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110TH CONGRESS } 2d Session }	SENATE	{ REPORT 110-458
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VIETNAM EDUCATION FOUNDATION AMENDMENTS ACT OF 2008

SEPTEMBER 12, 2008.—Ordered to be printed

Mr. BIDEN, from the Committee on Foreign Relations,
submitted the following

REPORT

[To accompany S. 3097]

The Committee on Foreign Relations, having had under consideration the bill (S. 3097) to amend the Vietnam Education Foundation Act of 2000, reports favorably thereon and recommends that the bill do pass.

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I. PURPOSE

The purpose of this legislation is to improve the operation of the Vietnam Education Foundation, which was established pursuant to the Vietnam Education Foundation Act of 2000.

II. COMMITTEE ACTION

S. 3097 was introduced on June 6, 2008 by Senator Kerry, Hagel, Biden and Lugar. At a meeting on June 24, 2008, the committee ordered the bill favorably reported, without amendment.

III. DISCUSSION

S. 3097, the Vietnam Education Foundation Amendments Act of 2008, amends the Vietnam Education Foundation (VEF) Act of 2000. The VEF Act of 2000 established an independent federal agency, the Vietnam Education Foundation (VEF), governed by a Board of Directors, including U.S. Cabinet Members or their designees, U.S. Senators and Representatives, and Presidential appointees. The broad goal of the VEF, as established under law, is “To further the process of reconciliation between the United States

and Vietnam and the building of a bilateral relationship serving the interests of both countries.” VEF’s specific mission is to administer an international fellowship program under which Vietnamese nationals can undertake graduate and post-graduate level studies in the sciences in the United States. To help accomplish this goal, the VEF also sends United States citizens to Vietnam to teach in appropriate Vietnamese institutions to help prepare Vietnamese college students for post-graduate work in the United States.

Soon after the passage of the VEF Act of 2000, the Foundation established its headquarters in northern Virginia. The VEF later opened a representative office in Hanoi, Vietnam, to better oversee the recruitment of fellows and foster the relationship between the VEF and the government of Vietnam.

Since its creation, the VEF has placed 270 Fellows at 64 universities in the United States. Fellows are selected through a competitive process that draws on the expertise of members of the National Academy of Sciences (NAS). VEF has worked closely with the NAS to develop the selection process, which includes sending scientists to Vietnam to interview candidates and conduct the oral exam. VEF has developed a consortium of over 100 U.S. universities interested in hosting VEF Fellows and willing to devote resources to support their studies in the United States (the VEF Alliance).

VEF receives \$5 million each fiscal year from the U.S. Treasury, drawing on payments made each year by the Socialist Republic of Vietnam to the Vietnam Debt Repayment Fund. This creative recycling of a portion of Vietnam’s national debt to the United States follows the successful model established more than 100 years ago when the Congress created the Boxer Indemnity Fund, allocating a portion of China’s debt to the United States to create Tsinghua University in Beijing. To this day, Tsinghua is one of China’s premier universities, with two Nobel Laureates, the former Premier of China Zhu Rong-ji, and the current President of China, Hu Jin-tao, among its more famous graduates. To augment its annual appropriation, the VEF is authorized to receive private contributions and grants to support its operations.

S. 3097 builds on the accomplishments of the VEF and the example of the Boxer Indemnity Fund, and draws on lessons learned over the past eight years to strengthen and streamline VEF’s management and seek ways to enhance its long-term impact, including its ability to spur innovation in Vietnam’s education sector.

Managing VEF’s operations on two continents has proven to be a complex undertaking. To strengthen and streamline oversight and management, S. 3097 brings VEF under the direct management of the State Department’s Bureau of Educational and Cultural Affairs. The Bureau has a sterling track record managing the successful Fulbright School in Ho Chi Minh City, Vietnam. It has allowed the Fulbright School to enjoy significant programmatic autonomy, while providing consistently strong oversight and managerial support. S. 3097 provides for the VEF Board of Directors to be replaced by an Advisory Committee to provide advice to the Secretary of State on VEF’s activities. The Advisory Board, which could include current board members, would continue to provide strategic guidance on VEF operations, to cultivate relations with

VEF Alliance partners, and to foster U.S.-Vietnamese cooperation in the field of educational exchange.

Experience has also shown that there is a limited pool of Vietnamese college graduates in the sciences qualified to undertake post-graduate studies in the United States. To expand the reach of VEF and better prepare Vietnamese students for graduate level study in the United States, the bill expands eligibility for fellowships to include qualified college students seeking to pursue undergraduate opportunities at U.S. universities. By expanding the potential scope of VEF fellows, the Committee does not intend to shift the focus of VEF away from graduate level education. To the contrary, the intent of this provision is to allow selective outreach to college juniors and seniors who are qualified to enroll at a U.S. university for a semester of study, summer school, or a research educational unit at a laboratory. These students will then be in a stronger position to undertake graduate studies in the United States upon graduation from their Vietnamese universities.

Finally, to maximize the impact of VEF and to deepen the educational links between Vietnam and the United States, S. 3097 authorizes the Secretary of State to award grants to one or more U.S. institutions of higher education to participate in partnership with the Government of Vietnam to establish an American Research College in Vietnam. The purpose of the American Research College shall be to provide a high quality general education to Vietnamese undergraduate students, better preparing them not only for foreign study but also to contribute directly to the development of Vietnam. The example of Tsinghua University in China shows how such a college can not only provide an excellent education to its students, but also spur innovation throughout the educational system and build lasting ties to the United States.

The creation of an American Research College could begin to address the institutional constraints that are the chief barriers to emergence of world-class science and technology capacity in Vietnam. Vietnamese universities and institutes, and the ministries that oversee them, do not operate according to the core principles of academic freedom, autonomy, and merit.

The committee recognizes that the establishment of such a college in Vietnam would be a major undertaking, and that the success of such a venture will depend on identifying a well-qualified U.S. institution to spearhead the effort and on a strong partnership with the Government of Vietnam. The Government of Vietnam is expected to contribute land, buildings, and other resources to establish and maintain such a college. U.S. partners are also expected to bring their own resources—faculty, curriculum, funding—to the effort. It will also be critical to generate financial support from the private sector. The committee envisions that launching the American Research College will proceed in phases, beginning with a detailed feasibility study. It is the intent of the committee that VEF continue to support fellowships for graduate study in the United States, although some adjustment in the number of fellowships awarded will almost certainly be necessary once the college is launched in the absence of any significant new public or private financing for VEF.

IV. COST ESTIMATE

In accordance with Rule XXVI, paragraph 11(a) of the Standing Rules of the Senate, the committee provides this estimate of the costs of this legislation prepared by the Congressional Budget Office.

UNITED STATES CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 26, 2008.

Hon. JOSEPH R. BIDEN, JR.,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 3097, the Vietnam Education Foundation Amendments Act of 2008.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sunita D'Monte.

Sincerely,

PETER R. ORSZAG.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 26, 2008.

S. 3097

Vietnam Education Foundation Amendments Act of 2008

AS ORDERED REPORTED BY THE SENATE COMMITTEE ON
FOREIGN RELATIONS ON JUNE 24, 2008

S. 3097 would revoke the status of the Vietnam Education Foundation as an independent federal entity by incorporating it into the State Department. It would authorize the foundation to provide fellowships to Vietnamese nationals for post-secondary schooling in the United States and to make grants to institutions of higher education to foster a partnership with the Vietnamese government in establishing an undergraduate college in Vietnam.

CBO estimates that enacting the bill would have no significant effect on direct spending and would not affect revenues. Implementing the legislation would not affect spending subject to appropriation.

Under current law, the foundation operates as an independent federal entity and administers a fellowship program for Vietnamese students to undertake graduate and post-graduate studies in the United States in the fields of science, mathematics, and technology. The foundation is funded by repayments of federal loans made to Vietnam (which are considered offsetting receipts) and receives \$5 million each year. In recent years, the foundation has spent that amount each year, and CBO expects it would continue to do so under the bill.

S. 3097 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Sunita D'Monte. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to Rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the committee has determined that there is no regulatory impact as a result of this legislation.

VI. CHANGES IN EXISTING LAW

In compliance with Rule XXVI, paragraph 12 of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman).

TITLE 22—FOREIGN RELATIONS AND INTERCOURSE

Chapter 33—Mutual Educational and Cultural Exchange Program

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SEC. 2452. AUTHORIZATION OF ACTIVITIES

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SEC. 203. DEFINITIONS.

In this title:

[(1) BOARD.—The term “Board” means the Board of Directors of the Foundation.]

[(2)] (1) FOUNDATION.—The term “Foundation” means the Vietnam Education Foundation established in section 204.

[(3)] (2) INSTITUTION OF HIGHER EDUCATION.—The term “institution of higher education” has the meaning given the term in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

(3) SECRETARY.—*The term “Secretary” means the Secretary of State.*

(4) UNITED STATES-VIETNAM DEBT AGREEMENT.—The term “United States-Vietnam debt agreement” means the Agreement Between the Government of the United States of America and the Government of the Socialist Republic of Vietnam Regarding the Consolidation and Rescheduling of Certain Debts Owed to, Guaranteed by, or Insured by the United States Government and the Agency for International Development, dated April 7, 1997.

[SEC. 204. ESTABLISHMENT.

[There is established the Vietnam Education Foundation as an independent establishment of the executive branch under section 104 of title 5, United States Code.]

SEC. 204. ESTABLISHMENT.

There is established, within the Bureau of Educational and Cultural Affairs of the Department of State, the Vietnam Education Foundation (referred to in this title as the “Foundation”).

[SEC. 205. BOARD OF DIRECTORS.

[(a) IN GENERAL.—The Foundation shall be subject to the supervision and direction of the Board of Directors, which shall consist of 13 members, as follows:

[(1) Two members of the House of Representatives appointed by the Speaker of the House of Representatives, one of whom shall be appointed upon the recommendation of the Majority Leader and one of whom shall be appointed upon the recommendation of the Minority Leader, and who shall serve as ex officio, nonvoting members.

[(2) Two members of the Senate, appointed by the President pro tempore, one of whom shall be appointed upon the recommendation of the Majority Leader and one of whom shall be appointed upon the recommendation of the Minority Leader, and who shall serve as ex officio, nonvoting members.

[(3) Secretary of State.

[(4) Secretary of Education.

[(5) Secretary of Treasury.

[(6) Six members to be appointed by the President from among individuals in the nongovernmental sector who have academic excellence or experience in the fields of concentration specified in section 202(1)(A) or a general knowledge of Vietnam, not less than three of whom shall be drawn from academic life.

[(b) ROTATION OF MEMBERSHIP.—(1) The term of office of each member appointed under subsection (a)(6) shall be 3 years, except that of the members initially appointed under that subsection, two shall serve for terms of 1 year, two shall serve for terms of 2 years, and two shall serve for terms of 3 years.

[(2) A member of Congress appointed under subsection (a)(1) or (2) shall not serve as a member of the Board for more than a total of 6 years.

[(3)(A) Any member appointed to fill a vacancy prior to the expiration of the term for which his or her predecessor was appointed shall be appointed for the remainder of such term.

[(B) Upon the expiration of his or her term of office, any member may continue to serve until a successor is appointed.

[(c) CHAIR.—The voting members of the Board shall elect one of the members appointed under subsection (a)(6) to serve as Chair.

[(d) MEETINGS.—The Board shall meet upon the call of the Chair but not less frequently than twice each year. A majority of the voting members of the Board shall constitute a quorum.

[(e) DUTIES.—The Board shall—

[(1) provide overall supervision and direction of the Foundation;

[(2) establish criteria for the eligibility of applicants, including criteria established by section 206(b), and for the selection of fellowship recipients; and

[(3) select the fellowship recipients.

[(f) COMPENSATION.—

[(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), each member of the Board shall serve without compensation.

[(2) TRAVEL EXPENSES.—The members of the Board shall be allowed travel expenses, including per diem in lieu of subsist-

ence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of service for the Board.

[(3) COMPENSATION OF PRESIDENTIAL APPOINTEES.—The members of the Board appointed under subsection (a)(6) shall be paid at the daily equivalent of the rate of basic pay payable for positions at level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the actual performance of duties as a Board member.

[(g) TREATMENT OF PRESIDENTIAL APPOINTEES AS SPECIAL GOVERNMENT EMPLOYEES.—The members of the Board appointed under subsection (a)(6) shall be special Government employees, as defined in section 202(a) of title 18, United States Code.

[(h) TRAVEL REGULATIONS.—Members of the Board shall be subject to the same travel regulations as apply to officers and employees of the Department of State.]

SEC. 205. VIETNAM EDUCATION FOUNDATION ADVISORY COMMITTEE.

(a) *ESTABLISHMENT.*—

(1) *IN GENERAL.*— *There is established a Vietnam Education Foundation Advisory Committee (referred to in this section as the “Advisory Committee”), which shall provide advice to the Secretary and the Assistant Secretary for Educational and Cultural Affairs regarding the Foundation’s activities.*

(2) *MEMBERSHIP.*—*The Advisory Committee shall be composed of 7 members, of whom—*

(A) *3 shall be appointed by the Secretary;*

(B) *1 shall be appointed by the majority leader of the Senate;*

(C) *1 shall be appointed by the minority leader of the Senate;*

(D) *1 shall be appointed by the Speaker of the House of Representatives; and*

(E) *1 shall be appointed by the minority leader of the House of Representatives.*

(3) *APPOINTMENT OF INCUMBENT MEMBERS OF BOARD OF DIRECTORS.*—*Members appointed to the Advisory Committee under paragraph (2) may include individuals who were members of the Board of Directors of the Foundation on the date immediately preceding the date of the enactment of the Vietnam Education Foundation Amendments Act of 2008.*

(b) *SUPERVISION.*—*The Foundation shall be subject to the supervision and direction of the Secretary, working through the Assistant Secretary for Educational and Cultural Affairs, and in consultation with the Advisory Committee established under subsection (a).*

SEC. 206. FELLOWSHIP PROGRAM.

(a) *AWARD OF FELLOWSHIPS.*—

(1) *IN GENERAL.*—*To carry out the purposes of this title, the Foundation shall award fellowships to—*

(A) *Vietnamese nationals [to study at institutions of higher education in the United States at graduate and post-graduate levels] for post-secondary studies at institutions of higher education in the United States in the fol-*

lowing fields: physical sciences, natural sciences, mathematics, environmental sciences, medicine, technology, and computer sciences; and

(B) United States citizens to teach in Vietnam in appropriate Vietnamese institutions in the fields of study described in subparagraph (A).

(2) SCIENTIFIC AND TECHNICAL VOCABULARY IN ENGLISH.—Fellowships awarded to Vietnamese nationals under paragraph

(1) **[may include funding to improve]** *may include funding to—*

(A) *improve* English proficiency in a fellowship recipient's field of study**[.]** ; and

(B) *prepare the fellowship recipient for post-secondary education in any field described in paragraph (1)(A).*

(3) PRIORITY FOR BASIC SCIENCES.—*In awarding fellowships under this subsection, the Foundation shall give priority to individuals described in paragraph (1)(A) who are studying the basic sciences.*

* * * * *

(e) FELLOWSHIP CONDITIONS.—A person awarded a fellowship under this title may receive payments authorized under this title only during such periods as the Foundation finds that the person is maintaining satisfactory progress and devoting full time to study or teaching, as appropriate, and is not engaging in gainful employment other than employment approved by the Foundation pursuant to regulations **[of the Board]** *promulgated by the Secretary* and applicable law.

* * * * *

SEC. 208. FOUNDATION PERSONNEL MATTERS.

(a) APPOINTMENT BY **[Board]** *SECRETARY*.—There shall be an Executive Director of the Foundation who shall be appointed by the **[Board]** *Secretary* without regard to the provisions of title 5, United States Code, or any regulation thereunder, governing appointment in the competitive service. The Executive Director shall be the Chief Executive Officer of the Foundation and shall carry out the functions of the Foundation subject to the supervision and direction of the **[Board]** *Secretary*. The Executive Director shall carry out such other functions consistent with the provisions of this title as the **[Board]** *Secretary* shall prescribe. The decision to employ or terminate an Executive Director shall be made by an affirmative vote of at least six of the nine voting members of the **[Board]** *Secretary*.

* * * * *

(d) COMPENSATION.—The **[Board]** *Secretary* may fix the compensation of the Executive Director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the Executive Director and other personnel may not exceed the rate payable for level IV of the Executive Schedule under section 5315 of such title.

SEC. 209. ADMINISTRATIVE PROVISIONS.

(a) IN GENERAL.—* * *

* * * * *

(b) ANNUAL REPORT.—The **[Board]** *Secretary* shall submit to the President and to the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives an annual report of the operations of the Foundation under this title, including the financial condition of the Foundation.

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SEC. 2460. BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS

(a) ESTABLISHMENT; RESPONSIBILITIES.—In order to carry out the purposes of this chapter, there is established in the United States Information Agency, or in such appropriate agency of the United States as the President shall determine, a Bureau of Educational and Cultural Affairs (hereinafter in this section referred to as the “Bureau”). The Bureau shall be responsible for managing, coordinating, and overseeing programs established pursuant to this chapter, including but not limited to—

* * * * *

(8) the Samantha Smith Memorial Exchange Program which advances understanding between the United States and the independent states of the former Soviet Union and between the United States and Eastern European countries through the exchange of persons under the age of 21 years and of students at an institution of higher education (as defined in section 1001 of title 20) who have not received their initial baccalaureate degree or through other programs designed to promote contact between the young peoples of the United States, the independent states of the former Soviet Union, and Eastern European countries; **[and]**

(9) the Arts America program which promotes a greater appreciation and understanding of American art abroad by supporting exhibitions and tours by American artists in other countries~~...~~; and

(10) *programs administered by the Vietnam Educational Foundation.*