

109TH CONGRESS  
1ST SESSION

# H. R. 1277

To expand college opportunities by significantly simplifying the Federal student aid application process.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2005

Mr. EMANUEL (for himself, Mr. GEORGE MILLER of California, Mr. RYAN of Ohio, Mr. BISHOP of New York, Mr. TIERNEY, Mr. LYNCH, Mr. HOLT, Mr. CUMMINGS, Mr. DELAHUNT, Mr. BROWN of Ohio, Ms. SOLIS, Mr. GRIJALVA, Mr. McDERMOTT, Mr. HINCHEY, Ms. WATSON, Mr. FILNER, Mr. OWENS, Mr. COSTELLO, Mr. MCGOVERN, Mr. McNULTY, Mr. SKELTON, Mr. JEFFERSON, Mr. SCOTT of Georgia, Mr. HINOJOSA, Mr. PAYNE, Mr. DEFazio, Mr. ETHERIDGE, Mr. ISRAEL, Mr. PALLONE, Ms. SLAUGHTER, Mr. NEAL of Massachusetts, Mr. SANDERS, Ms. LINDA T. SÁNCHEZ of California, and Mr. FORD) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To expand college opportunities by significantly simplifying the Federal student aid application process.

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; REFERENCE.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “College Aid Made EZ Act”.

1 (b) REFERENCES.—Except as otherwise expressly  
 2 provided, whenever in this Act an amendment or repeal  
 3 is expressed in terms of an amendment to, or repeal of,  
 4 a section or other provision, the reference shall be consid-  
 5 ered to be made to a section or other provision of the  
 6 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

7 **SEC. 2. EXPANDING THE AUTO-ZERO AND FURTHER SIM-**  
 8 **PLIFYING THE SIMPLIFIED NEEDS TEST.**

9 (a) SIMPLIFIED NEEDS TEST.—Section 479 (20  
 10 U.S.C. 1087ss) is amended—

11 (1) in subsection (b)—

12 (A) in paragraph (1)—

13 (i) by striking clause (i) of subpara-  
 14 graph (A) and inserting the following:

15 “(i) the student’s parents—

16 “(I) file, or are eligible to file, a  
 17 form described in paragraph (3); or

18 “(II) certify that they are not re-  
 19 quired to file an income tax return; or

20 “(III) or the student received  
 21 benefits at some time during the pre-  
 22 vious 12-month period under a means-  
 23 tested Federal benefit program as de-  
 24 fined under subsection (d); and”; and

(ii) by striking clause (i) of subparagraph (B) and inserting the following:

“(i) the student (and the student’s spouse, if any)—

“(I) files, or is eligible to file, a form described in paragraph (3); or

“(II) certifies that the student (and the student’s spouse, if any) is not required to file an income tax return; or

“(III) received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and”;

(B) in paragraph (3), by striking “A student or family files a form described in this subsection, or subsection (c), as the case may be, if the student or family, respectively, files” and inserting “In the case of an independent student, the student, or in the case of a dependent student, the parent, files a form described in this subsection, or subsection (c), as the case may be, if the student or parent, as appropriate, files”;

1 (2) in subsection (c)—

2 (A) in paragraph (1), by striking subpara-  
3 graphs (A) and (B) and inserting the following:

4 “(A) the student’s parents—

5 “(i) file, or are eligible to file, a form  
6 described in subsection (b)(3); or

7 “(ii) certify that they are not required  
8 to file an income tax return; or

9 “(iii) or the student received benefits  
10 at some time during the previous 12-month  
11 period under a means-tested Federal ben-  
12 efit program as defined under subsection  
13 (d); and

14 “(B) the sum of the adjusted gross income  
15 of the parents is less than or equal to \$25,000;  
16 or”; and

17 (B) in paragraph (2), by striking subpara-  
18 graphs (A) and (B) and inserting the following:

19 “(A) the student (and the student’s  
20 spouse, if any)—

21 “(i) files, or is eligible to file, a form  
22 described in subsection (b)(3); or

23 “(ii) certifies that the student (and  
24 the student’s spouse, if any) is not re-  
25 quired to file an income tax return; or

1 “(iii) received benefits at some time  
2 during the previous 12-month period under  
3 a means-tested Federal benefit program as  
4 defined under subsection (d); and

5 “(B) the sum of the adjusted gross income  
6 of the student and spouse (if appropriate) is  
7 less than or equal to \$25,000.”; and

8 (C) by inserting after the last sentence of  
9 such subsection the following: “The Secretary  
10 shall annually adjust the income level necessary  
11 to qualify an applicant for the zero expected  
12 family contribution under this subsection. The  
13 income level shall be adjusted according to in-  
14 creases in the Consumer Price Index, as speci-  
15 fied in section 478(f).”; and

16 (3) by adding at the end the following new sub-  
17 sections:

18 “(d) MEANS-TESTED FEDERAL BENEFIT PRO-  
19 GRAM.—For the purposes of this section, the term ‘means-  
20 tested Federal benefit program’ means a mandatory  
21 spending program of the Federal Government in which eli-  
22 gibility for the program’s benefits, or the amount of such  
23 benefits, or both, are determined on the basis of income  
24 or resources of the individual or family seeking the benefit,  
25 and includes the supplemental security income program

1 under title XVI of the Social Security Act, the food stamp  
 2 program under the Food Stamp Act of 1977, the free and  
 3 reduced price school lunch program established under the  
 4 Richard B. Russell National School Lunch Act, the tem-  
 5 porary assistance to needy families program established  
 6 under part A of title IV of the Social Security Act, and  
 7 the women, infants and children program established  
 8 under Section 17 of the Child Nutrition Act of 1966.

9 “(e) REPORTING REQUIREMENTS.—The Secretary  
 10 shall regularly evaluate the impact of the eligibility guide-  
 11 lines in subsections (b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A)  
 12 and (c)(2)(A) of this section. In particular, the Secretary  
 13 shall evaluate whether the means-tested Federal benefit  
 14 programs (as defined by subsection (d)) ensure that the  
 15 Simplified Needs Test continues to be targeted to the  
 16 maximum number of low- and moderate-income stu-  
 17 dents.”.

18 **SEC. 3. IMPROVEMENTS TO PAPER AND ELECTRONIC**  
 19 **FORMS.**

20 (a) COMMON FINANCIAL AID FORM DEVELOPMENT  
 21 AND PROCESSING.—Section 483 (20 U.S.C. 1090) is  
 22 amended—

23 (1) in subsection (a)—

24 (A) by striking paragraphs (1), (2), and

25 (5);

1 (B) by redesignating paragraphs (3), (4),  
2 (6), and (7), as paragraphs (9), (10), (11), and  
3 (12), respectively;

4 (C) by inserting before paragraph (9), as  
5 redesignated by subparagraph (B), the fol-  
6 lowing:

7 “(1) IN GENERAL.—The Secretary, in coopera-  
8 tion with representatives of agencies and organiza-  
9 tions involved in student financial assistance, shall  
10 produce, distribute, and process free of charge com-  
11 mon financial reporting forms as described in this  
12 subsection to be used for application and reapplica-  
13 tion to determine the need and eligibility of a stu-  
14 dent for financial assistance under parts A through  
15 E (other than subpart 4 of part A). These forms  
16 shall be made available to applicants in both paper  
17 and electronic formats and shall be referred to as  
18 the ‘Free Application for Federal Student Aid’ or  
19 the ‘FAFSA’ .

20 “(2) EARLY ESTIMATES.—The Secretary shall  
21 permit applicants to complete such forms as de-  
22 scribed in this subsection in the years prior to en-  
23 rollment in order to obtain an estimate of the family  
24 contribution, as defined by section 473. Such appli-  
25 cants shall be permitted to update information sub-

mitted on forms described in this subsection using  
the process required under paragraph (5)(A).

“(3) PAPER FORMAT.—

“(A) IN GENERAL.—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 subparagraph (B).

“(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 REQUIRE-  
MENTS.—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 such data  
items as may be necessary to award State



1 financial assistance, as provided under  
2 paragraph (6), except that the Secretary  
3 shall not include a State's data if that  
4 State does not permit its applicants for  
5 State assistance to use the EZ FAFSA.

6 “(iv) FREE AVAILABILITY AND PROC-  
7 ESSING.—The provisions of paragraph (7)  
8 shall apply to the EZ FAFSA, and the  
9 data collected by means of the EZ FAFSA  
10 shall be available to institutions of higher  
11 education, guaranty agencies, and States  
12 in accordance with paragraph (9).

13 “(v) TESTING.—The Secretary shall  
14 conduct appropriate field testing on the  
15 EZ FAFSA.

16 “(C) PROMOTING THE USE OF ELEC-  
17 TRONIC FAFSA.—

18 “(i) IN GENERAL.—The Secretary  
19 shall make all efforts to encourage all ap-  
20 plicants to utilize the electronic forms de-  
21 scribed in paragraph (4).

22 “(ii) MAINTENANCE OF THE FAFSA IN  
23 A PRINTABLE ELECTRONIC FILE.—The  
24 Secretary shall maintain a version of the  
25 paper forms described in subparagraphs

1 (A) and (B) in a printable electronic file  
2 that is easily portable. The printable elec-  
3 tronic file will be made easily accessible  
4 and downloadable to students on the same  
5 website used to provide students with the  
6 electronic application forms described in  
7 paragraph (4) of this subsection. The Sec-  
8 retary shall enable students to submit a  
9 form created under this subparagraph that  
10 is downloaded and printed from an elec-  
11 tronic file format in order to meet the fil-  
12 ing requirements of this section and in  
13 order to receive aid from programs under  
14 this title.

15 “(iii) REPORTING REQUIREMENT.—  
16 The Secretary shall report annually to  
17 Congress on the impact of the digital di-  
18 vide on students completing applications  
19 for title IV aid described under this para-  
20 graph and paragraph (4). The Secretary  
21 will also report on the steps taken to elimi-  
22 nate the digital divide and phase out the  
23 paper form described in subparagraph (A)  
24 of this paragraph. The Secretary’s report  
25 will specifically address the impact of the

1 digital divide on the following student pop-  
2 ulations: independent students, adults, and  
3 dependent students.

4 “(4) ELECTRONIC FORMAT.—

5 “(A) IN GENERAL.—The Secretary shall  
6 produce, distribute, and process common forms  
7 in electronic format to meet the requirements of  
8 paragraph (1). The Secretary shall develop  
9 common electronic forms for applicants who do  
10 not meet the requirements of subparagraph (C)  
11 of this paragraph.

12 “(B) STATE DATA.—The Secretary shall  
13 include on the common electronic forms space  
14 for information that needs to be submitted from  
15 the applicant to be eligible for State financial  
16 assistance, as provided under paragraph (6), ex-  
17 cept the Secretary shall not require applicants  
18 to complete data required by any State other  
19 than the applicant’s State of residence.

20 “(C) SIMPLIFIED APPLICATIONS: FAFSA ON  
21 THE WEB.—

22 “(i) IN GENERAL.—The Secretary  
23 shall develop and use a simplified elec-  
24 tronic application form to be used by appli-  
25 cants meeting the requirements under sub-

1 section (c) of section 479 and an addi-  
2 tional, separate simplified electronic appli-  
3 cation form to be used by applicants meet-  
4 ing the requirements under subsection (b)  
5 of section 479.

6 “(ii) REDUCED DATA REQUIRE-  
7 MENTS.—The simplified electronic applica-  
8 tion forms shall permit an applicant to  
9 submit for financial assistance purposes,  
10 only the data elements required to make a  
11 determination of whether the applicant  
12 meets the requirements under subsection  
13 (b) or (c) of section 479.

14 “(iii) STATE DATA.—The Secretary  
15 shall include on the simplified electronic  
16 application forms such data items as may  
17 be necessary to award state financial as-  
18 sistance, as provided under paragraph (6),  
19 except that the Secretary shall not require  
20 applicants to complete data required by  
21 any State other than the applicant’s state  
22 of residence.

23 “(iv) AVAILABILITY AND PROC-  
24 ESSING.—The data collected by means of  
25 the simplified electronic application forms

1 shall be available to institutions of higher  
2 education, guaranty agencies, and States  
3 in accordance with paragraph (9).

4 “(v) TESTING.—The Secretary shall  
5 conduct appropriate field testing on the  
6 forms developed under this subparagraph.

7 “(D) USE OF FORMS.—Nothing in this  
8 subsection shall be construed to prohibit the use  
9 of the forms developed by the Secretary pursu-  
10 ant to this paragraph by an eligible institution,  
11 eligible lender, guaranty agency, State grant  
12 agency, private computer software provider, a  
13 consortium thereof, or such other entities as the  
14 Secretary may designate.

15 “(E) PRIVACY.—The Secretary shall en-  
16 sure that data collection under this paragraph  
17 complies with section 552a of title 5, United  
18 States Code, and that any entity using the elec-  
19 tronic version of the forms developed by the  
20 Secretary pursuant to this paragraph shall  
21 maintain reasonable and appropriate adminis-  
22 trative, technical, and physical safeguards to  
23 ensure the integrity and confidentiality of the  
24 information, and to protect against security  
25 threats, or unauthorized uses or disclosures of

1 the information provided on the electronic  
2 version of the forms. Data collected by such  
3 electronic version of the forms shall be used  
4 only for the application, award, and administra-  
5 tion of aid awarded under this title, State aid  
6 awarded under section 415C, or aid awarded by  
7 eligible institutions or such entities as the Sec-  
8 retary may designate. No data collected by such  
9 electronic version of the forms shall be used for  
10 making final aid awards under this title until  
11 such data have been processed by the Secretary  
12 or a contractor or designee of the Secretary, ex-  
13 cept as may be permitted under this title.

14 “(F) SIGNATURE.—Notwithstanding any  
15 other provision of this Act, the Secretary may  
16 permit an electronic form under this paragraph  
17 to be submitted without a signature, if a signa-  
18 ture is subsequently submitted by the applicant  
19 or if the applicant uses a personal identification  
20 number provided by the Secretary under sub-  
21 paragraph (G) of this paragraph.

22 “(G) PERSONAL IDENTIFICATION NUM-  
23 BERS AUTHORIZED.—The Secretary may assign  
24 to applicants personal identification numbers—

1 “(i) to enable the applicants to use  
2 such numbers in lieu of a signature for  
3 purposes of completing a form under this  
4 paragraph;

5 “(ii) to enable the applicants to use  
6 such numbers in lieu of a signature for  
7 purposes of completing forms required by  
8 States under section 415C; and

9 “(iii) for any purpose determined by  
10 the Secretary to enable the Secretary to  
11 carry out this title.

12 “(5) STREAMLINING.—

13 “(A) STREAMLINED REAPPLICATION PROC-  
14 ESS.—

15 “(i) IN GENERAL.—The Secretary  
16 shall develop streamlined reapplication  
17 forms and processes, including both paper  
18 and electronic reapplication processes, con-  
19 sistent with the requirements of this sub-  
20 section, for an applicant who applies for fi-  
21 nancial assistance under this title in the  
22 next succeeding academic year subsequent  
23 to the year in which such applicant first  
24 applied for financial assistance under this  
25 title.

1 “(ii) MECHANISMS FOR REAPPLICA-  
2 TION.—The Secretary shall develop appro-  
3 priate mechanisms to support reapplica-  
4 tion.

5 “(iii) IDENTIFICATION OF UPDATED  
6 DATA.—The Secretary shall determine, in  
7 cooperation with States, institutions of  
8 higher education, agencies, and organiza-  
9 tions involved in student financial assist-  
10 ance, the data elements that can be up-  
11 dated from the previous academic year’s  
12 application.

13 “(iv) REDUCED DATA AUTHORIZED.—  
14 Nothing in this title shall be construed as  
15 limiting the authority of the Secretary to  
16 reduce the number of data elements re-  
17 quired of reapplicants.

18 “(v) ZERO FAMILY CONTRIBUTION.—  
19 Applicants determined to have a zero fam-  
20 ily contribution pursuant to section 479(c)  
21 shall not be required to provide any finan-  
22 cial data in a reapplication form, except  
23 that which is necessary to determine eligi-  
24 bility under such section.

25 “(B) REDUCTION OF DATA ELEMENTS.—



1 “(i) REDUCTION REQUIRED.—Of the  
2 number of data elements on the FAFSA  
3 on the date of enactment of the College  
4 Aid Made EZ Act (including questions on  
5 the FAFSA for the purposes described in  
6 paragraph (6)), the Secretary, in coopera-  
7 tion with representatives of agencies and  
8 organizations involved in student financial  
9 assistance, shall reduce the number of such  
10 data elements by 50 percent within 5 years  
11 after such date of enactment. Reductions  
12 of data elements under paragraph (3)(B),  
13 (4)(C), or (5)(A)(iv) shall not be counted  
14 towards such 50 percent reduction unless  
15 those data elements are reduced for all ap-  
16 plicants.

17 “(ii) REPORT.—The Secretary shall  
18 submit a report on the process of this re-  
19 duction to each House of Congress within  
20 2 years after such date of enactment.

21 “(6) STATE REQUIREMENTS.—

22 “(A) IN GENERAL.—The Secretary shall  
23 include on the forms developed under this sub-  
24 section, such State-specific nonfinancial data  
25 items as the Secretary determines are necessary

1 to meet State requirements for need-based  
2 State aid under section 415C, except as pro-  
3 vided in paragraphs (3)(B)(iii) and (4)(C)(iii)  
4 of this subsection. Such items shall be selected  
5 in consultation with State agencies that submit  
6 applications under section 415C in order to as-  
7 sist in the awarding of State financial assist-  
8 ance in accordance with the terms of this sub-  
9 section, except as provided in paragraphs  
10 (3)(B)(iii) and (4)(C)(iii) of this subsection.  
11 The number of such data items shall not be less  
12 than the number included on the form on Octo-  
13 ber 7, 1998, unless a State notifies the Sec-  
14 retary that the State no longer requires those  
15 data items for the distribution of State need-  
16 based aid.

17 “(B) ANNUAL REVIEW.—The Secretary  
18 shall conduct an annual review process to deter-  
19 mine which forms and nonfinancial data items  
20 the States require to award need-based State  
21 aid and other application requirements that the  
22 States may impose.

23 “(C) STATE USE OF SIMPLIFIED FORMS.—  
24 The Secretary shall encourage states to take  
25 such steps as necessary to encourage the use of

1 simplified application forms, including those de-  
2 scribed in paragraphs (3)(B) and (4)(C), to  
3 meet the requirements under subsection (b) or  
4 (c) of section 479.

5 “(D) FEDERAL REGISTER NOTICE.—The  
6 Secretary shall publish on an annual basis a no-  
7 tice in the Federal Register requiring State  
8 agencies to inform the Secretary—

9 “(i) if the State agency is unable to  
10 permit applicants to utilize the simplified  
11 application forms described in paragraphs  
12 (3)(B) and (4)(C); and

13 “(ii) of the State-specific nonfinancial  
14 data that the State agency requires for de-  
15 livery of State need-based financial aid.

16 “(E) STATE NOTIFICATION TO THE SEC-  
17 RETARY.—

18 “(i) IN GENERAL.—Each State agency  
19 that submits an application under section  
20 415C shall notify the Secretary—

21 “(I) whether the State permits  
22 an applicant to file a form described  
23 in paragraph (3)(B) or (4)(A) of this  
24 subsection for purposes of deter-

1 mining eligibility for State need-based  
2 grant aid; and

3 “(II) the State-specific non-  
4 financial data that the State agency  
5 requires for delivery of State need-  
6 based financial aid.

7 “(ii) ACCEPTANCE OF FORMS.—In the  
8 event that a State does not permit an ap-  
9 plicant to file a form described in para-  
10 graph (3)(B) or (4)(A) of this subsection  
11 for purposes of determining eligibility for  
12 State need-based grant aid—

13 “(I) the State shall notify the  
14 Secretary if the State is not permitted  
15 to do so because of either State law or  
16 because of agency policy; and

17 “(II) the notification under sub-  
18 clause (I) shall include an estimate of  
19 the program cost to permit applicants  
20 to complete simplified application  
21 forms under paragraphs (3)(B) and  
22 (4)(A) of this subsection.

23 “(iii) LACK OF NOTIFICATION BY THE  
24 STATE.—If a State does not notify the

Secretary pursuant to clause (i), the Secretary shall—

“(I) permit residents of that State to complete simplified application forms under paragraphs (3)(B) and (4)(A) of this subsection; and

“(II) not require any resident of that State to complete any non-financial data previously required by that State under this section.

“(7) CHARGES TO STUDENTS AND PARENTS FOR USE OF FORMS PROHIBITED.—

“(A) FEES PROHIBITED.—The FAFSA, in whatever form (including the EZ-FAFSA, paper, electronic, simplified, or reapplication), shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee for the collection, processing, or delivery of financial aid through the use of the FAFSA. The need and eligibility of a student for financial assistance under parts A through E of this title (other than under subpart 4 of part A) may only be determined by using the FAFSA developed by the Secretary pursuant to this subsection. No student may receive assist-

1           ance under parts A through E of this title  
2           (other than under subpart 4 of part A), except  
3           by use of the FAFSA developed by the Sec-  
4           retary pursuant to this subsection. No data col-  
5           lected on a form for which a fee is charged shall  
6           be used to complete the FAFSA.

7           “(B) NOTICE.—Any entity that provides to  
8           students and parents, or charges students or  
9           parents for, any value-added services with re-  
10          spect to or in connection with the FAFSA, such  
11          as completion of the FAFSA, submission of the  
12          FAFSA, or tracking of the FAFSA for a stu-  
13          dent, shall provide to students and parents  
14          clear and conspicuous notice that—

15               “(i) the FAFSA is a free Federal stu-  
16               dent aid application;

17               “(ii) the FAFSA can be completed  
18               without professional assistance; and

19               “(iii) includes the current Internet ad-  
20               dress for the FAFSA on the Department’s  
21               web site.

22          “(8) APPLICATION PROCESSING CYCLE.—The  
23          Secretary shall enable students to submit a form  
24          created under this subsection in order to meet the  
25          filing requirements of this section and in order to re-

1       ceive aid from programs under this title and shall  
 2       initiate the processing of applications under this  
 3       subsection as early as practicable prior to January  
 4       1 of the student’s planned year of enrollment.”;

5               (2) by adding at the end of subsection (a) the  
 6       following paragraph:

7               “(13) EARLY APPLICATION AND AWARD DEM-  
 8       ONSTRATION PROGRAM.—

9               “(A) PROGRAM REQUIRED.—The Secretary  
 10       shall, no later than two years after the date of  
 11       enactment of the College Aid Made EZ Act, im-  
 12       plement an early application demonstration pro-  
 13       gram enabling dependent students to complete  
 14       applications under this subsection in their jun-  
 15       ior year of high school, or in the academic year  
 16       that is two years prior to their intended year of  
 17       enrollment, and to be eligible to receive aid  
 18       under this title and such aid as may be avail-  
 19       able from participants, including State financial  
 20       assistance as provided under section 415C and  
 21       other aid provided by participating institutions.

22               “(B) PURPOSE AND OBJECTIVES.—The  
 23       purpose of the demonstration program under  
 24       this paragraph shall be to measure the benefits,  
 25       in terms of student aspirations and plans to at-

1           tend college, and the adverse effects, in terms  
2           of program costs, integrity, distribution, and  
3           delivery of aid under this title, of implementing  
4           an early application system for all dependent  
5           students that allows dependent students to  
6           apply for financial aid using information from  
7           the year prior to the year prior to enrollment.  
8           Additional objectives associated with implemen-  
9           tation of the demonstration program are the  
10          following:

11                   “(i) Measure the feasibility of ena-  
12                   bling dependent students to apply for Fed-  
13                   eral, State, and institutional financial aid  
14                   in their junior year of high school, using  
15                   information from the year prior to the year  
16                   prior to enrollment, by completing any of  
17                   the application forms under this sub-  
18                   section.

19                   “(ii) Determine the feasibility, bene-  
20                   fits, and adverse effects of implementing a  
21                   data match with the Internal Revenue  
22                   Service (IRS).

23                   “(iii) Identify whether receiving final  
24                   financial aid awards no later than the fall  
25                   of the senior year provides students with



1 additional time to compete for the limited  
2 resources available for State and institu-  
3 tional financial aid and positively impacts  
4 the college aspirations and plans of these  
5 students.

6 “(iv) Measure the impact of using in-  
7 come information from the year prior to  
8 the year prior to enrollment on—

9 “(I) eligibility for financial aid  
10 under this title and for other institu-  
11 tional aid; and

12 “(II) the cost of financial aid  
13 programs under this title.

14 “(iv) Effectively evaluate the benefits  
15 and adverse effects of the demonstration  
16 program on program costs, integrity, dis-  
17 tribution, and delivery of aid.

18 “(C) PARTICIPANTS.—The Secretary shall  
19 select States and institutions within those  
20 States to participate in the demonstration pro-  
21 gram under this paragraph that are partici-  
22 pating in the programs under this title and that  
23 are willing to make final financial aid awards to  
24 students based on their application information  
25 from the year prior to the year prior to enroll-

1           ment. The Secretary shall also select as partici-  
2           pants in the demonstration program secondary  
3           schools and dependent students that are located  
4           in the participating States.

5           “(D) APPLICATION PROCESS.—The Sec-  
6           retary shall insure that the following provisions  
7           are included in the demonstration program:

8                   “(i) Participating States and institu-  
9                   tions shall allow participating students to  
10                  apply for financial aid during their junior  
11                  year of high school using information from  
12                  the year prior to the year prior to enroll-  
13                  ment and all provisions available under  
14                  this title and shall award final financial aid  
15                  awards to participating students based on  
16                  the applications provided under this dem-  
17                  onstration program.

18                  “(ii) Participating States and institu-  
19                  tions shall not require students partici-  
20                  pating in this demonstration program to  
21                  complete an additional application in the  
22                  year prior to enrollment in order to receive  
23                  State aid under section 415C and any  
24                  other institutional aid.

1                   “(iii) Financial aid administrators at  
2                   participating institutions shall be allowed  
3                   to use their discretion in awarding finan-  
4                   cial aid to participating students, as out-  
5                   lined under section 479A and section  
6                   480(d)(7).

7                   “(E) DATA MATCH WITH THE INTERNAL  
8                   REVENUE SERVICE.—The Secretary shall in-  
9                   clude in this demonstration project a data  
10                  match with the Internal Revenue Service in  
11                  order to verify data provided by participating  
12                  students and gauge the feasibility of imple-  
13                  menting such a data match for all students ap-  
14                  plying for aid under this title.

15                  “(F) EVALUATION.—The Secretary shall  
16                  conduct a rigorous evaluation of this dem-  
17                  onstration program in order to measure its ben-  
18                  efits and adverse effects as indicated under sub-  
19                  paragraph (A).

20                  “(G) OUTREACH.—The Secretary shall  
21                  make appropriate efforts in order to notify  
22                  States of the demonstration program under this  
23                  paragraph. Upon determination of participating  
24                  States, the Secretary shall continue to make ef-  
25                  forts to notify institutions and dependent stu-

1           dents within participating States of the oppor-  
 2           tunity to participate in the demonstration pro-  
 3           gram and of the participation requirements.”

4           (3) by striking subsection (b);

5           (4) by redesignating subsections (c), (d), and  
 6           (e) as subsections (b), (c), and (d), respectively.

7           (b) MASTER CALENDAR.—Section 482(a)(1)(B) (20  
 8 U.S.C. 1089) is amended to read as follows:

9                   “(B) by March 1: proposed modifications,  
 10           updates, and notices pursuant to sections  
 11           479(c)(2)(C), 478, and 483(a)(6) published in  
 12           the Federal Register;”.

13   **SEC. 4. INCREASING ACCESS TO TECHNOLOGY.**

14           Section 483 (20 U.S.C. 1087ss) is further amended  
 15   by adding at the end the following:

16           “(e) ADDRESSING THE DIGITAL DIVIDE.—The Sec-  
 17   retary shall utilize savings accrued by moving more appli-  
 18   cants to the electronic forms described in subsection (a)(4)  
 19   to improve access to the electronic forms described in sub-  
 20   section (a)(4) for applicants meeting the requirements of  
 21   section 479(c).”

22   **SEC. 5. SIMPLIFY THE TREATMENT OF INCOME: REDUCING**  
 23                   **UNTAXED INCOME AND BENEFITS.**

24           Subsection (b) of section 480 (20 U.S.C. 1087vv(b))  
 25   is amended to read as follows:

1 “(b) UNTAXED INCOME AND BENEFITS.—

2 “(1) The term ‘untaxed income and benefits’  
3 means—

4 “(A) child support received;

5 “(B) workman’s compensation;

6 “(C) veteran’s benefits such as death pen-  
7 sion, dependency, and indemnity compensation,  
8 but excluding veterans’ education benefits as  
9 defined in subsection (c);

10 “(D) interest on tax-free bonds;

11 “(E) housing, food, and other allowances  
12 (excluding rent subsidies for low-income hous-  
13 ing) for military, clergy, and others (including  
14 cash payments and cash value of benefits);

15 “(F) cash support or any money paid on  
16 the student’s behalf, except, for dependent stu-  
17 dents, funds provided by the student’s parents;

18 “(G) untaxed portion of pensions;

19 “(H) payments to individual retirement ac-  
20 counts and Keogh accounts excluded from in-  
21 come for Federal income tax purposes; and

22 “(I) any other untaxed income and bene-  
23 fits, such as Black Lung Benefits, Refugee As-  
24 sistance, railroad retirement benefits, or Job  
25 Training Partnership Act noneducational bene-

1 fits or benefits received through participation in  
 2 employment and training activities under title I  
 3 of the Workforce Investment Act of 1998.

4 “(2) The term ‘untaxed income and benefits’  
 5 shall not include the amount of additional child tax  
 6 credit claimed for Federal income tax purposes.”.

7 **SEC. 6. REDUCING THE NUMBER OF QUESTIONS.**

8 Section 484 (20 U.S.C. 1091) is amended by striking  
 9 subsection (r).

10 **SEC. 7. ALLOWANCE FOR STATE AND OTHER TAXES.**

11 (a) ALLOWANCE FOR STATE AND LOCAL TAXES.—

12 Section 478 (20 U.S.C. 1087rr) is amended—

13 (1) by striking subsection (g);

14 (2) by redesignating subsection (h) as sub-  
 15 section (g).

16 (b) HOLDING STUDENTS HARMLESS.—Section

17 475(c) (20 U.S.C. 1087oo(c)) is amended—

18 (1) in paragraph (1):

19 (A) by striking subparagraph (B);

20 (B) by redesignating subparagraphs (C),

21 (D), (E), and (F) as subparagraphs (B), (C),

22 (D), and (E), respectively;

23 (2) by striking paragraph (2);

24 (3) by striking paragraph (4) and inserting the

25 following:

1           “(4) INCOME PROTECTION ALLOWANCE.—The  
 2           income protection allowance is determined by the fol-  
 3           lowing table (or a successor table prescribed by the  
 4           Secretary under section 478):

“Income Protection Allowance						
Family Size	Number					in College
(including student)	1	2	3	4	5	For each additional subtract:
2	\$15,207	\$12,599	.....	.....	.....	\$3,641
3	18,937	16,350	\$13,742	.....	.....	
4	23,388	20,779	18,193	\$15,596	.....	
5	27,595	24,986	22,400	19,802	\$17,216	
6	32,268	29,670	27,084	24,487	21,900	
For each additional add:	2,586	2,586	2,586	2,586	2,586	”

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

7           (c) DEPENDENT STUDENT INCREASE IN INCOME  
 8 PROTECTION ALLOWANCE.—Section 475(g) (20 U.S.C.  
 9 1087oo(g)) is amended—

10           (1) in paragraph (2)—

11                   (A) by striking subparagraph (B);

12                   (B) by striking subparagraph (D) and in-  
 13           serting the following:

14                   “(D) an income protection allowance of  
 15                   \$2,589 (or a successor amount prescribed by  
 16                   the Secretary under section 478);”

17                   (C) by redesignating subparagraphs (C),  
 18                   (D), (E), and (F) as subparagraphs (B), (C),  
 19                   (D), and (E), respectively;

1 (2) by striking paragraph (3); and

2 (3) by redesignating paragraphs (4), (5), and

3 (6) as paragraphs (3), (4), and (5), respectively.

4 (d) INDEPENDENT STUDENT (WITHOUT DEPEND-  
5 ENTS) INCREASE IN INCOME PROTECTION ALLOWANCE.—

6 Section 476(b) (20 U.S.C. 1087pp(b)) is amended—

7 (1) in subparagraph (A) of paragraph (1)—

8 (A) by striking clause (ii);

9 (B) by striking subclauses (I), (II) and  
10 (III) of clause (iv) and inserting the following:

11 “(I) \$5,874 for single students;

12 “(II) \$5,874 for married stu-  
13 dents who are both enrolled pursuant  
14 to subsection (a)(2); and

15 “(III) \$9,395 for married stu-  
16 dents where one is enrolled pursuant  
17 to subsection (a)(2);”;

18 (C) by redesignating clauses (iii), (iv), (v),  
19 (vi), as clauses (ii), (iii), (iv), and (v), respec-  
20 tively;

21 (2) by striking paragraph (2);

22 (3) by redesignating paragraphs (3), (4), and  
23 (5) as paragraphs (2), (3), and (4), respectively.



(e) INDEPENDENT STUDENT (WITH DEPENDENTS)  
 INCREASE IN INCOME PROTECTION ALLOWANCE.—Sec-  
 tion 477(b) (20 U.S.C. 1087qq(b)) is amended—  
 (1) in paragraph (1)—  
 (A) by striking subparagraph (B);  
 (B) by redesignating (C), (D), (E), and  
 (F) as subparagraphs (B), (C), (D), and (E),  
 respectively;  
 (2) by striking paragraph (2);  
 (3) by striking paragraph (4) and inserting the  
 following:  
 “(4) INCOME PROTECTION ALLOWANCE.—The  
 income protection allowance is determined by the fol-  
 lowing table (or a successor table prescribed by the  
 Secretary under section 478):

“Income Protection Allowance						
Family Size			Number	in College		
(including student)	1	2	3	4	5	For each additional subtract:
2	\$16,935	\$12,599	.....	.....	.....	\$3,641
3	18,937	16,350	\$13,742	.....	.....	
4	23,384	20,779	18,193	\$15,596	.....	
5	27,596	24,986	22,400	19,802	\$17,216	
6	32,268	29,670	27,084	24,487	21,900	
For each additional add:	2,586	2,586	2,586	2,586	2,586	”

(4) by redesignating paragraphs (3), (4), and  
 (5) as paragraphs (2), (3), and (4), respectively.  
 (f) CONFORMING AMENDMENT: UPDATES.—Section  
 478(b) (20 U.S.C. 1087rr(b)) is amended—

1 (1) in paragraph (1)—

2 (A) by striking “1993–1994” and inserting  
3 “2005–2006”;

4 (B) by striking “475(c)(4) and 477(b)(4)”  
5 and inserting “475(c)(3) and 477(b)(3)”; and

6 (C) by striking “December 1992” and in-  
7 serting “December 2004”; and

8 (2) in paragraph (2)—

9 (A) by striking “2000–2001” and inserting  
10 “2005–2006”;

11 (B) by striking “475(g)(2)(D) and  
12 476(b)(1)(A)(iv)” and inserting “475(g)(2)(C)  
13 and 476(b)(1)(A)(iii)”; and

14 (C) by striking “December 1999” and in-  
15 serting “December 2004”.

16 **SEC. 8. RELIEF FOR WORKING STUDENTS.**

17 (a) **DEPENDENT STUDENTS.**—Paragraph (4) of sec-  
18 tion 475(g) (20 U.S.C. 1087oo(g)(4)), as redesignated by  
19 section 7(c)(3) of this Act, is amended to read as follows:

20 “(4) the student’s available income (determined  
21 in accordance with paragraph (1) of this subsection)  
22 is assessed at 40 percent.”

23 (b) **INDEPENDENT STUDENTS WITHOUT DEPEND-**  
24 **ENTS OTHER THAN A SPOUSE.**—Paragraph (4) of section

1 476(b) (20 U.S.C. 1087pp(b)), as redesignated by section  
2 7(d)(3) of this Act, is amended to read as follows:

3 “(4) ASSESSMENT OF AVAILABLE INCOME.—

4 The family’s available income (determined in accord-  
5 ance with paragraph (1)(A) of this subsection) is as-  
6 sessed at 40 percent.”.

○