

109TH CONGRESS  
2D SESSION

# H. R. 5835

To amend title 38, United States Code, to improve information management within the Department of Veterans Affairs, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 19, 2006

Mr. BUYER (for himself, Mr. FILNER, Mr. BILIRAKIS, Mr. EVANS, Mr. STEARNS, Mr. GUTIERREZ, Mr. BURTON of Indiana, Ms. CORRINE BROWN of Florida, Mr. BROWN of South Carolina, Mr. MICHAUD, Mr. MILLER of Florida, Ms. HERSETH, Mr. BOOZMAN, Mr. STRICKLAND, Mr. BRADLEY of New Hampshire, Mr. REYES, Ms. GINNY BROWN-WAITE of Florida, Ms. BERKLEY, Mr. BILBRAY, Mr. SALAZAR, Mr. TOM DAVIS of Virginia, Mr. WAXMAN, Mr. WALSH, Mr. EDWARDS, Mr. DINGELL, and Ms. SCHAKOWSKY) introduced the following bill; which was referred to the Committee on Veterans' Affairs, and in addition to the Committee on Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title 38, United States Code, to improve information management within the Department of Veterans Affairs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Veterans Identity and  
5 Credit Security Act of 2006”.

1 **SEC. 2. FEDERAL AGENCY DATA BREACH NOTIFICATION**  
2 **REQUIREMENTS.**

3 (a) AUTHORITY OF DIRECTOR OF OFFICE OF MAN-  
4 AGEMENT AND BUDGET TO ESTABLISH DATA BREACH  
5 POLICIES.—Section 3543(a) of title 44, United States  
6 Code, is amended—

7 (1) by striking “and” at the end of paragraph  
8 (7);

9 (2) by striking the period and inserting “; and”  
10 at the end of paragraph (8); and

11 (3) by adding at the end the following new  
12 paragraph:

13 “(9) establishing policies, procedures, and  
14 standards for agencies to follow in the event of a  
15 breach of data security involving the disclosure of  
16 sensitive personal information in violation of section  
17 552a of title 5, including a requirement for timely  
18 notice to be given to those individuals whose sen-  
19 sitive personal information could be compromised as  
20 a result of such breach, except no notice shall be re-  
21 quired if the breach does not create a reasonable  
22 risk of identity theft, fraud, or other unlawful con-  
23 duct regarding such individual.”.

24 (b) AUTHORITY OF CHIEF INFORMATION OFFICER  
25 TO ENFORCE DATA BREACH POLICIES.—Section  
26 3544(a)(3) of title 44, United States Code, is amended

1 by inserting after “authority to ensure compliance with”  
2 the following: “and, to the extent determined necessary  
3 and explicitly authorized by the head of the agency, to en-  
4 force”.

5 (c) INCLUSION OF DATA BREACH NOTIFICATION IN  
6 AGENCY INFORMATION SECURITY PROGRAMS.—Section  
7 3544(b) of title 44, United States Code, is amended—

8 (1) by striking “and” at the end of paragraph  
9 (7);

10 (2) by striking the period and inserting “; and”  
11 at the end of paragraph (8); and

12 (3) by adding at the end the following new  
13 paragraph:

14 “(9) procedures for notifying individuals whose  
15 sensitive personal information is compromised con-  
16 sistent with policies, procedures, and standards es-  
17 tablished under section 3543(a)(9) of this title.”.

18 (d) SENSITIVE PERSONAL INFORMATION DEFINI-  
19 TION.—Section 3542(b) of title 44, United States Code,  
20 is amended by adding at the end the following new para-  
21 graph:

22 “(4) The term ‘sensitive personal information’  
23 means any information contained in a record, as de-  
24 fined in section 552a(4) of title 5.”.

1 **SEC. 3. UNDER SECRETARY FOR INFORMATION SERVICES.**

2 (a) UNDER SECRETARY.—Chapter 3 of title 38,  
3 United States Code, is amended by inserting after section  
4 307 the following new section:

5 **“§ 307A. Under Secretary for Information Services**

6 “(a) UNDER SECRETARY.—There is in the Depart-  
7 ment an Under Secretary for Information Services, who  
8 is appointed by the President, by and with the advice and  
9 consent of the Senate. The Under Secretary shall be the  
10 head of the Office of Information Services and shall per-  
11 form such functions as the Secretary shall prescribe.

12 “(b) SERVICE AS CHIEF INFORMATION OFFICER.—  
13 Notwithstanding any other provision of law, the Under  
14 Secretary for Information Services shall serve as the Chief  
15 Information Officer of the Department under section 310  
16 of this title.”.

17 (b) CLERICAL AMENDMENT.—The table of sections  
18 at the beginning of such chapter is amended by inserting  
19 after the item relating to section 307 the following new  
20 item:

“307A. Under Secretary for Information Services.”.

21 (c) CONFORMING AMENDMENT.—Section 308(b) of  
22 such title is amended by striking paragraph (5) and redес-  
23 ignating paragraphs (6) through (11) as paragraphs (5)  
24 through (10), respectively.

1 **SEC. 4. DEPARTMENT OF VETERANS AFFAIRS INFORMA-**  
2 **TION SECURITY.**

3 (a) INFORMATION SECURITY.—Chapter 57 of title  
4 38, United States Code, is amended by adding at the end  
5 the following new subchapter:

6 “SUBCHAPTER III—INFORMATION SECURITY

7 “§ 5721. **Definitions**

8 “For the purposes of this subchapter:

9 “(1) The term ‘sensitive personal information’  
10 means the name, address, or telephone number of an  
11 individual, in combination with any of the following:

12 “(A) The Social Security number of the in-  
13 dividual.

14 “(B) The date of birth of the individual.

15 “(C) Any information not available as part  
16 of the public record regarding the individual’s  
17 military service or health.

18 “(D) Any financial account or other finan-  
19 cial information relating to the individual.

20 “(E) The driver’s license number of the in-  
21 dividual.

22 “(2) The term ‘data breach’ means the loss,  
23 theft, or other unauthorized access to data con-  
24 taining sensitive personal information, in electronic  
25 or printed form, that results in the potential com-

1       promise of the confidentiality or integrity of the  
2       data.

3               “(3) The term ‘data breach analysis’ means the  
4       identification of any misuse of sensitive personal in-  
5       formation involved in a data breach.

6               “(4) The term ‘fraud resolution services’ means  
7       services to assist an individual in the process of re-  
8       covering and rehabilitating the credit of the indi-  
9       vidual after the individual experiences identity theft.

10              “(5) The term ‘identity theft’ has the meaning  
11       given such term under section 603 of the Fair Cred-  
12       it Reporting Act (15 U.S.C. 1681a).

13              “(6) The term ‘identity theft insurance’ means  
14       any insurance policy that pays benefits for costs, in-  
15       cluding travel costs, notary fees, and postage costs,  
16       lost wages, and legal fees and expenses associated  
17       with the identity theft of the insured individual.

18              “(7) The term ‘principal credit reporting agen-  
19       cy’ means a consumer reporting agency as described  
20       in section 603(p) of the Fair Credit Reporting Act  
21       (15 U.S.C. 1681a(p)).

1 **“§ 5722. Office of the Under Secretary for Information**  
2 **Services**

3 “(a) DEPUTY UNDER SECRETARIES.—The Office of  
4 the Under Secretary for Information Services shall consist  
5 of the following:

6 “(1) The Deputy Under Secretary for Informa-  
7 tion Services for Security, who shall serve as the  
8 Senior Information Security Officer of the Depart-  
9 ment.

10 “(2) The Deputy Under Secretary for Informa-  
11 tion Services for Operations and Management.

12 “(3) The Deputy Under Secretary for Informa-  
13 tion Services for Policy and Planning.

14 “(b) APPOINTMENTS.—Appointments under sub-  
15 section (a) shall be made by the Secretary.

16 **“§ 5723. Information security management**

17 “(a) RESPONSIBILITIES OF CHIEF INFORMATION OF-  
18 FICER.—To support the economical, efficient, and effec-  
19 tive execution of subtitle III of chapter 35 of title 44, and  
20 policies and plans of the Department, the Secretary shall  
21 ensure that the Chief Information Officer of the Depart-  
22 ment has the authority and control necessary to develop,  
23 approve, implement, integrate, and oversee the policies,  
24 procedures, processes, activities, and systems of the De-  
25 partment relating to that subtitle, including the manage-

1 ment of all related mission applications, information re-  
2 sources, personnel, and infrastructure.

3       “(b) ANNUAL COMPLIANCE REPORT.—Not later than  
4 March 1 of each year, the Secretary shall submit to the  
5 Committees on Veterans’ Affairs of the Senate and House  
6 of Representatives, the Committee on Government Reform  
7 of the House of Representatives, and the Committee on  
8 Homeland Security and Governmental Affairs of the Sen-  
9 ate, a report on the Department’s compliance with subtitle  
10 III of chapter 35 of title 44. The information in such re-  
11 port shall be displayed in the aggregate and separately for  
12 each Administration, office, and facility of the Depart-  
13 ment.

14       “(c) REPORTS TO SECRETARY OF COMPLIANCE DE-  
15 FICIENCIES.—(1) At least once every month, the Chief In-  
16 formation Officer shall report to the Secretary any defi-  
17 ciency in the compliance with subtitle III of chapter 35  
18 of title 44 of the Department or any Administration, of-  
19 fice, or facility of the Department.

20       “(2) The Chief Information Officer shall immediately  
21 report to the Secretary any significant deficiency in such  
22 compliance.

23       “(d) DATA BREACHES.—(1) The Chief Information  
24 Officer shall immediately provide notice to the Secretary  
25 of any data breach.

1       “(2) Immediately after receiving notice of a data  
2 breach under paragraph (1), the Secretary shall provide  
3 notice of such breach to the Director of the Office of Man-  
4 agement and Budget, the Inspector General of the Depart-  
5 ment, and, if appropriate, the Federal Trade Commission  
6 and the United States Secret Service.

7       “(e) BUDGETARY MATTERS.—When the budget for  
8 any fiscal year is submitted by the President to Congress  
9 under section 1105 of title 31, the Secretary shall submit  
10 to Congress a report that identifies amounts requested for  
11 Department implementation and remediation of and com-  
12 pliance with this subchapter and subtitle III of chapter  
13 35 of title 44. The report shall set forth those amounts  
14 both for each Administration within the Department and  
15 for the Department in the aggregate and shall identify,  
16 for each such amount, how that amount is aligned with  
17 and supports such implementation and compliance.

18       **“§ 5724. Congressional reporting and notification of**  
19                               **data breaches**

20       “(a) QUARTERLY REPORTS.—(1) Not later than 30  
21 days after the last day of a fiscal quarter, the Secretary  
22 shall submit to the Committees on Veterans’ Affairs of  
23 the Senate and House of Representatives a report on any  
24 data breach with respect to sensitive personal information

1 processed or maintained by the Department that occurred  
2 during that quarter.

3 “(2) Each report submitted under paragraph (1)  
4 shall identify, for each data breach covered by the report,  
5 the Administration and facility of the Department respon-  
6 sible for processing or maintaining the sensitive personal  
7 information involved in the data breach.

8 “(b) NOTIFICATION OF SIGNIFICANT DATA  
9 BREACHES.—(1) In the event of a data breach with re-  
10 spect to sensitive personal information processed or main-  
11 tained by the Secretary that the Secretary determines is  
12 significant, the Secretary shall provide notice of such  
13 breach to the Committees on Veterans’ Affairs of the Sen-  
14 ate and House of Representatives.

15 “(2) Notice under paragraph (1) shall be provided  
16 promptly following the discovery of such a data breach and  
17 the implementation of any measures necessary to deter-  
18 mine the scope of the breach, prevent any further breach  
19 or unauthorized disclosures, and reasonably restore the in-  
20 tegrity of the data system.

21 **“§ 5725. Data breaches**

22 “(a) INDEPENDENT RISK ANALYSIS.—(1) In the  
23 event of a data breach with respect to sensitive personal  
24 information that is processed or maintained by the Sec-  
25 retary, the Secretary shall ensure that, as soon as possible

1 after the data breach, a non-Department entity conducts  
2 an independent risk analysis of the data breach to deter-  
3 mine the level of risk associated with the data breach for  
4 the potential misuse of any sensitive personal information  
5 involved in the data breach.

6 “(2) If the Secretary determines, based on the find-  
7 ings of a risk analysis conducted under paragraph (1),  
8 that a reasonable risk exists for the potential misuse of  
9 sensitive information involved in a data breach, the Sec-  
10 retary shall provide credit protection services in accord-  
11 ance with section 5726 of this title.

12 “(b) NOTIFICATION.—(1) In the event of a data  
13 breach, the Secretary of Veterans Affairs shall provide to  
14 an individual whose sensitive personal information is in-  
15 volved in that breach notice of the data breach—

16 “(A) in writing; or

17 “(B) by email, if—

18 “(i) the Department’s primary method of  
19 communication with the individual is by email;  
20 and

21 “(ii) the individual has consented to receive  
22 such notification.

23 “(2) Notice provided under paragraph (1) shall—

24 “(A) describe the circumstances of the data  
25 breach and the risk that the breach could lead to

1 misuse, including identity theft, involving the sen-  
2 sitive personal information of the individual;

3 “(B) describe the specific types of sensitive per-  
4 sonal information that was compromised as a part of  
5 the data breach;

6 “(C) describe the actions the Department is  
7 taking to remedy the data breach;

8 “(D) inform the individual that the individual  
9 may request a fraud alert and credit security freeze  
10 under this section;

11 “(E) clearly explain the advantages and dis-  
12 advantages to the individual of receiving fraud alerts  
13 and credit security freezes under this section; and

14 “(F) includes such other information as the  
15 Secretary determines is appropriate.

16 “(3) The notice required under paragraph (1) shall  
17 be provided promptly following the discovery of a data  
18 breach and the implementation of any measures necessary  
19 to determine the scope of the breach, prevent any further  
20 breach or unauthorized disclosures, and reasonably restore  
21 the integrity of the data system.

22 “(c) REPORT.—For each data breach with respect to  
23 sensitive personal information processed or maintained by  
24 the Secretary, the Secretary shall promptly submit to the  
25 Committees on Veterans’ Affairs of the Senate and House

1 of Representatives a report containing the findings of any  
2 independent risk analysis conducted under subsection  
3 (a)(1), any determination of the Secretary under sub-  
4 section (a)(2), and a description of any credit protection  
5 services provided under section 5726 of this title.

6 “(d) FINAL DETERMINATION.—Notwithstanding sec-  
7 tions 511 and 7104(a) of this title, any determination of  
8 the Secretary under subsection (a)(2) with respect to the  
9 reasonable risk for the potential misuse of sensitive infor-  
10 mation involved in a data breach is final and conclusive  
11 and may not be reviewed by any other official, administra-  
12 tive body, or court, whether by an action in the nature  
13 of mandamus or otherwise.

14 “(e) FRAUD ALERTS.—(1) In the event of a data  
15 breach with respect to sensitive personal information that  
16 is processed or maintained by the Secretary, the Secretary  
17 shall arrange, upon the request of an individual whose sen-  
18 sitive personal information is involved in the breach to a  
19 principal credit reporting agency with which the Secretary  
20 has entered into a contract under section 5726(d) and at  
21 no cost to the individual, for the principal credit reporting  
22 agency to provide fraud alert services for that individual  
23 for a period of not less than one year, beginning on the  
24 date of such request, unless the individual requests that  
25 such fraud alert be removed before the end of such period,

1 and the agency receives appropriate proof of the identity  
2 of the individual for such purpose.

3       “(2) The Secretary shall arrange for each principal  
4 credit reporting agency referred to in paragraph (1) to  
5 provide any alert requested under such subsection in the  
6 file of the individual along with any credit score generated  
7 in using that file, for a period of not less than one year,  
8 beginning on the date of such request, unless the indi-  
9 vidual requests that such fraud alert be removed before  
10 the end of such period, and the agency receives appro-  
11 priate proof of the identity of the individual for such pur-  
12 pose.

13       “(f) CREDIT SECURITY FREEZE.— (1) In the event  
14 of a data breach with respect to sensitive personal infor-  
15 mation that is processed or maintained by the Secretary,  
16 the Secretary shall arrange, upon the request of an indi-  
17 vidual whose sensitive personal information is involved in  
18 the breach and at no cost to the individual, for each prin-  
19 cipal credit reporting agency to apply a security freeze to  
20 the file of that individual for a period of not less than  
21 one year, beginning on the date of such request, unless  
22 the individual requests that such security freeze be re-  
23 moved before the end of such period, and the agency re-  
24 ceives appropriate proof of the identity of the individual  
25 for such purpose.

1       “(2) The Secretary shall arrange for a principal cred-  
2 it reporting agency applying a security freeze under para-  
3 graph (1)—

4               “(A) to send a written confirmation of the secu-  
5 rity freeze to the individual within five business days  
6 of applying the freeze;

7               “(B) to refer the information regarding the se-  
8 curity freeze to other consumer reporting agencies;

9               “(C) to provide the individual with a unique  
10 personal identification number or password to be  
11 used by the individual when providing authorization  
12 for the release of the individual’s credit for a specific  
13 party or period of time; and

14               “(D) upon the request of the individual, to tem-  
15 porarily lift the freeze for a period of time specified  
16 by the individual, beginning not later than three  
17 business days after the date on which the agency re-  
18 ceives the request.

19 **“§ 5726. Provision of credit protection services**

20       “(a) COVERED INDIVIDUAL.—For purposes of this  
21 section, a covered individual is an individual whose sen-  
22 sitive personal information that is processed or maintained  
23 by the Department (or any third-party entity acting on  
24 behalf of the Department) is involved, on or after August  
25 1, 2005, in a data breach for which the Secretary deter-

1 mines a reasonable risk exists for the potential misuse of  
2 sensitive personal information under section 5725(a)(2) of  
3 this title.

4 “(b) NOTIFICATION.—(1) In addition to any notice  
5 required under subsection 5725(b) of this title, the Sec-  
6 retary shall provide to a covered individual notice in writ-  
7 ing that—

8 “(A) the individual may request credit protec-  
9 tion services under this section;

10 “(B) clearly explains the advantages and dis-  
11 advantages to the individual of receiving credit pro-  
12 tection services under this section;

13 “(C) includes a notice of which principal credit  
14 reporting agency the Secretary has entered into a  
15 contract with under subsection (d), and information  
16 about requesting services through that agency;

17 “(D) describes actions the individual can or  
18 should take to reduce the risk of identity theft; and

19 “(E) includes such other information as the  
20 Secretary determines is appropriate.

21 “(2) The notice required under paragraph (1) shall  
22 be made as promptly as possible and without unreasonable  
23 delay following the discovery of a data breach for which  
24 the Secretary determines a reasonable risk exists for the  
25 potential misuse of sensitive personal information under

1 section 5725(a)(2) of this title and the implementation of  
2 any measures necessary to determine the scope of the  
3 breach, prevent any further breach or unauthorized disclo-  
4 sures, and reasonably restore the integrity of the data sys-  
5 tem.

6 “(3) The Secretary shall ensure that each notification  
7 under paragraph (1) includes a form or other means for  
8 readily requesting the credit protection services under this  
9 section. Such form or other means may include a tele-  
10 phone number, email address, or Internet website address.

11 “(c) AVAILABILITY OF SERVICES THROUGH OTHER  
12 GOVERNMENT AGENCIES.—If a service required to be pro-  
13 vided under this section is available to a covered individual  
14 through another department or agency of the Government,  
15 the Secretary and the head of that department or agency  
16 may enter into an agreement under which the head of that  
17 department or agency agrees to provide that service to the  
18 covered individual.

19 “(d) CONTRACT WITH CREDIT REPORTING AGEN-  
20 CY.—Subject to the availability of appropriations and not-  
21 withstanding any other provision of law, the Secretary  
22 shall enter into contracts or other agreements as necessary  
23 with one or more principal credit reporting agencies in  
24 order to ensure, in advance, the provision of credit protec-  
25 tion services under this section and fraud alerts and secu-

1 rity freezes under section 5725 of this title. Any such con-  
2 tract or agreement may include provisions for the Sec-  
3 retary to pay the expenses of such a credit reporting agen-  
4 cy for the provision of such services.

5 “(e) DATA BREACH ANALYSIS.—The Secretary shall  
6 arrange, upon the request of a covered individual and at  
7 no cost to the individual, to provide data breach analysis  
8 for the individual for a period of not less than one year,  
9 beginning on the date of such request.

10 “(f) PROVISION OF CREDIT MONITORING SERVICES  
11 AND IDENTITY THEFT INSURANCE.—During the one-year  
12 period beginning on the date on which the Secretary noti-  
13 fies a covered individual that the individual’s sensitive per-  
14 sonal information is involved in a data breach, the Sec-  
15 retary shall arrange, upon the request of the individual  
16 and without charge to the individual, for the provision of  
17 credit monitoring services to the individual. Credit moni-  
18 toring services under this subsection shall include each of  
19 the following:

20 “(1) One copy of the credit report of the indi-  
21 vidual every three months.

22 “(2) Fraud resolution services for the indi-  
23 vidual.

1           “(3) Identity theft insurance in a coverage  
2           amount that does not exceed \$30,000 in aggregate  
3           liability for the insured.

4   **“§ 5727. Contracts for data processing or mainte-**  
5                           **nance**

6           “(a) CONTRACT REQUIREMENTS.—If the Secretary  
7           enters into a contract for the performance of any Depart-  
8           ment function that requires access to sensitive personal  
9           information, the Secretary shall require as a condition of  
10          the contract that—

11                  “(1) the contractor shall not, directly or  
12                  through an affiliate of the contractor, disclose such  
13                  information to any other person unless the disclo-  
14                  sure is lawful and is expressly permitted under the  
15                  contract;

16                  “(2) the contractor, or any subcontractor for a  
17                  subcontract of the contract, shall promptly notify the  
18                  Secretary of any data breach that occurs with re-  
19                  spect to such information.

20                  “(b) LIQUIDATED DAMAGES.—Each contract subject  
21                  to the requirements of subsection (a) shall provide for liq-  
22                  uidated damages to be paid by the contractor to the Sec-  
23                  retary in the event of a data breach with respect to any  
24                  sensitive personal information processed or maintained by  
25                  the contractor or any subcontractor under that contract.

1       “(c) PROVISION OF CREDIT PROTECTION SERV-  
 2 ICES.—Any amount collected by the Secretary under sub-  
 3 section (b) shall be deposited in or credited to the Depart-  
 4 ment account from which the contractor was paid and  
 5 shall remain available for obligation without fiscal year  
 6 limitation exclusively for the purpose of providing credit  
 7 protection services in accordance with section 5726 of this  
 8 title.

9       **“§ 5728. Authorization of appropriations**

10       “There are authorized to be appropriated to carry out  
 11 this subchapter such sums as may be necessary for each  
 12 fiscal year.”.

13       (b) CLERICAL AMENDMENT.—The table of sections  
 14 at the beginning of such chapter is amended by adding  
 15 at the end the following new items:

“SUBCHAPTER III—INFORMATION SECURITY

- “5721. Definitions.
- “5722. Office of the Under Secretary for Information Services.
- “5723. Information security management.
- “5724. Congressional reporting and notification of data breaches.
- “5725. Data breaches.
- “5726. Provision of credit protection services.
- “5727. Contracts for data processing or maintenance.
- “5728. Authorization of appropriations.”.

16       (c) DEADLINE FOR REGULATIONS.—Not later than  
 17 60 days after the date of the enactment of this Act, the  
 18 Secretary of Veterans Affairs shall publish regulations to  
 19 carry out subchapter III of chapter 57 of title 38, United  
 20 States Code, as added by subsection (a).

1 **SEC. 5. REPORT ON FEASIBILITY OF USING PERSONAL**  
2 **IDENTIFICATION NUMBERS FOR IDENTIFICA-**  
3 **TION.**

4 Not later than 180 days after the date of the enact-  
5 ment of this Act, the Secretary of Veterans Affairs shall  
6 submit to Congress a report containing the assessment of  
7 the Secretary with respect to the feasibility of using per-  
8 sonal identification numbers instead of Social Security  
9 numbers for the purpose of identifying individuals whose  
10 sensitive personal information (as that term is defined in  
11 section 5721 of title 38, United States Code, as added by  
12 section 4) is processed or maintained by the Secretary.

13 **SEC. 6. DEADLINE FOR APPOINTMENTS.**

14 (a) **DEADLINE.**—Not later than 180 days after the  
15 date of the enactment of this Act—

16 (1) the President shall nominate an individual  
17 to serve as the Under Secretary of Veterans Affairs  
18 for Information Services under section 307A of title  
19 38, United States Code, as added by section 3; and

20 (2) the Secretary of Veterans Affairs shall ap-  
21 point an individual to serve as each of the Deputy  
22 Under Secretaries of Veterans Affairs for Informa-  
23 tion Services under section 5722 of such title, as  
24 added by section 4.

25 (b) **REPORT.**—Not later than 30 days after the date  
26 of the enactment of this Act, and every 30 days thereafter

1 until the appointments described in subsection (a) are  
 2 made, the Secretary of Veterans Affairs shall submit to  
 3 Congress a report describing the progress of such appoint-  
 4 ments.

5 **SEC. 7. INFORMATION SECURITY EDUCATION ASSISTANCE**  
 6 **PROGRAM.**

7 (a) PROGRAM REQUIRED.—Title 38, United States  
 8 Code, is amended by inserting after chapter 78 the fol-  
 9 lowing new chapter:

10 **“CHAPTER 79—INFORMATION SECURITY**  
 11 **EDUCATION ASSISTANCE PROGRAM**

“Sec.

“7901. Programs; purpose.

“7902. Scholarship program.

“7903. Education debt reduction program.

“7904. Preferences in awarding financial assistance.

“7905. Requirement of honorable discharge for veterans receiving assistance.

“7906. Regulations.

“7907. Termination.

12 **“§ 7901. Programs; purpose**

13 “(a) IN GENERAL.—To encourage the recruitment  
 14 and retention of Department personnel who have the in-  
 15 formation security skills necessary to meet Department re-  
 16 quirements, the Secretary shall carry out programs in ac-  
 17 cordance with this chapter to provide financial support for  
 18 education in information security at institutions of higher  
 19 education.

20 “(b) TYPES OF PROGRAMS.—The programs author-  
 21 ized under this chapter are as follows:

1           “(1) Scholarships for pursuit of doctoral de-  
2           grees in information security at institutions of high-  
3           er education.

4           “(2) Education debt reduction for Department  
5           personnel who hold doctoral degrees in information  
6           security.

7   **“§ 7902. Scholarship program**

8           “(a) AUTHORITY.—(1) The Secretary shall, subject  
9           to subsection (d), provide financial assistance in accord-  
10          ance with this section to a qualified person—

11           “(A) who is pursuing a doctoral degree in infor-  
12          mation security at an institution of higher education;  
13          and

14           “(B) who enters into an agreement with the  
15          Secretary as described in subsection (b).

16          “(2) The Secretary may provide financial assistance  
17          under this section to an individual for up to five years.

18          “(3) The Secretary may award up to three scholar-  
19          ships for any academic year to individuals who did not  
20          receive assistance under this section for the preceding aca-  
21          demic year.

22          “(b) SERVICE AGREEMENT FOR SCHOLARSHIP RE-  
23          CIPIENTS.—(1) To receive financial assistance under this  
24          section an individual shall enter into an agreement to ac-  
25          cept and continue employment in the Department for the

1 period of obligated service determined under paragraph  
2 (2).

3       “(2) For the purposes of this subsection, the period  
4 of obligated service for a recipient of financial assistance  
5 under this section shall be the period determined by the  
6 Secretary as being appropriate to obtain adequate service  
7 in exchange for the financial assistance and otherwise to  
8 achieve the goals set forth in section 7901(a) of this title.  
9 In no event may the period of service required of a recipi-  
10 ent be less than the period equal to two times the total  
11 period of pursuit of a degree for which the Secretary  
12 agrees to provide the recipient with financial assistance  
13 under this section. The period of obligated service is in  
14 addition to any other period for which the recipient is obli-  
15 gated to serve on active duty or in the civil service, as  
16 the case may be.

17       “(3) An agreement entered into under this section by  
18 a person pursuing an doctoral degree shall include terms  
19 that provide the following:

20               “(A) That the period of obligated service begins  
21 on a date after the award of the degree that is de-  
22 termined under the regulations prescribed under sec-  
23 tion 7906 of this title.

24               “(B) That the individual will maintain satisfac-  
25 tory academic progress, as determined in accordance

1 with those regulations, and that failure to maintain  
2 such progress constitutes grounds for termination of  
3 the financial assistance for the individual under this  
4 section.

5 “(C) Any other terms and conditions that the  
6 Secretary determines appropriate for carrying out  
7 this section.

8 “(c) AMOUNT OF ASSISTANCE.—(1) The amount of  
9 the financial assistance provided for an individual under  
10 this section shall be the amount determined by the Sec-  
11 retary as being necessary to pay—

12 “(A) the tuition and fees of the individual; and

13 “(B) \$1500 to the individual each month (in-  
14 cluding a month between academic semesters or  
15 terms leading to the degree for which such assist-  
16 ance is provided or during which the individual is  
17 not enrolled in a course of education but is pursuing  
18 independent research leading to such degree) for  
19 books, laboratory expenses, and expenses of room  
20 and board.

21 “(2) In no case may the amount of assistance pro-  
22 vided for an individual under this section for an academic  
23 year exceed \$50,000.

1       “(3) In no case may the total amount of assistance  
2 provided for an individual under this section exceed  
3 \$200,000.

4       “(d) REPAYMENT FOR PERIOD OF UNSERVED OBLI-  
5 GATED SERVICE.—(1) An individual who receives financial  
6 assistance under this section shall repay to the Secretary  
7 an amount equal to the unearned portion of the financial  
8 assistance if the individual fails to satisfy the require-  
9 ments of the service agreement entered into under sub-  
10 section (b), except in certain circumstances authorized by  
11 the Secretary.

12       “(2) The Secretary may establish, by regulations,  
13 procedures for determining the amount of the repayment  
14 required under this subsection and the circumstances  
15 under which an exception to the required repayment may  
16 be granted.

17       “(3) An obligation to repay the Secretary under this  
18 subsection is, for all purposes, a debt owed the United  
19 States. A discharge in bankruptcy under title 11 does not  
20 discharge a person from such debt if the discharge order  
21 is entered less than five years after the date of the termi-  
22 nation of the agreement or contract on which the debt is  
23 based.

24       “(e) INTERNSHIPS.—(1) The Secretary may offer a  
25 compensated internship to an individual for whom finan-

1 cial assistance is provided under this section during a pe-  
2 riod between academic semesters or terms leading to the  
3 degree for which such assistance is provided. Compensa-  
4 tion provided for such an internship shall be in addition  
5 to the financial assistance provided under this section.

6 “(2) An internship under this subsection shall not be  
7 counted toward satisfying a period of obligated service  
8 under this section.

9 “(f) INELIGIBILITY OF INDIVIDUALS RECEIVING  
10 MONTGOMERY GI BILL EDUCATION ASSISTANCE PAY-  
11 MENTS.—An individual who receives a payment of edu-  
12 cational assistance under chapter 30, 31, 32, or 34 of this  
13 title or chapter 1606 or 1607 of title 10 for a month in  
14 which the individual is enrolled in a course of education  
15 leading to a doctoral degree in information security is not  
16 eligible to receive financial assistance under this section  
17 for that month.

18 **“§ 7903. Education debt reduction program**

19 “(a) AUTHORITY.—(1) The Secretary shall make  
20 education debt reduction payments under this section to  
21 qualified individuals eligible under subsection (b) for the  
22 purpose of reimbursing such individuals for payments by  
23 such individuals of principal and interest on loans de-  
24 scribed in paragraph (2) of that subsection.

1       “(2) For each fiscal year, the Secretary may make  
2 payments under paragraph (1) to up to three individuals  
3 who did not receive such a payment during the preceding  
4 fiscal year.

5       “(b) ELIGIBILITY.—An individual is eligible to re-  
6 ceive education debt reduction payments under this sec-  
7 tion if the individual—

8           “(1) has completed a doctoral degree in infor-  
9 mation security during the five-year period preceding  
10 the date on which the individual is hired by the Sec-  
11 retary to serve in a position in the Department re-  
12 lated to information security (as determined by the  
13 Secretary);

14           “(2) is an employee of the Department who has  
15 served in a position related to information security  
16 (as determined by the Secretary) for less than six  
17 months; and

18           “(3) owes any amount of principal or interest  
19 under a loan, the proceeds of which were used by or  
20 on behalf of that individual to pay costs relating to  
21 a doctoral degree in information security.

22       “(c) AMOUNT OF ASSISTANCE.—(1) Subject to para-  
23 graph (2), the amount of education debt reduction pay-  
24 ments made to an individual under this section may not  
25 exceed \$82,500 over a total of five years, of which not

1 more than \$16,500 of such payments may be made in each  
2 year.

3 “(2) The total amount payable to an individual under  
4 this section for any year may not exceed the amount of  
5 the principal and interest on loans referred to in sub-  
6 section (b)(3) that is paid by the individual during such  
7 year.

8 “(d) PAYMENTS.—(1) The Secretary shall make an  
9 education debt reduction payments under this section on  
10 an annual basis.

11 “(2) The Secretary shall make such a payment—

12 “(A) on the last day of the one-year period be-  
13 ginning on the date on which the individual began  
14 employment at the Department; or

15 “(B) in the case of an individual who has re-  
16 ceived a payment under this section, on the last day  
17 of the one-year period beginning on the date on  
18 which the individual last received such a payment.

19 “(e) PERFORMANCE REQUIREMENT.—The Secretary  
20 may make education debt reduction payments to an indi-  
21 vidual under this section for a year only if the Secretary  
22 determines that the individual maintained an acceptable  
23 level of performance in the position or positions served by  
24 the individual during the year.

1       “(f) NOTIFICATION OF TERMS OF PROVISION OF  
2 PAYMENTS.—The Secretary shall provide to an individual  
3 who receives a payment under this section notice in writ-  
4 ing of the terms and conditions that apply to such a pay-  
5 ment.

6       “(g) COVERED COSTS.—For purposes of subsection  
7 (b)(3), costs relating to a course of education or training  
8 include—

9               “(1) ) tuition expenses; and

10              “(2) all other reasonable educational expenses,  
11 including fees, books, and laboratory expenses.

12 **“§ 7904. Preferences in awarding financial assistance**

13       “In awarding financial assistance under this chapter,  
14 the Secretary shall give a preference to individuals who  
15 are otherwise eligible to receive the financial assistance in  
16 the following order of priority:

17              “(1) Veterans with service-connected disabil-  
18 ities.

19              “(2) Veterans.

20              “(3) Individuals who received or are pursuing  
21 degrees at institutions designated by the National  
22 Security Agency as Centers of Academic Excellence  
23 in Information Assurance Education.

24              “(4) Citizens of the United States.

1 **“§ 7905. Requirement of honorable discharge for vet-**  
2 **erans receiving assistance**

3 “No veteran shall receive financial assistance under  
4 this chapter unless the veteran was discharged from the  
5 Armed Forces under honorable conditions.

6 **“§ 7906. Regulations**

7 “The Secretary shall prescribe regulations for the ad-  
8 ministration of this chapter.

9 **“§ 7907. Termination**

10 “The authority of the Secretary to make a payment  
11 under this chapter shall terminate on July 31, 2017.”.

12 (b) GAO REPORT.—Not later than three years after  
13 the date of the enactment of this Act, the Comptroller  
14 General shall submit to Congress a report on the scholar-  
15 ship and education debt reduction programs under chapter  
16 79 of title 38, United States Code, as added by subsection  
17 (a).

18 (c) ELIGIBILITY OF DEPARTMENT OF VETERANS AF-  
19 FAIRS EMPLOYEES.—An individual who is an employee of  
20 the Department of Veterans Affairs as of the date of the  
21 enactment of this Act is not eligible for a scholarship  
22 under section 7902 of title 38, United States Code, as  
23 added by subsection (a).

24 (d) APPLICABILITY.—

25 (1) SCHOLARSHIPS.—Section 7902 of title 38,  
26 United States Code, as added by subsection (a),

1 shall apply with respect to financial assistance pro-  
2 vided for an academic semester or term that begins  
3 on or after August 1, 2007.

4 (2) EDUCATION DEBT REDUCTION.—Section  
5 7902 of such title, as added by subsection (a), shall  
6 apply with respect to an individual hired on or after  
7 the date that is six months before the date of the  
8 enactment of this Act.

9 (e) CLERICAL AMENDMENT.—The tables of chapters  
10 at the beginning of such title, and at the beginning of part  
11 V of such title, are amended by inserting after the item  
12 relating to chapter 78 the following new item:

“79. Information Security Education Assistance Program ..... 7901”.

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