

108TH CONGRESS  
2D SESSION

# S. 2477

To amend the Higher Education Act of 1965 to expand college access and increase college persistence, to simplify the process of applying for student assistance, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MAY 21, 2004

Mr. REED (for himself, Ms. COLLINS, Mr. KENNEDY, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To amend the Higher Education Act of 1965 to expand college access and increase college persistence, to simplify the process of applying for student assistance, 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 “Accessing College  
5 through Comprehensive Early Outreach, State Partner-  
6 ships, and Simplification Act”.

1 **SEC. 2. GRANTS FOR ACCESS AND PERSISTENCE.**

2 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
3 415A(b) of the Higher Education Act of 1965 (20 U.S.C.  
4 1070c(b)) is amended by striking paragraphs (1) and (2)  
5 and inserting the following:

6 “(1) IN GENERAL.—There are authorized to be  
7 appropriated to carry out this subpart \$500,000,000  
8 for fiscal year 2005, and such sums as may be nec-  
9 essary for each of the 5 succeeding fiscal years.

10 “(2) RESERVATION.—For any fiscal year for  
11 which the amount appropriated under paragraph (1)  
12 exceeds \$30,000,000, the excess amount shall be  
13 available to carry out section 415E.”.

14 (b) APPLICATIONS FOR LEVERAGING EDUCATIONAL  
15 ASSISTANCE PARTNERSHIP PROGRAMS.—Section 415C(b)  
16 of the Higher Education Act of 1965 (20 U.S.C. 1070c–  
17 2(b)) is amended—

18 (1) in paragraph (2), by striking “\$5,000” and  
19 inserting “\$12,500”;

20 (2) in paragraph (9), by striking “and” after  
21 the semicolon;

22 (3) in paragraph (10), by striking the period at  
23 the end and inserting “; and”; and

24 (4) by adding at the end the following:

25 “(11) provides notification to eligible students  
26 that such grants are—

1                   “(A) Leveraging Educational Assistance  
2                   Partnership Grants; and

3                   “(B) funded by the Federal Government  
4                   and the State.”.

5           (c) GRANTS FOR ACCESS AND PERSISTENCE.—Sec-  
6   tion 415E of the Higher Education Act of 1965 (20  
7   U.S.C. 1070c–3a) is amended to read as follows:

8   **“SEC. 415E. GRANTS FOR ACCESS AND PERSISTENCE.**

9           “(a) PURPOSE.—It is the purpose of this section to  
10   expand college access and increase college persistence by  
11   making allotments to States to enable the States to—

12           “(1) expand and enhance partnerships with in-  
13   stitutions of higher education, early information and  
14   intervention, mentoring, or outreach programs, pri-  
15   vate corporations, philanthropic organizations, and  
16   other interested parties to carry out activities under  
17   this section and to provide coordination and cohesion  
18   among Federal, State, and local governmental and  
19   private efforts that provide financial assistance to  
20   help low-income students attend college;

21           “(2) provide need-based access and persistence  
22   grants to eligible low-income students;

23           “(3) provide early notification to low-income  
24   students of their eligibility for financial aid; and

1 “(4) encourage increased participation in early  
2 information and intervention, mentoring, or outreach  
3 programs.

4 “(b) ALLOTMENTS TO STATES.—

5 “(1) IN GENERAL.—

6 “(A) AUTHORIZATION.—From sums re-  
7 served under section 415A(b)(2) for each fiscal  
8 year, the Secretary shall make an allotment to  
9 each State that submits an application for an  
10 allotment in accordance with subsection (c) to  
11 enable the State to pay the Federal share of the  
12 cost of carrying out the activities under sub-  
13 section (d).

14 “(B) DETERMINATION OF ALLOTMENT.—  
15 In making allotments under subparagraph (A),  
16 the Secretary shall consider the following:

17 “(i) CONTINUATION OF AWARD.—If a  
18 State continues to meet the specifications  
19 established in its application under sub-  
20 section (c), the Secretary shall make an al-  
21 lotment to such State that is not less than  
22 the allotment made to such State for the  
23 previous fiscal year.

24 “(ii) PRIORITY.—The Secretary shall  
25 give priority in making allotments to

1 States that meet the requirements under  
2 paragraph (2)(B)(iii).

3 “(2) FEDERAL SHARE.—

4 “(A) IN GENERAL.—The Federal share of  
5 the cost of carrying out the activities under  
6 subsection (d) for any fiscal year may not ex-  
7 ceed 66.66 percent.

8 “(B) DIFFERENT PERCENTAGES.—The  
9 Federal share under this section shall be deter-  
10 mined in accordance with the following:

11 “(i) If a State applies for an allot-  
12 ment under this section in partnership  
13 with any number of degree granting insti-  
14 tutions of higher education in the State  
15 whose combined full-time enrollment rep-  
16 resents less than a majority of all students  
17 attending institutions of higher education  
18 in the State, then the Federal share of the  
19 cost of carrying out the activities under  
20 subsection (d) shall be equal to 50 percent.

21 “(ii) If a State applies for an allot-  
22 ment under this section in partnership  
23 with any number of degree granting insti-  
24 tutions of higher education in the State  
25 whose combined full-time enrollment rep-

resents less than a majority of all students attending institutions of higher education in the State, and philanthropic organizations that are located in, or who provide funding in, the State or private corporations that are located in, or who do business in, the State, then the Federal share of the cost of carrying out the activities under subsection (d) shall be equal to 57 percent.

“(iii) If a State applies for an allotment under this section in partnership with any number of degree granting institutions of higher education in the State whose combined full-time enrollment represents a majority of all students attending institutions of higher education in the State, philanthropic organizations that are located in, or who provide funding in, the State, and private corporations that are located in, or who do business in, the State, then the Federal share of the cost of carrying out the activities under subsection (d) shall be equal to 66.66 percent.

“(c) APPLICATION FOR ALLOTMENT.—

1 “(1) IN GENERAL.—

2 “(A) SUBMISSION.—A State that desires  
3 to receive an allotment under this section shall  
4 submit an application to the Secretary at such  
5 time, in such manner, and containing such in-  
6 formation as the Secretary may require.

7 “(B) CONTENT.—An application submitted  
8 under subparagraph (A) shall include the fol-  
9 lowing:

10 “(i) A description of the State’s plan  
11 for using the allotted funds.

12 “(ii) Assurances that the State will  
13 provide matching funds, from State, insti-  
14 tutional, philanthropic, or private funds, of  
15 not less than 33.33 percent of the cost of  
16 carrying out the activities under subsection  
17 (d). The State shall specify the methods by  
18 which matching funds will be paid and in-  
19 clude provisions designed to ensure that  
20 funds provided under this section will be  
21 used to supplement, and not supplant,  
22 Federal and non-Federal funds available  
23 for carrying out the activities under this  
24 title. A State that uses non-Federal funds  
25 to create or expand existing partnerships

1 with nonprofit organizations or commu-  
2 nity-based organizations in which such or-  
3 ganizations match State funds for student  
4 scholarships, may apply such matching  
5 funds from such organizations toward ful-  
6 filling the State's matching obligation  
7 under this clause.

8 “(iii) Assurances that early informa-  
9 tion and intervention, mentoring, or out-  
10 reach programs exist within the State or  
11 that there is a plan to make such pro-  
12 grams widely available.

13 “(iv) A description of the organiza-  
14 tional structure that the State has in place  
15 to administer the activities under sub-  
16 section (d), including a description of the  
17 system the State will use to track the par-  
18 ticipation of students who receive grants  
19 under this section to degree completion.

20 “(v) Assurances that the State has a  
21 method in place, such as acceptance of the  
22 automatic zero expected family contribu-  
23 tion determination described in section  
24 479, to identify eligible low-income stu-



1                   dents and award State grant aid to such  
2                   students.

3                   “(vi) Assurances that the State will  
4                   provide notification to eligible low-income  
5                   students that grants under this section  
6                   are—

7                               “(I) Leveraging Educational As-  
8                               sistance Partnership Grants; and

9                               “(II) funded by the Federal Gov-  
10                              ernment and the State.

11                   “(2) STATE AGENCY.—The State agency that  
12                   submits an application for a State under section  
13                   415C(a) shall be the same State agency that sub-  
14                   mits an application under paragraph (1) for such  
15                   State.

16                   “(3) PARTNERSHIP.—

17                               “(A) MANDATORY PARTNERS.—In apply-  
18                               ing for an allotment under this section, the  
19                               State agency shall apply for the allotment in  
20                               partnership with—

21                               “(i) not less than 1 public and 1 pri-  
22                               vate degree granting institution of higher  
23                               education that are located in the State;  
24                               and

1 “(ii) new or existing early information  
 2 and intervention, mentoring, or outreach  
 3 programs located in the State.

4 “(B) PERMISSIVE PARTNERS.—In addition  
 5 to applying for an allotment under this section  
 6 in partnership with degree granting institutions  
 7 of higher education and early information and  
 8 intervention, mentoring, or outreach programs,  
 9 a State agency may also apply in partnership  
 10 with philanthropic organizations that are lo-  
 11 cated in, or who provide funding in, the State  
 12 and private corporations that are located in, or  
 13 who do business in, the State.

14 “(C) ROLES OF PARTNERS.—

15 “(i) STATE AGENCY.—A State agency  
 16 that is in a partnership receiving an allot-  
 17 ment under this section—

18 “(I) shall—

19 “(aa) serve as the primary  
 20 administrative unit for the part-  
 21 nership;

22 “(bb) provide or coordinate  
 23 matching funds, and coordinate  
 24 activities among partners;

1 “(cc) encourage each institu-  
 2 tion of higher education in the  
 3 State to participate in the part-  
 4 nership;

5 “(dd) make determinations  
 6 and early notifications of assist-  
 7 ance as described under sub-  
 8 section (d)(2); and

9 “(ee) annually report to the  
 10 Secretary on the partnership’s  
 11 progress in meeting the purpose  
 12 of this section; and

13 “(II) may provide early informa-  
 14 tion and intervention, mentoring, or  
 15 outreach programs.

16 “(ii) DEGREE GRANTING INSTITU-  
 17 TIONS OF HIGHER EDUCATION.—A degree  
 18 granting institution of higher education  
 19 that is in a partnership receiving an allot-  
 20 ment under this section—

21 “(I) shall—

22 “(aa) recruit and admit par-  
 23 ticipating qualified students and  
 24 provide such additional institu-  
 25 tional grant aid to participating

1 students as agreed to with the  
2 State agency;

3 “(bb) provide support serv-  
4 ices to students who receive an  
5 access and persistence grant  
6 under this section and are en-  
7 rolled at such institution; and

8 “(cc) assist the State in the  
9 identification of eligible students  
10 and the dissemination of early  
11 notifications of assistance as  
12 agreed to with the State agency;  
13 and

14 “(II) may provide funding for  
15 early information and intervention,  
16 mentoring, or outreach programs or  
17 provide such services directly.

18 “(iii) PROGRAMS.—An early informa-  
19 tion and intervention, mentoring, or out-  
20 reach program that is in a partnership re-  
21 ceiving an allotment under this section  
22 shall provide direct services, support, and  
23 information to participating students.

24 “(iv) PERMISSIVE PARTNERS.—A  
25 philanthropic organization or private cor-

1           poration that is in a partnership receiving  
 2           an allotment under this section shall pro-  
 3           vide funds for access and persistence  
 4           grants for participating students, or pro-  
 5           vide funds or support for early information  
 6           and intervention, mentoring, or outreach  
 7           programs.

8           “(d) AUTHORIZED ACTIVITIES.—

9           “(1) IN GENERAL.—

10           “(A) ESTABLISHMENT OF PARTNER-  
 11           SHIP.—Each State receiving an allotment under  
 12           this section shall use the funds to establish a  
 13           partnership to award access and persistence  
 14           grants to eligible low-income students in order  
 15           to increase the amount of financial assistance  
 16           such students receive under this subpart for un-  
 17           dergraduate education expenses.

18           “(B) AMOUNT.—

19           “(i) PARTNERSHIPS WITH INSTITU-  
 20           TIONS SERVING LESS THAN A MAJORITY  
 21           OF STUDENTS IN THE STATE.—

22           “(I) IN GENERAL.—In the case  
 23           where a State receiving an allotment  
 24           under this section is in a partnership  
 25           described in clause (i) or (ii) of sub-

1 section (b)(2)(B), the amount of an  
2 access and persistence grant awarded  
3 by such State shall be not less than  
4 the amount that is equal to the aver-  
5 age undergraduate tuition and man-  
6 datory fees at 4-year public institu-  
7 tions of higher education in the State  
8 where the student resides (less any  
9 other Federal or State sponsored  
10 grant amount, college work study  
11 amount, and scholarship amount re-  
12 ceived by the student) and such  
13 amount shall be used toward the cost  
14 of attendance at an institution of  
15 higher education, located in the State,  
16 that is a partner in the partnership.

17 “(II) COST OF ATTENDANCE.—A  
18 State that has a program, apart from  
19 the partnership under this section, of  
20 providing eligible low-income students  
21 with grants that are equal to the aver-  
22 age undergraduate tuition and man-  
23 datory fees at 4-year public institu-  
24 tions of higher education in the State,  
25 may increase the amount of access

1 and persistence grants awarded by  
2 such State up to an amount that is  
3 equal to the average cost of attend-  
4 ance at 4-year public institutions of  
5 higher education in the State (less  
6 any other Federal or State sponsored  
7 grant amount, college work study  
8 amount, and scholarship amount re-  
9 ceived by the student).

10 “(ii) PARTNERSHIP WITH INSTITU-  
11 TIONS SERVING THE MAJORITY OF STU-  
12 DENTS IN THE STATE.—In the case where  
13 a State receiving an allotment under this  
14 section is in a partnership described in  
15 subsection (b)(2)(B)(iii), the amount of an  
16 access and persistence grant awarded by  
17 such State shall be up to an amount that  
18 is equal to the average cost of attendance  
19 at 4-year public institutions of higher edu-  
20 cation in the State where the student re-  
21 sides (less any other Federal or State  
22 sponsored grant amount, college work  
23 study amount, and scholarship amount re-  
24 ceived by the student) and such amount  
25 shall be used by the student to attend an

1 institution of higher education, located in  
 2 the State, that is a partner in the partner-  
 3 ship.

4 “(2) EARLY NOTIFICATION.—

5 “(A) IN GENERAL.—Each State receiving  
 6 an allotment under this section shall annually  
 7 notify low-income students, such as students  
 8 who are eligible to receive a free lunch under  
 9 the school lunch program established under the  
 10 Richard B. Russell National School Lunch Act,  
 11 in grade 7 through grade 12 in the State of  
 12 their potential eligibility for student financial  
 13 assistance, including an access and persistence  
 14 grant, to attend an institution of higher edu-  
 15 cation.

16 “(B) CONTENT OF NOTICE.—The notifica-  
 17 tion under subparagraph (A)—

18 “(i) shall include—

19 “(I) information about early in-  
 20 formation and intervention, men-  
 21 toring, or outreach programs available  
 22 to the student;

23 “(II) information that a stu-  
 24 dent’s candidacy for an access and  
 25 persistence grant is enhanced through



1 participation in an early information  
2 and intervention, mentoring, or out-  
3 reach program;

4 “(III) an explanation that stu-  
5 dent and family eligibility and partici-  
6 pation in other Federal means-tested  
7 programs may indicate eligibility for  
8 an access and persistence grant and  
9 other student aid programs;

10 “(IV) a nonbinding estimation of  
11 the total amount of financial aid a  
12 low-income student with a similar in-  
13 come level may expect to receive, in-  
14 cluding an estimation of the amount  
15 of an access and persistence grant  
16 and an estimation of the amount of  
17 grants, loans, and all other available  
18 types of aid from the major Federal  
19 and State financial aid programs;

20 “(V) an explanation that in order  
21 to be eligible for an access and per-  
22 sistence grant, at a minimum, a stu-  
23 dent shall meet the requirement under  
24 paragraph (3), graduate from sec-  
25 ondary school, and enroll at an insti-

1           tution of higher education that is a  
2           partner in the partnership;

3           “(VI) information on any addi-  
4           tional requirements (such as a student  
5           pledge detailing student responsibil-  
6           ities) that the State may impose for  
7           receipt of an access and persistence  
8           grant under this section; and

9           “(VII) instructions on how to  
10          apply for an access and persistence  
11          grant; and

12          “(ii) may include a disclaimer that ac-  
13          cess and persistence grant awards are con-  
14          tingent upon—

15          “(I) a determination of the stu-  
16          dent’s financial eligibility at the time  
17          of the student’s enrollment at an in-  
18          stitution of higher education that is a  
19          partner in the partnership;

20          “(II) annual Federal and State  
21          appropriations; and

22          “(III) other aid received by the  
23          student at the time of the student’s  
24          enrollment at an institution of higher

1 education that is a partner in the  
2 partnership.

3 “(3) ELIGIBILITY.—In determining which stu-  
4 dents are eligible to receive access and persistence  
5 grants, the State shall ensure that each such student  
6 meets not less than 2 of the following criteria and  
7 give priority to students meeting all of the following  
8 criteria:

9 “(A) Has an expected family contribution  
10 equal to zero (as described in section 479) or  
11 a comparable alternative based upon the State’s  
12 approved criteria in section 415C(b)(4).

13 “(B) Is participating in, or has partici-  
14 pated in, a Federal, State, institutional, or com-  
15 munity early information and intervention,  
16 mentoring, or outreach program, as recognized  
17 by the State agency administering activities  
18 under this section.

19 “(C) Has qualified for a free lunch, or at  
20 the State’s discretion a reduced price lunch,  
21 under the school lunch program established  
22 under the Richard B. Russell National School  
23 Lunch Act.

1           “(D) Qualifies for the State’s maximum  
2           undergraduate award, as authorized under sec-  
3           tion 415C(b).

4           “(E) Receives, or has received, an access  
5           and persistence grant under this section.

6           “(4) GRANT AWARD.—Once a student, includ-  
7           ing those who have received early notification under  
8           paragraph (2) from the State, applies for admission  
9           to an institution that is a partner in the partnership,  
10          files a Free Application for Federal Student Aid and  
11          any related existing State form, and is determined  
12          eligible by the State under paragraph (3), the State  
13          shall—

14               “(A) issue the student a preliminary access  
15               and persistence grant award certificate with  
16               tentative award amounts; and

17               “(B) inform the student that payment of  
18               the access and persistence grant award  
19               amounts is subject to certification of enrollment  
20               and award eligibility by the institution of higher  
21               education.

22           “(5) DURATION OF AWARD.—An eligible stu-  
23           dent that receives an access and persistence grant  
24           under this section shall receive such grant award for  
25           each year of such student’s undergraduate education

1 in which the student remains eligible for assistance  
2 under this title, including pursuant to section  
3 484(c), and remains financially eligible as deter-  
4 mined by the State, except that the State may im-  
5 pose reasonable time limits to baccalaureate degree  
6 completion.

7 “(e) ADMINISTRATIVE COST ALLOWANCE.—A State  
8 that receives an allotment under this section may reserve  
9 not more than 3.5 percent of the funds made available  
10 annually through the allotment for State administrative  
11 functions required to carry out this section.

12 “(f) STATUTORY AND REGULATORY RELIEF FOR IN-  
13 STITUTIONS OF HIGHER EDUCATION.—The Secretary  
14 may grant, upon the request of an institution of higher  
15 education that is in a partnership described in subsection  
16 (b)(2)(B)(iii) and that receives an allotment under this  
17 section, a waiver for such institution from statutory or  
18 regulatory requirements that inhibit the ability of the in-  
19 stitution to successfully and efficiently participate in the  
20 activities of the partnership.

21 “(g) APPLICABILITY RULE.—The provisions of this  
22 subpart which are not inconsistent with this section shall  
23 apply to the program authorized by this section.

24 “(h) MAINTENANCE OF EFFORT REQUIREMENT.—  
25 Each State receiving an allotment under this section for

1 a fiscal year shall provide the Secretary an assurance that  
2 the aggregate amount expended per student or the aggre-  
3 gate expenditures by the State, from funds derived from  
4 non-Federal sources, for the authorized activities de-  
5 scribed in subsection (d) for the preceding fiscal year were  
6 not less than the amount expended per student or the ag-  
7 gregate expenditure by the State for the activities for the  
8 second preceding fiscal year.

9 “(i) REPORTS.—Not later than 3 years after the date  
10 of enactment of the Accessing College through Com-  
11 prehensive Early Outreach, State Partnerships, and Sim-  
12 plification Act, and annually thereafter, the Secretary  
13 shall submit a report describing the activities and the im-  
14 pact of the partnerships under this section to the Com-  
15 mittee on Health, Education, Labor, and Pensions of the  
16 Senate and the Committee on Education and the Work-  
17 force of the House of Representatives.”.

18 (d) CONTINUATION AND TRANSITION.—During the  
19 2-year period commencing on the date of enactment of this  
20 Act, the Secretary shall continue to award grants under  
21 section 415E of the Higher Education Act of 1965 (20  
22 U.S.C. 1070c–3a), as such section existed on the day be-  
23 fore the date of enactment of this Act, to States that  
24 choose to apply for grants under such predecessor section.

1 (e) IMPLEMENTATION AND EVALUATION.—Section  
 2 491(j) of the Higher Education Act of 1965 (20 U.S.C.  
 3 1098(j)) is amended—

4 (1) in paragraph (4), by striking “and” after  
 5 the semicolon; and

6 (2) by striking paragraph (5) and inserting the  
 7 following:

8 “(5) not later than 6 months after the date of  
 9 enactment of the Accessing College through Com-  
 10 prehensive Early Outreach, State Partnerships, and  
 11 Simplification Act, advise the Secretary on means to  
 12 implement the activities under section 415E, and the  
 13 Advisory Committee shall continue to monitor,  
 14 evaluate, and make recommendations on the  
 15 progress of partnerships that receive allotments  
 16 under such section; and”.

17 **SEC. 3. SIMPLIFIED NEEDS TEST AND AUTOMATIC ZERO IM-**  
 18 **PROVEMENTS.**

19 (a) SIMPLIFIED NEEDS TEST.—Section 479 of the  
 20 Higher Education Act of 1965 (20 U.S.C. 1087ss) is  
 21 amended—

22 (1) in subsection (b)—

23 (A) in paragraph (1)—

24 (i) by striking subparagraph (A)(i)

25 and inserting the following:

1 “(i) the student’s parents—

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

4 “(II) certify that they are not re-  
5 quired to file an income tax return;

6 “(III) 1 of whom is a dislocated  
7 worker; or

8 “(IV) or the student received  
9 benefits at some time during the pre-  
10 vious 24-month period under a means-  
11 tested Federal benefit program as de-  
12 fined under subsection (d); and”; and

13 (ii) by striking subparagraph (B)(i)  
14 and inserting the following:

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

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

19 “(II) certifies that the student  
20 (and the student’s spouse, if any) is  
21 not required to file an income tax re-  
22 turn;

23 “(III) is a dislocated worker; or

24 “(IV) received benefits at some  
25 time during the previous 24-month



1 period under a means-tested Federal  
 2 benefit program as defined under sub-  
 3 section (d); and”; and

4 (B) in paragraph (3), by striking “A stu-  
 5 dent or family files a form described in this  
 6 subsection, or subsection (c), as the case may  
 7 be, if the student or family, respectively, files”  
 8 and inserting “In the case of an independent  
 9 student, the student, or in the case of a depend-  
 10 ent student, the family, files a form described  
 11 in this subsection, or subsection (c), as the case  
 12 may be, if the student or family, as appropriate,  
 13 files”;

14 (2) in subsection (c)—

15 (A) in paragraph (1)—

16 (i) by striking subparagraph (A) and  
 17 inserting the following:

18 “(A) the student’s parents—

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

21 “(ii) certify that they are not required  
 22 to file an income tax return;

23 “(iii) 1 of whom is a dislocated work-  
 24 er; or

1 “(iv) or the student received benefits  
 2 at some time during the previous 24-month  
 3 period under a means-tested Federal ben-  
 4 efit program as defined under subsection  
 5 (d); and”; and

6 (ii) by striking subparagraph (B) and  
 7 inserting the following:

8 “(B) the sum of the adjusted gross income  
 9 of the parents is less than or equal to \$25,000;  
 10 or”;

11 (B) in paragraph (2)—

12 (i) by striking subparagraph (A) and  
 13 inserting the following:

14 “(A) the student (and the student’s  
 15 spouse, if any)—

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

18 “(ii) certifies that the student (and  
 19 the student’s spouse, if any) is not re-  
 20 quired to file an income tax return;

21 “(iii) is a dislocated worker; or

22 “(iv) received benefits at some time  
 23 during the previous 24-month period under  
 24 a means-tested Federal benefit program as  
 25 defined under subsection (d); and”; and

1 (ii) by striking subparagraph (B) and  
 2 inserting the following:

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

6 (C) by striking the flush matter at the end  
 7 and inserting the following:

8 “The Secretary shall annually adjust the income level nec-  
 9 essary to qualify an applicant for the zero expected family  
 10 contribution. The income level shall be adjusted according  
 11 to increases in the Consumer Price Index, as defined in  
 12 section 478(f).”; and

13 (3) by adding at the end the following:

14 “(d) DEFINITIONS.—In this section:

15 “(1) DISLOCATED WORKER.—The term ‘dis-  
 16 located worker’ has the same meaning given the  
 17 term in section 101 of the Workforce Investment  
 18 Act of 1998 (29 U.S.C. 2801).

19 “(2) MEANS-TESTED FEDERAL BENEFIT PRO-  
 20 GRAM.—The term ‘means-tested Federal benefit pro-  
 21 gram’ means a mandatory spending program of the  
 22 Federal Government in which eligibility for the pro-  
 23 gram’s benefits, or the amount of such benefits, or  
 24 both, are determined on the basis of income or re-  
 25 sources of the individual or family seeking the ben-

1       efit, and includes the supplemental security income  
 2       program under title XVI of the Social Security Act,  
 3       the food stamp program under the Food Stamp Act  
 4       of 1977, and the free and reduced price school lunch  
 5       program established under the Richard B. Russell  
 6       National School Lunch Act.”.

7       (b) DISCRETION OF STUDENT FINANCIAL AID AD-  
 8       MINISTRATORS.—Section 479A(a) of the Higher Edu-  
 9       cation Act of 1965 (20 U.S.C. 1087tt(a)) is amended in  
 10      the third sentence by inserting “a family member who is  
 11      a dislocated worker (as defined in section 101 of the  
 12      Workforce Investment Act of 1998 (29 U.S.C. 2801)),”  
 13      after “recent unemployment of a family member,”.

14      **SEC. 4. IMPROVING PAPER AND ELECTRONIC FORMS.**

15      (a) SIMPLIFIED NEEDS TEST.—Section 479(a) of the  
 16      Higher Education Act of 1965 (20 U.S.C. 1087ss(a)) is  
 17      amended by adding at the end the following:

18               “(3) SIMPLIFIED FORMS.—The Secretary shall  
 19      make special efforts to notify families meeting the  
 20      requirements of subsection (c) that such families  
 21      may use the FAFSA–EZ or the simplified electronic  
 22      application form established under section 483(a).”.

23      (b) COMMON FINANCIAL AID FORM DEVELOPMENT  
 24      AND PROCESSING.—Section 483 of the Higher Education  
 25      Act of 1965 (20 U.S.C. 1090) is amended—

1 (1) in subsection (a)—

2 (A) by striking paragraphs (1), (2), and  
3 (5);

4 (B) by redesignating paragraphs (3), (4),  
5 (6), and (7), as paragraphs (7), (8), (9), and  
6 (10), respectively;

7 (C) by inserting before paragraph (7), as  
8 redesignated by subparagraph (B), the fol-  
9 lowing:

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

22 “(2) PAPER FORMAT.—

23 “(A) IN GENERAL.—The Secretary shall  
24 produce, distribute, and process common forms  
25 in paper format to meet the requirements of

1 paragraph (1). The Secretary shall develop a  
2 common paper form for applicants who do not  
3 meet the requirements of subparagraph (B).

4 “(B) FAFSA–EZ.—

5 “(i) IN GENERAL.—The Secretary  
6 shall develop and use a simplified paper  
7 application form, to be known as the  
8 ‘FAFSA–EZ’, to be used for applicants  
9 meeting the requirements of section  
10 479(c).

11 “(ii) REDUCED DATA REQUIRE-  
12 MENTS.—The FAFSA–EZ shall permit an  
13 applicant to submit for financial assistance  
14 purposes, only the data elements required  
15 to make a determination of whether the  
16 applicant meets the requirements under  
17 section 479(c).

18 “(iii) STATE DATA.—The Secretary  
19 shall include on the FAFSA–EZ space for  
20 information that needs to be submitted  
21 from the applicant to be eligible for State  
22 financial assistance, as provided under  
23 paragraph (5), except the Secretary shall  
24 not include a State’s data if that State

1 does not permit its applicants for State as-  
 2 sistance to use the FAFSA-EZ.

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

10 “(v) TESTING.—The Secretary shall  
 11 conduct appropriate field testing on the  
 12 FAFSA-EZ.

13 “(C) PHASING OUT THE PAPER FORM FOR  
 14 STUDENTS WHO DO NOT MEET THE REQUIRE-  
 15 MENTS OF THE AUTOMATIC ZERO EXPECTED  
 16 FAMILY CONTRIBUTION.—

17 “(i) IN GENERAL.—The Secretary  
 18 shall make all efforts to encourage all ap-  
 19 plicants to utilize the electronic forms de-  
 20 scribed in paragraph (3).

21 “(ii) PHASEOUT OF FULL FAFSA.—  
 22 Not later than award year 2009–2010, the  
 23 Secretary shall phaseout the long paper  
 24 form for applicants who do not qualify for  
 25 the FAFSA-EZ.

1                   “(iii) USE OF SAVINGS TO ADDRESS  
 2                   THE DIGITAL DIVIDE.—The Secretary shall  
 3                   utilize savings accrued by moving more ap-  
 4                   plicants to the electronic forms to improve  
 5                   access to the electronic forms for appli-  
 6                   cants meeting the requirements of section  
 7                   479(c).

8                   “(3) ELECTRONIC FORMAT.—

9                   “(A) IN GENERAL.—The Secretary shall  
 10                  produce, distribute, and process common forms  
 11                  in electronic format to meet the requirements of  
 12                  paragraph (1). The Secretary shall develop a  
 13                  common electronic form for applicants who do  
 14                  not meet the requirements of subparagraph  
 15                  (B).

16                  “(B) SIMPLIFIED APPLICATION: FAFSA ON  
 17                  THE WEB.—

18                  “(i) IN GENERAL.—The Secretary  
 19                  shall develop and use a simplified elec-  
 20                  tronic application form to be used by appli-  
 21                  cants meeting the requirements under sub-  
 22                  section (b) or (c) of section 479.

23                  “(ii) REDUCED DATA REQUIRE-  
 24                  MENTS.—The simplified electronic applica-  
 25                  tion form shall permit an applicant to sub-



1 mit for financial assistance purposes, only  
2 the data elements required to make a de-  
3 termination of whether the applicant meets  
4 the requirements under subsection (b) or  
5 (c) of section 479.

6 “(iii) STATE DATA.—The Secretary  
7 shall include on the simplified electronic  
8 application form space for information that  
9 needs to be submitted from the applicant  
10 to be eligible for State financial assistance,  
11 as provided under paragraph (5), except  
12 the Secretary shall not include a State’s  
13 data if that State does not permit its ap-  
14 plicants for State assistance to use the  
15 simplified electronic application form.

16 “(iv) FREE AVAILABILITY AND PROC-  
17 ESSING.—The provisions of paragraph (6)  
18 shall apply to the simplified electronic ap-  
19 plication form, and the data collected by  
20 means of the simplified electronic applica-  
21 tion form shall be available to institutions  
22 of higher education, guaranty agencies,  
23 and States in accordance with paragraph  
24 (7).

1                   “(v) TESTING.—The Secretary shall  
2                   conduct appropriate field testing on the  
3                   form developed under this subparagraph.

4                   “(C) RULE OF CONSTRUCTION.—Nothing  
5                   in this subsection shall be construed to prohibit  
6                   the use of the form developed by the Secretary  
7                   pursuant to this paragraph by an eligible insti-  
8                   tution, eligible lender, guaranty agency, State  
9                   grant agency, private computer software pro-  
10                  viders, a consortium thereof, or such other enti-  
11                  ties as the Secretary may designate.

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

1 the application, award, and administration of  
2 aid awarded under this title, State aid, or aid  
3 awarded by eligible institutions or such entities  
4 as the Secretary may designate. No data col-  
5 lected by such electronic version of the form  
6 shall be used for making final aid awards under  
7 this title until such data have been processed  
8 by the Secretary or a contractor or designee of  
9 the Secretary, except as may be permitted  
10 under this title.

11 “(E) SIGNATURE.—Notwithstanding any  
12 other provision of this Act, the Secretary may  
13 permit an electronic form to be submitted with-  
14 out a signature, if a signature is subsequently  
15 submitted by the applicant.

16 “(F) PERSONAL IDENTIFICATION NUM-  
17 BERS AUTHORIZED.—The Secretary is author-  
18 ized to assign to applicants personal identifica-  
19 tion numbers—

20 “(i) to enable the applicants to use  
21 such numbers in lieu of a signature for  
22 purposes of completing a form under this  
23 paragraph; and

1 “(ii) for any purpose determined by  
2 the Secretary to enable the Secretary to  
3 carry out this title.

4 “(4) REAPPLICATION.—

5 “(A) IN GENERAL.—The Secretary shall  
6 develop streamlined reapplication forms and  
7 processes, including both paper and electronic  
8 reapplication processes, consistent with the re-  
9 quirements of this subsection, for an applicant  
10 who applies for financial assistance under this  
11 title in the next succeeding academic year sub-  
12 sequent to the year in which such applicant  
13 first applied for financial assistance under this  
14 title.

15 “(B) UPDATED.—The Secretary shall de-  
16 termine, in cooperation with States, institutions  
17 of higher education, agencies and organizations  
18 involved in student financial assistance, the  
19 data elements that can be updated from the  
20 previous academic year’s application.

21 “(C) RULE OF CONSTRUCTION.—Nothing  
22 in this title shall be construed as limiting the  
23 authority of the Secretary to reduce the number  
24 of data elements required of reapplicants.

1           “(D) ZERO FAMILY CONTRIBUTION.—Ap-  
2           plicants determined to have a zero family con-  
3           tribution pursuant to section 479(c) shall not  
4           be required to provide any financial data in a  
5           reapplication form, except that which is nec-  
6           essary to determine eligibility under such sec-  
7           tion.

8           “(5) STATE REQUIREMENTS.—

9           “(A) IN GENERAL.—The Secretary shall  
10          include on the forms developed under this sub-  
11          section, such State-specific nonfinancial data  
12          items as the Secretary determines are necessary  
13          to meet State requirements for need-based  
14          State aid. Such items shall be selected in con-  
15          sultation with States to assist in the awarding  
16          of State financial assistance in accordance with  
17          the terms of this subsection. The number of  
18          such data items shall not be less than the num-  
19          ber included on the form on October 7, 1998,  
20          unless States notify the Secretary that they no  
21          longer require those data items for the distribu-  
22          tion of State need-based aid.

23          “(B) ANNUAL REVIEW.—The Secretary  
24          shall conduct an annual review process to deter-  
25          mine which nonfinancial data items the States

1           require to award need-based State aid and  
 2           other application requirements that the States  
 3           may impose.

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

8                   “(i) if they are unable to permit appli-  
 9                   cants to utilize the FAFSA–EZ or the sim-  
 10                  plified electronic application form; and

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

14           “(D) STATE NOTIFICATION TO THE SEC-  
 15           RETARY.—

16                   “(i) IN GENERAL.—Each State shall  
 17                   notify the Secretary whether it permits an  
 18                   applicant to file a form described in para-  
 19                   graph (2)(B) or (3)(B) for purposes of de-  
 20                   termining eligibility for State need-based  
 21                   grant aid.

22                   “(ii) NO PERMISSION.—In the event  
 23                   that a State does not permit an applicant  
 24                   to file a form described in paragraph  
 25                   (2)(B) or (3)(B) for purposes of deter-

1 mining eligibility for State need-based  
2 grant aid—

3 “(I) the State shall notify the  
4 Secretary if it is not permitted to do  
5 so because of either State law or be-  
6 cause of agency policy; and

7 “(II) the notification under sub-  
8 clause (I) shall include an estimate of  
9 the program cost to permit applicants  
10 to complete FAFSA-EZs and sim-  
11 plified electronic application forms.

12 “(iii) LACK OF NOTIFICATION BY THE  
13 STATE.—If a State does not notify the  
14 Secretary pursuant to clause (i), the Sec-  
15 retary shall—

16 “(I) permit residents of that  
17 State to complete a FAFSA-EZ or a  
18 simplified electronic application form;  
19 and

20 “(II) not require any resident of  
21 that State to complete any non-  
22 financial data previously required by  
23 that State.

24 “(E) RESTRICTION.—The Secretary shall  
25 not require applicants to complete any non-

1 financial data or financial data that are not re-  
2 quired by the applicant's State agency, except  
3 as may be required for applicants who use the  
4 common paper form.

5 “(6) CHARGES TO STUDENTS AND PARENTS  
6 FOR USE OF FORMS PROHIBITED.—The common fi-  
7 nancial reporting forms prescribed by the Secretary  
8 under this subsection shall be produced, distributed,  
9 and processed by the Secretary and no parent or  
10 student shall be charged a fee by the Secretary, a  
11 contractor, a third party servicer or private software  
12 provider, or any other public or private entity for the  
13 collection, processing, or delivery of financial aid  
14 through the use of such forms. The need and eligi-  
15 bility of a student for financial assistance under  
16 parts A through E (other than under subpart 4 of  
17 part A) may only be determined by using a form de-  
18 veloped by the Secretary pursuant to this subsection.  
19 No student may receive assistance under parts A  
20 through E (other than under subpart 4 of part A),  
21 except by use of a form developed by the Secretary  
22 pursuant to this subsection. No data collected on a  
23 paper or electronic form, worksheet, or other docu-  
24 ment for which a fee is charged shall be used to  
25 complete the form prescribed under this subsection.



1 No person, commercial entity, or other entity shall  
 2 request, obtain, or utilize an applicant's Personal  
 3 Identification Number for purposes of submitting an  
 4 application on an applicant's behalf except State  
 5 agencies that have entered into an agreement with  
 6 the Secretary to streamline applications, eligible in-  
 7 stitutions, or programs under this title as permitted  
 8 by the Secretary.”;

9 (2) by striking subsection (b) and inserting the  
 10 following:

11 “(b) EARLY NOTIFICATION OF AID ELIGIBILITY.—

12 “(1) IN GENERAL.—The Secretary shall make  
 13 every effort to provide students with early informa-  
 14 tion about potential financial aid eligibility.

15 “(2) AVAILABILITY OF MEANS TO DETERMINE  
 16 ELIGIBILITY.—

17 “(A) IN GENERAL.—The Secretary shall  
 18 provide, in cooperation with States, institutions  
 19 of higher education, agencies, and organizations  
 20 involved in student financial assistance, both  
 21 through a widely disseminated printed form and  
 22 the Internet or other electronic means, a system  
 23 for individuals to determine easily, by entering  
 24 relevant data, approximately the amount of  
 25 grant, work-study, and loan assistance for

1 which an individual would be eligible under this  
 2 title upon completion and verification of form  
 3 under subsection (a).

4 “(B) DETERMINATION OF WHETHER TO  
 5 USE SIMPLIFIED APPLICATION.—The system es-  
 6 tablished under this paragraph shall also permit  
 7 users to determine whether or not they may  
 8 apply for aid using a FAFSA-EZ or a sim-  
 9 plified electronic application form under sub-  
 10 section (a).

11 “(3) AVAILABILITY OF MEANS TO COMMU-  
 12 NICATE ELIGIBILITY.—

13 “(A) LOWER-INCOME STUDENTS.—The  
 14 Secretary shall—

15 “(i) make special efforts to notify stu-  
 16 dents who qualify for a free or reduced  
 17 price lunch under the school lunch pro-  
 18 gram established under the Richard B.  
 19 Russell National School Lunch Act, bene-  
 20 fits under the food stamp program under  
 21 the Food Stamp Act of 1977, or benefits  
 22 under such programs as the Secretary  
 23 shall determine, of such students’ potential  
 24 eligibility for a maximum Federal Pell  
 25 Grant under subpart 1 of part A; and

1                   “(ii) disseminate informational mate-  
2                   rials regarding the linkage between eligi-  
3                   bility for means-tested Federal benefit pro-  
4                   grams and eligibility for a Federal Pell  
5                   Grant, as determined necessary by the Sec-  
6                   retary.

7                   “(B) MIDDLE SCHOOL STUDENTS.—The  
8                   Secretary shall, in cooperation with States, mid-  
9                   dle schools, programs under this title that serve  
10                  middle school students, and other cooperating  
11                  independent outreach programs, make special  
12                  efforts to notify middle school students of the  
13                  availability of financial assistance under this  
14                  title and of the approximate amounts of grant,  
15                  work-study, and loan assistance an individual  
16                  would be eligible for under this title.

17                  “(C) SECONDARY SCHOOL STUDENTS.—  
18                  The Secretary shall, in cooperation with States,  
19                  secondary schools, programs under this title  
20                  that serve secondary school students, and co-  
21                  operating independent outreach programs,  
22                  make special efforts to notify students in their  
23                  junior year of secondary school the approximate  
24                  amounts of grant, work-study, and loan assist-  
25                  ance an individual would be eligible for under

1           this title upon completion and verification of an  
2           application form under subsection (a).”;

3           (3) in subsection (c), by striking “Labor and  
4       Human Resources” and inserting “Health, Edu-  
5       cation, Labor, and Pensions”;

6           (4) by striking subsection (d); and

7           (5) by redesignating subsection (e) as sub-  
8       section (d).

9       (c) TOLL-FREE APPLICATION AND INFORMATION.—

10   Section 479 of the Higher Education Act of 1965 (20  
11   U.S.C. 1087ss), as amended by section 3, is further  
12   amended by adding at the end the following:

13       “(e) TOLL-FREE APPLICATION AND INFORMA-  
14   TION.—The Secretary shall contract for, or establish, and  
15   publicize a toll-free telephone service to provide an applica-  
16   tion mechanism and timely and accurate information to  
17   the general public. The information provided shall include  
18   specific instructions on completing the application form  
19   for assistance under this title. Such service shall also in-  
20   clude a service accessible by telecommunications devices  
21   for the deaf (TDD’s) and shall, in addition to the services  
22   provided for in the previous sentence, refer such students  
23   to the national clearinghouse on postsecondary education  
24   that is authorized under section 685(d)(2)(C) of the Indi-  
25   viduals with Disabilities Education Act. Not later than 2

1 years after the date of enactment of the Accessing College  
 2 through Comprehensive Early Outreach, State Partner-  
 3 ships, and Simplification Act, the Secretary shall test and  
 4 implement a toll-free telephone-based application system  
 5 to permit applicants to utilize the FAFSA-EZ or sim-  
 6 plified electronic application form under section 483(a)  
 7 over such system.”.

8 (d) MASTER CALENDAR.—Section 482(a)(1)(B) of  
 9 the Higher Education Act of 1965 (20 U.S.C. 1089) is  
 10 amended to read as follows:

11 “(B) by March 1: proposed modifications  
 12 and updates pursuant to sections 478 and  
 13 483(a)(5) published in the Federal Register;”.

14 **SEC. 5. ALLOWANCE FOR STATE AND OTHER TAXES.**

15 Section 478(g) of the Higher Education Act of 1965  
 16 (20 U.S.C. 1087rr(g)) is amended to read as follows:

17 “(g) STATE AND OTHER TAX ALLOWANCE.—For  
 18 each award year after award year 2004–2005, the Sec-  
 19 retary shall publish in the Federal Register a revised table  
 20 of State and other tax allowances for the purpose of sec-  
 21 tions 475(c)(2), 475(g)(3), 476(b)(2), and 477(b)(2). The  
 22 Secretary shall develop such revised table after review of  
 23 the Department of the Treasury’s Statistics of Income file  
 24 and determination of the percentage of income that each  
 25 State’s taxes represent. Updates shall be phased in pro-

1 portionately over a period of time equal to the number  
 2 of years since the last update.”.

3 **SEC. 6. SUPPORT FOR WORKING STUDENTS.**

4 (a) DEPENDENT STUDENTS.—Section 475(g)(2)(D)  
 5 of the Higher Education Act of 1965 (20 U.S.C.  
 6 1087oo(g)(2)(D)) is amended to read as follows:

7 “(D) \$9,000;”.

8 (b) INDEPENDENT STUDENTS WITHOUT DEPEND-  
 9 ENTS OTHER THAN A SPOUSE.—Section 476(b)(1)(A)(iv)  
 10 of the Higher Education Act of 1965 (20 U.S.C.  
 11 1087pp(b)(1)(A)(iv)) is amended to read as follows:

12 “(iv) an income protection allowance  
 13 of the following amount (or a successor  
 14 amount prescribed by the Secretary under  
 15 section 478)—

16 “(I) \$10,000 for single students;

17 “(II) \$10,000 for married stu-  
 18 dents where both are enrolled pursu-  
 19 ant to subsection (a)(2); and

20 “(III) \$13,000 for married stu-  
 21 dents where 1 is enrolled pursuant to  
 22 subsection (a)(2);”.

23 (c) INDEPENDENT STUDENTS WITH DEPENDENTS  
 24 OTHER THAN A SPOUSE.—Section 477(b)(4) of the High-

er Education Act of 1965 (20 U.S.C. 1087qq(b)(4)) is  
amended to read as follows:

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

“Income Protection Allowance					
Family Size	Number in College				
	1	2	3	4	5
2	\$17,580	\$15,230			
3	20,940	17,610	\$16,260		
4	24,950	22,600	20,270	\$17,930	
5	28,740	26,390	24,060	21,720	\$19,390
6	32,950	30,610	28,280	25,940	23,610

NOTE: For each additional family member, add \$3,280.  
For each additional college student, subtract \$2,330.”.

**SEC. 7. TREATMENT OF PREPAYMENT AND SAVINGS PLANS  
UNDER STUDENT FINANCIAL AID NEEDS  
ANALYSIS.**

(a) DEFINITION OF ASSETS.—Section 480(f) of the  
Higher Education Act of 1965 (20 U.S.C. 1087vv(f)) is  
amended—

(1) in paragraph (1), by inserting “qualified  
education benefits (except as provided in paragraph  
(3)),” after “tax shelters,”; and

(2) by adding at the end the following:

“(3) A qualified education benefit shall not be  
considered an asset of a student for purposes of sec-  
tion 475.

1 “(4) In this subsection, the term ‘qualified edu-  
2 cation benefit’ means—

3 “(A) a program that is described in clause  
4 (i) of section 529(b)(1)(A) of the Internal Rev-  
5 enue Code of 1986 and that meets the require-  
6 ments of section 529(b)(1)(B) of such Code;

7 “(B) a State tuition program described in  
8 clause (ii) of section 529(b)(1)(A) of the Inter-  
9 nal Revenue Code of 1986 that meets the re-  
10 quirements of section 529(b)(1)(B) of such  
11 Code; and

12 “(C) a Coverdell education savings account  
13 (as defined in section 530(b)(1) of the Internal  
14 Revenue Code of 1986).”.

15 (b) DEFINITION OF OTHER FINANCIAL ASSIST-  
16 ANCE.—Section 480(j) of the Higher Education Act of  
17 1965 (20 U.S.C. 1087vv(j)) is amended—

18 (1) in the heading, by striking “; TUITION PRE-  
19 PAYMENT PLANS”;

20 (2) by striking paragraph (2); and

21 (3) by redesignating paragraph (3) as para-  
22 graph (2).

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply with respect to determinations of  
25 need under part F of title IV of the Higher Education



1 Act of 1965 (20 U.S.C. 1087kk et seq.) for academic years  
 2 beginning on or after July 1, 2005.

3 **SEC. 8. ADVISORY COMMITTEE ON STUDENT FINANCIAL AS-**  
 4 **SISTANCE.**

5 Section 491 of the Higher Education Act of 1965 (20  
 6 U.S.C. 1098), as amended by section 2, is further amend-  
 7 ed—

8 (1) in subsection (a)(2)—

9 (A) in subparagraph (B), by striking  
 10 “and” after the semicolon;

11 (B) in subparagraph (C), by striking the  
 12 period at the end and inserting a semicolon;  
 13 and

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

15 “(D) to provide knowledge and under-  
 16 standing of early intervention programs and  
 17 make recommendations that will result in early  
 18 awareness by low- and moderate-income stu-  
 19 dents and families of their eligibility for assist-  
 20 ance under this title, and, to the extent prac-  
 21 ticable, their eligibility for other forms of State  
 22 and institutional need-based student assistance;  
 23 and

24 “(E) to make recommendations that will  
 25 expand and improve partnerships among the

1 Federal Government, States, institutions, and  
 2 private entities to increase the awareness and  
 3 total amount of need-based student assistance  
 4 available to low- and moderate-income stu-  
 5 dents.”;

6 (2) in subsection (d)—

7 (A) in paragraph (6), by striking “, but  
 8 nothing in this section shall authorize the com-  
 9 mittee to perform such studies, surveys, or  
 10 analyses”;

11 (B) in paragraph (8), by striking “and”  
 12 after the semicolon;

13 (C) by redesignating paragraph (9) as  
 14 paragraph (10); and

15 (D) by inserting after paragraph (8) the  
 16 following:

17 “(9) monitor the adequacy of total need-based  
 18 aid available to low- and moderate-income students  
 19 from all sources, assess the implications for access  
 20 and persistence, and report those implications annu-  
 21 ally to Congress and the Secretary; and”;

22 (3) in subsection (j), by adding at the end the  
 23 following:

24 “(6) monitor and assess implementation of im-  
 25 provements called for under this title, make rec-

1        ommendations to the Secretary that ensure the time-  
2        ly design, testing, and implementation of the im-  
3        provements, and report annually to Congress and  
4        the Secretary on progress made toward simplifying  
5        overall delivery, reducing data elements and ques-  
6        tions, incorporating the latest technology, aligning  
7        Federal, State, and institutional eligibility, enhanc-  
8        ing partnerships, and improving early awareness of  
9        total student aid eligibility for low- and moderate-in-  
10       come students and families.”; and  
11       (4) in subsection (k), by striking “2004” and  
12       inserting “2010”.

○