on the other side of the street with full Empowerment Zone benefits. The economic factors for these communities and for these neighbors are the same as those areas within the Empowerment Zone. This designation is not meant to cause divisiveness within communities, it is created to augment a partnership for growth and to level the playing field for all Aroostook County communities who have equally suffered through continuing out-migration whether it be in Madawaska or Island Falls.

The legislation I am introducing would provide economic development opportunities to all reaches of Aroostook County by extending Empowerment Zone status to the entire county. This inclusive approach recognizes that the economic hardship and population out-migration are issues that the entire region must confront, and, as evidenced by their successful Round III EZ application, they are attempting to confront. I believe the challenges faced by Aroostook County are significant, but not insurmountable. This legislation would make great strides in improving the communities and business in northern Maine, and I urge my colleagues to support this bill.

With regards to the latter bill that I am offering today, I believe all Empowerment Zone communities need 15 years to reverse years of downward spiraling that originally effected their economies. I have long supported Empowerment Zone incentives and I believe that these targeted tax incentives provide struggling communities the best chance for sustained, long lasting economic renewal.

In 1994, Congress designated the first Empowerment Zones setting 2009, a 15-year time frame, as the date that these tax incentives would expire. The 2009 expiration date of Empowerment Zone status was held firm for Round II communities designated in 1997, and the Round III communities designated in 2002. As a result of the expiration date some communities such as Aroostook County, which was designated in 2002, are granted as few as 7 years to use tax incentives to overturn decades of decline and economic neglect.

Unfortunately, Aroostook's economic problems will not be fixed within the 7 short years this area qualifies for Empowerment Zone tax incentives. Instead a long-term and lasting commitment of at least 15 years is necessary to help Aroostook communities work their way to stronger economic prosperity. Many communities, such as Aroostook County, that were unable to qualify for Empowerment Zone status until 2002, are in dire need of the long-term 15-year window in which to address their stubborn causes of poverty.

Businesses operating within Empowerment Zones receive a 20 percent wage credit for the first $15,000 they pay in wages to local residents. Other tax incentives encourage businesses and industries to further commit to these communities. Companies with businesses in Empowerment Zones are eligible for an additional $35,000 worth of 179 business expensing—making these long-term business obligations more attractive, affordable and likely. Empowerment Zones are also eligible for expanded tax exempt financing for building the infrastructure communities need to attract long-term developers and business partners.

To qualify for Empowerment Zone status, communities develop comprehensive strategic plans that depend on these tax incentives to help them transform their economies. Each community's plan focuses on establishing long-term partnerships among private businesses, non profits, state, local, and federal government agencies to help develop the local economy. Together these parties use the community's strategic blue print to implement interconnected projects that address the factors creating the area's economic sickness. These types of projects concentrate on building much-needed business and industrial infrastructure, developing an educated workforce, and diversifying local economies away from a reliance on one employer or industry.

Through the Aroostook Partnership for Progress, and the businesses working in the Empowerment Zone, the County is making significant progress—the factors causing poverty in this rural part of Maine cannot be eradicated quickly. Aroostook County's strategic plan will take time to implement as infrastructure, industry and other initiatives produce greater economic capabilities and diversification. Though Aroostook County is working valiantly to overcome the factors causing their economic plight, they will need more than seven years to overcome 40 years of difficulties. I know that there are many other struggling Round II and Round III Empowerment Zone communities, such as Aroostook, who need the maximum, in order to reverse the poverty and underdevelopment also plaguing those areas.

I urge my colleagues to recognize the urgency of making a long-term pledge to communities using Empowerment Zone incentives to work its way out of long-term poverty. I hope that each Senator will support the communities in their states, currently undertaking the painful process of economic transformation, by supporting passage of this economic development bill.

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

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

S. 942

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

SECTION 1. MODIFICATION OF BOUNDARY OF AROOSTOOK COUNTY EMPOWERMENT ZONE.

(a) IN GENERAL.—The Aroostook County empowerment zone shall include, in addition to the area designated as of the date of the enactment of this Act, the remaining area of the county not included in such designation, notwithstanding the size requirement of section 1392(a)(3)(A) of the Internal Revenue Code of 1986 and the population requirements of section 1392(a)(1)(B) of such Code.

(b) EFFECTIVE DATE.—Subsection (a) shall take effect as of the effective date of the designation of the Aroostook County empowerment zone by the Secretary of Agriculture.

S. 943

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

SECTION 1. EXTENSION OF ROUND II AND ROUND III EMPOWERMENT ZONES.

(a) IN GENERAL.—Clause (i) of section 1391(d)(1)(A) of the Internal Revenue Code of 1986 (relating to period for which designation is in effect) is amended by inserting ''(December 31, 2016, in the case of any empowerment zone designated under subsection (g) or (h))'' after ''2009''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 1391(h) of the Internal Revenue Code of 1986 (relating to additional designations permitted) is amended by striking ''2009'' and inserting ''2016''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Ms. COLLINS. Mr. President, I am pleased to join my colleague, Senator OLYMPIA SNOWE, in introducing legislation that will expand the borders of the Aroostook County Empowerment Zone to include the entire County so that the benefits of Empowerment Zone designation can be fully realized in northern Maine.

The Department of Agriculture's Empowerment Zone program addresses a comprehensive range of community challenges, including many that have traditionally received little federal assistance, reflecting the fact that rural problems do not come in standardized packages but can vary widely from one place to another. The Empowerment Zone program represents a long-term partnership between the federal government and rural communities so that communities have enough time to implement projects to build the capacity to sustain their development beyond the term of the partnership. An Empowerment Zone designation gives designated regions potential access to federal grants for social services and community redevelopment as well as tax incentives to encourage economic growth.

Aroostook County is the largest county east of the Mississippi River. Yet, despite the impressive character and work ethic of its citizens, the County has fallen on hard times. The 2000 Census indicated a 15 percent loss in population since 1990. Loring Air Force Base, which was closed in 1994, also caused an immediate out-migration of 8,500 people and a further outmigration of families and businesses that depended on Loring for their customer base.

In response to these developments, the Northern Maine Development Commission and other economic development organizations, the private business sector, and community leaders in Aroostook have joined forces to stabilize, diversify, and grow the area's economy. They have attracted some new industries and jobs. As a native of Aroostook County, I can attest to the strong community support that will ensure a continued successful partnership with the U.S. Department of Agriculture.

Designating this region of the United States as an Empowerment Zone will help build its future economic prosperity. However, the restriction that the Empowerment Zone be limited to 1,000 square miles prevents all of Aroostook's small rural communities from benefitting from this program. Aroostook covers some 6,672 square miles but has a population of only 74,000. Including all of the County in the Empowerment Zone will guarantee that parts of the County will not be left behind in the quest for economic prosperity. It does little good to have a company move from one community to another within the County simply to take advantage of Empowerment Zone benefits.

Senator SNOWE and I introduced this legislation in both the 108th and 109th Congresses. In fact, we were successful in getting this legislation passed in the Senate by attaching it to the fiscal year 2004 Agriculture Appropriations bill. Unfortunately, this language was removed during conference negotiations with the House. Senator SNOWE and I remain committed to bringing the benefits of the Empowerment Zone designation to all of Aroostook County's residents and will work to pass this legislation in both chambers during this Congress.

By Mr. DURBIN (for himself and Mr. COLEMAN):

S. 945. A bill to ensure that college textbooks and supplemental materials are available and affordable; to the Committee on Health, Education, Labor, and Pensions.

Mr. DURBIN. Mr. President, when we talk about college affordability, the discussion typically focuses on tuition costs, Pell grants and student loans. But we cannot talk about college affordability without also including college textbook costs in the same conversation.

Picture a bright, hard-working college student at the beginning of a new term. The student, who comes from a family of modest means, has managed to pay for tuition through a combination of grants, scholarships, student loans and part-time work. The student goes to her college bookstore to buy her textbooks. She walks out of the bookstore with her textbooks and wonders how she will be able to pay the $500 charge she just put on her credit card to buy the required books for her classes.

According to GAO, college textbook prices have risen an average of six percent each year since 1987 and at twice the rate of annual inflation over the last two decades. Textbook prices have been following increases in tuition and fees. Since December of 1986, textbook prices have increased by 186 percent and tuition and fees grew by 240 percent. GAO found that the primary contributing factor is the investment publishers have made to develop and produce supplemental materials such as CDs and Web-based tutorials.

The cost of textbooks and supplies as a percentage of tuition and fees depends on the type of institution the student is attending. GAO determined that the average estimated cost of books and supplies for full-time freshman students at four-year public schools was $898 in 2003, or about 26 percent of the cost of tuition and fees. At two-year public institutions, where the average student is more likely to be low-income, the average estimated cost was even higher due to lower tuition and fees at these schools. A first-year student at a two-year school spent a comparable amount—$886 on average, but that is nearly three-quarters of the cost of tuition and fees. Students at public two-year schools are trying to find an economical way to pursue higher education, but could easily be sidelined by high textbook costs.

What can be done to keep textbooks affordable for college students? Publishers, schools and bookstores can take any number of steps to help keep the cost of textbooks down. Schools, and in particular, professors, have tremendous power to help cut down the overall cost of textbooks. I was shocked to learn that many professors do not know the retail price of the textbook they are choosing for their class. The earlier a bookstore receives textbook information from a professor, the greater the ability of the bookstore to obtain cheaper used versions of the required text.

There are other actions that publishers and professors can take to help keep down the cost of textbooks, and that is why I am introducing the bipartisan College Textbook Affordability Act, cosponsored by Senator COLEMAN.

First, the bill requires transparency. Publishers must provide the price of a textbook in writing whenever a publisher's representative provides information on a textbook to a professor. The professor must also be provided the history of revisions for a textbook or supplemental material and whether the textbook or supplement is available in an alternative format, such as paperback, one- or two-colored editions, and loose-leaf editions. Publishers insist that access to such information is readily available to professors. If this is truly the case, then this bill will simply codify what publishers claim is already their industry's normal practice and would not be an undue burden placed on the industry.

Under the bill, textbooks and supplemental materials that are sold as a bundle must also be sold separately. The GAO report found that instructors are often unaware that the course materials they have chosen will be sold as a bundle.

The legislation also requires schools to do their part in managing textbook costs for students. Schools are required to include the international standard

book number, or ISBN number and the retail price of all required and optional materials in the course schedule for the upcoming term. This requirement would help ensure that bookstores receive book orders in time to stock up on any available used books and would provide students with plenty of time to search for lower-priced textbooks via alternative sources such as online booksellers or other students.

When asked, schools must also provide bookstores with access to the course schedule, ISBN numbers for required and optional course material, the maximum student enrollment for a course and the current enrollment numbers. Access to this information would allow bookstores to better estimate the amount of inventory they should maintain for each course. A school in my home state, Illinois State University, recognized the importance of giving students and bookstores early access to such information. ISU's online course schedule provides students with ISBN numbers, and bookstores are given access to course enrollment numbers as well as required and optional course materials.

Combined, these actions can help drive down the cost of textbooks and help make college more affordable for students. The college affordability conversation cannot focus only on raising federal grants and lowering student loan interest rates. There is no question that federal aid has not kept up with rising college costs. However, we must also look at why college costs, including textbook costs, continue to increase year after year.

I have heard stories of students, especially community college students, who decide to drop a semester or a year because they simply cannot afford the textbooks. This is just unacceptable. Textbook costs are a part, and in some cases a large part of college costs, and we must do what is within our power to ensure that students do not put their education on hold just because they cannot afford to buy the textbooks.

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

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 945

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''College Textbook Affordability Act of 2007''.

SEC. 2. PURPOSE AND INTENT.

The purpose of this Act is to ensure that every student in higher education is offered better and more timely access to affordable course materials by educating and informing faculty, students, administrators, institutions of higher education, bookstores, and publishers on all aspects of the selection, purchase, sale, and use of the course materials. It is the intent of this Act to have all involved parties work together to identify ways to decrease the cost of college textbooks and supplemental materials for students while protecting the academic freedom of faculty members to provide high quality course materials for students.

SEC. 3. DEFINITIONS.

In this Act:

(1) COLLEGE TEXTBOOK.—The term ''college textbook'' means a textbook, or a set of textbooks, used for a course in postsecondary education at an institution of higher education.

(2) COURSE SCHEDULE.—The term ''course schedule'' means a listing of the courses or classes offered by an institution of higher education for an academic period.

(3) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002).

(4) PUBLISHER.—The term ''publisher'' means a publisher of college textbooks or supplemental materials involved in or affecting interstate commerce.

(5) SUPPLEMENTAL MATERIAL.—The term ''supplemental material'' means educational material published or produced to accompany a college textbook.

SEC. 4. PUBLISHER REQUIREMENTS.

(a) COLLEGE TEXTBOOK PRICING INFORMATION.—When a publisher provides a faculty member of an institution of higher education with information regarding a college textbook or supplemental material available in the subject area in which the faculty member teaches, the publisher shall include, with any such information and in writing, the following:

(1) The price at which the publisher would make the college textbook or supplemental material available to the bookstore on the campus of, or otherwise associated with, such institution of higher education.

(2) Any history of revisions for the college textbook or supplemental material.

(3) Whether the college textbook or supplemental material is available in any other format, including paperback and unbound, and the price at which the publisher would make the college textbook or supplemental material in the other format available to the bookstore on the campus of, or otherwise associated with, such institution of higher education.

(b) UNBUNDLING OF SUPPLEMENTAL MATERIALS.—A publisher that sells a college textbook and any supplemental material accompanying such college textbook as a single bundled item shall also sell the college textbook and each supplemental material as separate and unbundled items.

SEC. 5. PROVISION OF ISBN COLLEGE TEXTBOOK INFORMATION IN COURSE SCHEDULES.

(a) INTERNET COURSE SCHEDULES.—Each institution of higher education that receives Federal assistance and that publishes the institution's course schedule for the subsequent academic period on the Internet shall—

(1) include, in the course schedule, the International Standard Book Number (ISBN) and the retail price for each college textbook or supplemental material required or recommended for a course or class listed on the course schedule that has been assigned such a number; and

(2) update the information required under paragraph (1) as necessary.

(b) WRITTEN COURSE SCHEDULES.—In the case of an institution of higher education that receives Federal assistance and that does not publish the institution's course schedule for the subsequent academic period on the Internet, the institution of higher education shall include the information required under subsection (a)(1) in any printed version of the institution's course schedule and shall provide students with updates to such information as necessary.

SEC. 6. AVAILABILITY OF INFORMATION FOR COLLEGE TEXTBOOK SELLERS.

An institution of higher education that receives Federal assistance shall make available, as soon as is practicable, upon the request of any seller of college textbooks (other than a publisher) that meets the requirements established by the institution, the most accurate information available regarding—

(1) the institution's course schedule for the subsequent academic period; and

(2) for each course or class offered by the institution for the subsequent academic period—

(A) the International Standard Book Number (ISBN) for each college textbook or supplemental material required or recommended for such course or class that has been assigned such a number;

(B) the number of students enrolled in such course or class; and

(C) the maximum student enrollment for such course or class.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 112—DESIGNATING APRIL 6, 2007, AS ''NATIONAL MISSING PERSONS DAY''

Mr. SCHUMER (for himself and Mr. CRAPO) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 112

Whereas each year tens of thousands of people go missing in the United States;

Whereas, on any given day, there are as many as 100,000 active missing persons cases in the United States;

Whereas the Missing Persons File of the National Crime Information Center (NCIC) was implemented in 1975;

Whereas, in 2005, 109,531 persons were reported missing to law enforcement agencies nationwide, of whom 11,868 were between the ages of 18 and 20;

Whereas section 204 of the PROTECT Act, known as Suzanne's Law and passed by Congress on April 10, 2003, modifies section 3701(a) of the Crime Control Act of 1990 (42 U.S.C. 5779(a)), so that agencies must enter records into the NCIC database for all missing persons under the age of 21;

Whereas Kristen's Act (42 U.S.C. 14665), passed in 1999, has established grants for organizations to, among other things, track missing persons and provide informational services to families and the public;

Whereas, according to the NCIC, 48,639 missing persons were located in 2005, an improvement of 4.2 percent from the previous year;

Whereas many persons reported missing may be victims of Alzheimer's disease or other health-related issues, or may be victims of foul play;

Whereas, regardless of age or circumstances, all missing persons have families who need support and guidance to endure the days, months, or years they may spend searching for their missing loved ones; and

Whereas it is important to applaud the committed efforts of families, law enforcement agencies, and concerned citizens who work to locate missing persons and to prevent all forms of victimization: Now, therefore, be it

Resolved, That the Senate—

(1) designates April 6, 2007, as ''National Missing Persons Day''; and