

110TH CONGRESS  
1ST SESSION

# S. 833

To make the United States competitive in a global economy.

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IN THE SENATE OF THE UNITED STATES

MARCH 9, 2007

Mr. COLEMAN (for himself and Mr. PRYOR) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To make the United States competitive in a global economy.

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 (a) IN GENERAL.—This Act may be cited as the  
5 “Competitiveness through Education, Technology, and  
6 Enterprise Act of 2007” or the “COMPETE Act of  
7 2007”.

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

Sec. 1. Short title.

TITLE I—RESEARCH AND DEVELOPMENT INCENTIVES

Sec. 101. Permanent extension of research credit.

## TITLE II—WORKFORCE DEVELOPMENT INCENTIVES

- Sec. 201. Credit for information and communications technology education and training program expenses.
- Sec. 202. Eligible educational institution.
- Sec. 203. SBIR–STEM Workforce Development Grant Pilot Program.

## TITLE III—PUBLIC PARTNERSHIP PROVISIONS

- Sec. 301. Alternative percentage limitation for corporate charitable contributions to the mathematics and science partnership program.

## TITLE IV—EDUCATION PROVISIONS

- Sec. 401. Federal Pell Grants.
- Sec. 402. Matching funds program to promote American competitiveness through graduate education.
- Sec. 403. Mathematics and science partnership bonus grants.

1           **TITLE I—RESEARCH AND**  
 2           **DEVELOPMENT INCENTIVES**

3   **SEC. 101. PERMANENT EXTENSION OF RESEARCH CREDIT.**

4           (a) IN GENERAL.—Section 41 of the Internal Rev-  
 5 enue Code of 1986 is amended by striking subsection (h).

6           (b) CONFORMING AMENDMENT.—Paragraph (1) of  
 7 section 45C(b) of such Code is amended by striking sub-  
 8 paragraph (D).

9           (c) EFFECTIVE DATE.—The amendments made by  
 10 this section shall apply to amounts paid or incurred after  
 11 the date of the enactment of this Act.

1                   **TITLE II—WORKFORCE**  
 2                   **DEVELOPMENT INCENTIVES**

3   **SEC. 201. CREDIT FOR INFORMATION AND COMMUNICA-**  
 4                   **TIONS TECHNOLOGY EDUCATION AND TRAIN-**  
 5                   **ING PROGRAM EXPENSES.**

6           (a) IN GENERAL.—Subpart B of part IV of sub-  
 7 chapter A of chapter 1 of the Internal Revenue Code of  
 8 1986 is amended by adding at the end the following:

9   **“SEC. 30D. INFORMATION AND COMMUNICATIONS TECH-**  
 10                   **NOLOGY EDUCATION AND TRAINING PRO-**  
 11                   **GRAM EXPENSES.**

12           “(a) ALLOWANCE OF CREDIT.—

13                   “(1) IN GENERAL.—There shall be allowed as a  
 14 credit against the tax imposed by this chapter for  
 15 the taxable year an amount equal to 50 percent of  
 16 information and communications technology edu-  
 17 cation and training program expenses paid or in-  
 18 curred by the taxpayer for the benefit of—

19                           “(A) in the case of a taxpayer engaged in  
 20 a trade or business, an employee of the tax-  
 21 payer, or

22                           “(B) in the case of a taxpayer who is an  
 23 individual not so engaged, such individual.

24                   “(2) COORDINATION OF CREDITS.—Credit shall  
 25 be allowable to the employer with respect to an em-

1 ployee only to the extent that the employee assigns  
2 some or all of the limitation applicable to such em-  
3 ployee under subsection (b) to such employer.

4 “(b) LIMITATIONS.—

5 “(1) IN GENERAL.—The amount of expenses  
6 with respect to any individual which may be taken  
7 into account under subsection (a) for the taxable  
8 year shall not exceed \$4,000.

9 “(2) INCREASE IN CREDIT AMOUNT FOR PAR-  
10 TICIPATION IN CERTAIN PROGRAMS AND FOR CER-  
11 TAIN INDIVIDUALS.—Paragraph (1) shall be applied  
12 by substituting ‘\$5,000’ for ‘\$4,000’ in the case of  
13 expenses—

14 “(A) with respect to a program operated—

15 “(i) by an employer who has 200 or  
16 fewer employees for each business day in  
17 each of 20 or more calendar weeks in the  
18 current or preceding calendar year,

19 “(ii) in an empowerment zone or en-  
20 terprise community designated under part  
21 I of subchapter U or a renewal community  
22 designated under part I of subchapter X,

23 “(iii) in a school district in which at  
24 least 50 percent of the students attending  
25 schools in such district are eligible for free

1 or reduced-cost lunches under the school  
2 lunch program established under the Rich-  
3 ard B. Russell National School Lunch Act,

4 “(iv) in an area designated as a dis-  
5 aster area by the Secretary of Agriculture  
6 under section 321 of the Consolidated  
7 Farm and Rural Development Act or by  
8 the President under the Robert T. Stafford  
9 Disaster Relief and Emergency Assistance  
10 Act in the taxable year or the 4 preceding  
11 taxable years,

12 “(v) in a rural enterprise community  
13 designated under section 766 of the Agri-  
14 culture, Rural Development, Food and  
15 Drug Administration, and Related Agen-  
16 cies Appropriations Act, 1999 (112 Stat.  
17 2681–37),

18 “(vi) in an area designated by the  
19 Secretary of Agriculture as a Rural Eco-  
20 nomic Area Partnership Zone, or

21 “(vii) in an area over which an Indian  
22 tribal government (as defined in section  
23 7701(a)(40)) has jurisdiction, or

24 “(B) in the case of an individual with a  
25 disability.

1       “(c) INFORMATION TECHNOLOGY EDUCATION AND  
2 TRAINING PROGRAM EXPENSES.—For purposes of this  
3 section—

4           “(1) IN GENERAL.—The term ‘information  
5 technology education and training program expenses’  
6 means expenses paid or incurred by reason of the  
7 participation of the taxpayer (or any employee of the  
8 taxpayer) in any information and communications  
9 technology education and training program. Such ex-  
10 penses shall include expenses paid in connection  
11 with—

12                   “(A) course work,

13                   “(B) certification testing,

14                   “(C) programs carried out under the Act  
15 of August 16, 1937 (50 Stat. 664, chapter 663;  
16 29 U.S.C. 50 et seq.) which are registered by  
17 the Department of Labor, and

18                   “(D) other expenses that are essential to  
19 assessing skill acquisition.

20           “(2) INFORMATION TECHNOLOGY EDUCATION  
21 AND TRAINING PROGRAM.—The term ‘information  
22 technology education and training program’ means a  
23 training program in information and communica-  
24 tions technology workplace disciplines or other skill  
25 sets which is provided in the United States by an ac-

1 credited college, university, private career school,  
2 postsecondary educational institution, a commercial  
3 information technology provider, or an employer-  
4 owned information technology training organization.

5 “(3) COMMERCIAL INFORMATION TECHNOLOGY  
6 TRAINING PROVIDER.—The term ‘commercial infor-  
7 mation technology training provider’ means a private  
8 sector organization providing an information and  
9 communications technology education and training  
10 program.

11 “(4) EMPLOYER-OWNED INFORMATION TECH-  
12 NOLOGY TRAINING ORGANIZATION.—The term ‘em-  
13 ployer-owned information technology training organi-  
14 zation’ means a private sector organization that pro-  
15 vides information technology training to its employ-  
16 ees using internal training development and delivery  
17 personnel. The training programs must use industry-  
18 recognized training disciplines and evaluation meth-  
19 ods, comparable to institutional and commercial  
20 training providers.

21 “(d) DENIAL OF DOUBLE BENEFIT.—

22 “(1) DISALLOWANCE OF OTHER CREDITS AND  
23 DEDUCTIONS.—No deduction or credit shall be al-  
24 lowed under any other provision of this chapter for

1 expenses taken into account in determining the cred-  
2 it under this section.

3 “(2) REDUCTION FOR HOPE AND LIFETIME  
4 LEARNING CREDITS.—The amount taken into ac-  
5 count under subsection (a) shall be reduced by the  
6 information technology education and training pro-  
7 gram expenses taken into account in determining the  
8 credits under section 25A.

9 “(e) CERTAIN RULES MADE APPLICABLE.—For pur-  
10 poses of this section, rules similar to the rules of section  
11 45A(e)(2) and subsections (c), (d), and (e) of section 52  
12 shall apply.

13 “(f) APPLICATION WITH OTHER CREDITS.—The  
14 credit allowed by subsection (a) for any taxable year shall  
15 not exceed the excess (if any) of—

16 “(1) the regular tax for the taxable year re-  
17 duced by the sum of the credits allowable under the  
18 subpart A and the previous sections of this subpart,  
19 over

20 “(2) the tentative minimum tax for the taxable  
21 year.”.

22 (b) CLERICAL AMENDMENT.—The table of sections  
23 for subpart B of part IV of subchapter A of chapter 1  
24 of the Internal Revenue Code of 1986 is amended by add-  
25 ing at the end the following:

“Sec. 30D. Information and communications technology education and training program expenses.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to amounts paid or incurred in tax-  
3 able years beginning after December 31, 2006.

4 **SEC. 202. ELIGIBLE EDUCATIONAL INSTITUTION.**

5 (a) IN GENERAL.—Section 25A(f)(2) of the Internal  
6 Revenue Code of 1986 (relating to eligible educational in-  
7 stitution) is amended to read as follows:

8 “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—

9 The term ‘eligible educational institution’ means—

10 “(A) an institution—

11 “(i) which is described in section  
12 101(b) or 102(a) of the Higher Education  
13 Act of 1965, and

14 “(ii) which is eligible to participate in  
15 a program under title IV of such Act, or

16 “(B) a commercial information and com-  
17 munications technology training provider (as  
18 defined in section 30D(c)(3)).”.

19 (b) CONFORMING AMENDMENT.—The second sen-  
20 tence of section 221(d)(2) of the Internal Revenue Code  
21 of 1986 is amended by striking “section 25A(f)(2)” and  
22 inserting “section 25A(f)(2)(A)”.

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

4 **SEC. 203. SBIR-STEM WORKFORCE DEVELOPMENT GRANT**  
5 **PILOT PROGRAM.**

6 (a) DEFINITIONS.—In this section—

7 (1) the term “Administrator” means the Ad-  
8 ministrator of the Small Business Administration;

9 (2) the term “eligible entity” means a grantee  
10 under the SBIR Program that provides an intern-  
11 ship program for STEM college students;

12 (3) the terms “Phase I” and “Phase II” mean  
13 Phase I and Phase II grants under the SBIR Pro-  
14 gram, respectively;

15 (4) the term “pilot program” means the SBIR-  
16 STEM Workforce Development Grant Pilot Program  
17 established under subsection (b);

18 (5) the term “SBIR Program” has the meaning  
19 given that term in section 9(e) of the Small Business  
20 Act (15 U.S.C. 638(e)); and

21 (6) the term “STEM college student” means a  
22 college student in the field of science, technology, en-  
23 gineering, or math.

24 (b) PILOT PROGRAM ESTABLISHED.—From amounts  
25 made available to carry out this section, the Administrator

1 shall establish an SBIR–STEM Workforce Development  
2 Grant Pilot Program to encourage the business commu-  
3 nity to provide workforce development opportunities to  
4 STEM college students, by providing an SBIR bonus  
5 grant to eligible entities.

6 (c) AWARDS.—A bonus grant to an eligible entity  
7 under the pilot program shall be in an amount equal to  
8 10 percent of either a Phase I or Phase II grant, as appli-  
9 cable, with a total award maximum of not more than  
10 \$10,000 per year.

11 (d) EVALUATION.—Following the fifth year of fund-  
12 ing under this section, the Administrator shall submit a  
13 report to Congress on the results of the pilot program.

14 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
15 are authorized to be appropriated to carry out this sec-  
16 tion—

- 17 (1) \$1,000,000 for fiscal year 2007;
- 18 (2) \$1,000,000 for fiscal year 2008;
- 19 (3) \$1,000,000 for fiscal year 2009;
- 20 (4) \$1,000,000 for fiscal year 2010; and
- 21 (5) \$1,000,000 for fiscal year 2011.

1                   **TITLE III—PUBLIC**  
2                   **PARTNERSHIP PROVISIONS**

3   **SEC. 301. ALTERNATIVE PERCENTAGE LIMITATION FOR**  
4                   **CORPORATE CHARITABLE CONTRIBUTIONS**  
5                   **TO THE MATHEMATICS AND SCIENCE PART-**  
6                   **NERSHIP PROGRAM.**

7           (a) IN GENERAL.—Section 170(b) of the Internal  
8 Revenue Code of 1986 (related to percentage limitations)  
9 is amended by adding at the end the following new para-  
10 graph:

11                   “(3) SPECIAL RULE FOR CORPORATE CON-  
12                   TRIBUTIONS TO THE MATHEMATICS AND SCIENCE  
13                   PARTNERSHIP PROGRAM.—

14                           “(A) IN GENERAL.—In the case of a cor-  
15                           poration which makes an eligible mathematics  
16                           and science contribution—

17                                   “(i) the limitation under paragraph  
18                                   (2) shall apply separately with respect to  
19                                   all such contributions and all other chari-  
20                                   table contributions, and

21   “(ii) paragraph (2) shall be applied  
22   with respect to all eligible mathematics and  
23   science contributions by substituting ‘15  
24   percent’ for ‘10 percent’.

1                   “(B) ELIGIBLE MATHEMATICS AND  
2                   SCIENCE CONTRIBUTION.—

3                   “(i) IN GENERAL.—For purposes of  
4                   this paragraph, the term ‘eligible mathe-  
5                   matics and science contribution’ means a  
6                   charitable contribution (other than a con-  
7                   tribution of used equipment) to a qualified  
8                   partnership for the purpose of an activity  
9                   described in section 2202(c) of the Ele-  
10                  mentary and Secondary Education Act of  
11                  1965.

12                  “(ii) QUALIFIED PARTNERSHIP.—The  
13                  term ‘qualified partnership’ means an eligi-  
14                  ble partnership (within the meaning of sec-  
15                  tion 2201(b)(1) of the Elementary and  
16                  Secondary Education Act of 1965), but  
17                  only to the extent that such partnership  
18                  does not include a person other than a per-  
19                  son described in paragraph (1)(A).”.

20                  (b) EFFECTIVE DATE.—The amendment made by  
21                  this section shall apply to contributions made after the  
22                  date of the enactment of this Act.

1                   **TITLE IV—EDUCATION**  
2                                   **PROVISIONS**

3 **SEC. 401. FEDERAL PELL GRANTS.**

4           It is the sense of the Senate that the maximum Fed-  
5 eral Pell Grant should be increased to—

6                   (1) \$4,600 for academic year 2008–2009;

7                   (2) \$4,800 for academic year 2009–2010;

8                   (3) \$5,000 for academic year 2010–2011;

9                   (4) \$5,200 for academic year 2011–2012; and

10                   (5) \$5,400 for academic year 2012–2013.

11 **SEC. 402. MATCHING FUNDS PROGRAM TO PROMOTE AMER-**  
12                                   **ICAN COMPETITIVENESS THROUGH GRAD-**  
13                                   **UATE EDUCATION.**

14           (a) **PURPOSE.**—The purpose of this section is to pro-  
15 mote American economic competitiveness and job creation  
16 by—

17                   (1) assisting graduate students studying the  
18 sciences, technology, engineering, and mathematics;

19                   (2) advancing education in the sciences, tech-  
20 nology, engineering, and mathematics;

21                   (3) stimulating greater links between private in-  
22 dustry and graduate education; and

23                   (4) enabling the Office of Science of the De-  
24 partment of Energy to establish a matching funds  
25 program for eligible institutions of higher education.

1 (b) DEFINITIONS.—In this section:

2 (1) ELIGIBLE INSTITUTION OF HIGHER EDU-  
3 CATION.—The term “eligible institution of higher  
4 education” means an institution of higher education,  
5 as defined in section 101(a) of the Higher Education  
6 Act of 1965 (20 U.S.C. 1001), that offers an estab-  
7 lished program of post-baccalaureate study leading  
8 to a graduate degree in the sciences, technology, en-  
9 gineering, or mathematics.

10 (2) SECRETARY.—The term “Secretary” means  
11 the Secretary of Energy.

12 (c) GRANTS.—

13 (1) GRANTS AUTHORIZED.—The Secretary, act-  
14 ing through the Undersecretary for Energy, Science,  
15 and Environment, is authorized to award grants, on  
16 a competitive basis, to eligible institutions of higher  
17 education to enable the eligible institutions of higher  
18 education to carry out the authorized activities de-  
19 scribed in subsection (e).

20 (2) MATCHING FUNDS REQUIRED.—In order to  
21 receive a grant under this subsection, an eligible in-  
22 stitution of higher education shall agree to provide  
23 matching funds, toward the cost of the authorized  
24 activities to be assisted under the grant, in an

1 amount equal to 25 percent of the funds received  
2 under the grant.

3 (3) AWARD CONSIDERATIONS.—In awarding  
4 grants under this subsection, the Secretary shall  
5 take into consideration—

6 (A) the demonstrated commitment of the  
7 eligible institution of higher education to pro-  
8 viding matching funds (including tuition remis-  
9 sion, tuition waivers, and other types of institu-  
10 tional support) toward the cost of the author-  
11 ized activities to be assisted under the grant;

12 (B) the demonstrated capacity of the eligi-  
13 ble institution of higher education to raise  
14 matching funds from private sources;

15 (C) the demonstrated ability of the eligible  
16 institution of higher education to work with pri-  
17 vate corporations and organizations to promote  
18 economic competitiveness and job creation;

19 (D) the demonstrated ability of the eligible  
20 institution of higher education to increase the  
21 number of graduates of the eligible institution  
22 of higher education's graduate programs in the  
23 sciences, technology, engineering, or mathe-  
24 matics with the interdisciplinary background  
25 and the technical, professional, and personal

1 skills needed to contribute to American com-  
2 petitiveness and job creation in the future;

3 (E) the potential for the grant assistance  
4 to increase the number of graduates of the eli-  
5 gible institution of higher education's graduate  
6 programs in the sciences, technology, engineer-  
7 ing, or mathematics; and

8 (F) the demonstrated track record of the  
9 eligible institution of higher education in out-  
10 reach and mentoring activities that have the ex-  
11 pressed purpose of recruiting and retaining  
12 women, recognized minorities, and individuals  
13 with disabilities in the sciences, technology, en-  
14 gineering, or mathematics.

15 (4) AMOUNT.—The Secretary shall award each  
16 grant under this subsection in an amount that is not  
17 more than \$1,000,000 for each fiscal year.

18 (5) EQUITABLE DISTRIBUTION.—In awarding  
19 grants under this subsection, the Secretary shall en-  
20 sure—

21 (A) an equitable geographic distribution of  
22 the grants; and

23 (B) an equitable distribution of the grants  
24 among public and private eligible institutions of  
25 higher education.

1 (d) APPLICATIONS.—Each eligible institution of high-  
2 er education desiring a grant under this section shall sub-  
3 mit an application to the Secretary at such time, in such  
4 manner, and accompanied by such information and assur-  
5 ances as the Secretary may require. Each such application  
6 shall describe—

7 (1) the authorized activities under subsection  
8 (e) for which assistance is sought;

9 (2) the source and amount of the matching  
10 funds to be provided; and

11 (3) the amount of funds raised by the eligible  
12 institution of higher education from private sources  
13 that will be allocated and spent to carry out the au-  
14 thorized activities described in subsection (e).

15 (e) AUTHORIZED ACTIVITIES; AGREEMENT.—Each  
16 eligible institution of higher education desiring a grant  
17 under this section shall enter into a written agreement  
18 with the Secretary under which the eligible institution of  
19 higher education agrees to use all of the grant funds—

20 (1) to provide stipends or other financial assist-  
21 ance (such as tuition assistance and related ex-  
22 penses) for students who are enrolled in graduate  
23 programs in the sciences, technology, engineering, or  
24 mathematics at the eligible institution of higher edu-

1 cation, as described in the application submitted  
2 under subsection (d); and

3 (2) to support outreach and mentoring activities  
4 to increase the participation of underrepresented  
5 groups in the sciences, technology, engineering, or  
6 mathematics at all levels or any level of education,  
7 including elementary, secondary, and post-secondary  
8 education, as described in the application submitted  
9 under subsection (d).

10 (f) **AUTHORIZATION OF APPROPRIATIONS.**—There  
11 are authorized to be appropriated to carry out this sec-  
12 tion—

13 (1) \$50,000,000 for fiscal year 2008;

14 (2) \$60,000,000 for fiscal year 2009;

15 (3) \$70,000,000 for fiscal year 2010;

16 (4) \$80,000,000 for fiscal year 2011; and

17 (5) \$90,000,000 for fiscal year 2012.

18 **SEC. 403. MATHEMATICS AND SCIENCE PARTNERSHIP**

19 **BONUS GRANTS.**

20 Part B of title II of the Elementary and Secondary  
21 Education Act of 1965 (20 U.S.C. 6661 et seq.) is amend-  
22 ed by adding at the end the following:

1 **“SEC. 2204. MATHEMATICS AND SCIENCE PARTNERSHIP**  
2 **BONUS GRANTS.**

3 “(a) IN GENERAL.—From amounts appropriated  
4 under subsection (d), the Secretary shall award a grant—

5 “(1) for each of the school years 2007–2008  
6 through 2016–2017, to each of the 5 elementary  
7 schools and each of the 5 secondary schools in each  
8 State, whose students demonstrate the most im-  
9 provement in mathematics, as measured by the im-  
10 provement in the students’ average score on the  
11 State’s assessments in mathematics for the school  
12 year for which the grant is awarded, as compared to  
13 the school year preceding the school year for which  
14 the grant is awarded; and

15 “(2) for each of the school years 2011–2012  
16 through 2016–2017, to each of the 5 elementary  
17 schools and each of the 5 secondary schools in each  
18 State, whose students demonstrate the most im-  
19 provement in science, as measured by the improve-  
20 ment in the students’ average score on the State’s  
21 assessments in science for the school year for which  
22 the grant is awarded, as compared to the school year  
23 preceding the school year for which the grant is  
24 awarded.

25 “(b) GRANT AMOUNT.—The amount of each grant  
26 awarded under this section shall be \$500,000.

1       “(c) APPLICABILITY.—Sections 2201, 2202, and  
2 2203 shall not apply to this section.

3       “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated to carry out this section  
5 \$130,000,000 for each of the fiscal years 2008 through  
6 2011, and \$260,000,000 for each of the fiscal years 2012  
7 through 2017.”.

○