

110TH CONGRESS
1ST SESSION

H. R. 1608

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2007

Mr. GEORGE MILLER of California (for himself, Mr. EMANUEL, Mr. HINOJOSA, Mr. TIERNEY, Mr. BISHOP of New York, Mr. SESTAK, Mr. YARMUTH, Mr. RYAN of Ohio, Mr. ARCURI, Mrs. BOYDA of Kansas, Mr. DELAHUNT, Mr. HALL of New York, Mr. PERLMUTTER, Ms. SUTTON, and Ms. WATSON) introduced the following bill; which was referred to the Committee on Education and Labor

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”.

6 (b) REFERENCES.—Except as otherwise expressly
7 provided, whenever in this Act an amendment or repeal
8 is expressed in terms of an amendment to, or repeal of,

1 a section or other provision, the reference shall be consid-
 2 ered to be made to a section or other provision of the
 3 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

4 **SEC. 2. IMPROVEMENTS TO PAPER AND ELECTRONIC**
 5 **FORMS AND PROCESSES.**

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

9 (1) in subsection (a)—

10 (A) by striking paragraphs (1), (2), and
 11 (5);

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

15 (C) by inserting before paragraph (9), as
 16 redesignated by subparagraph (B), the fol-
 17 lowing:

18 “(1) IN GENERAL.—The Secretary, in coopera-
 19 tion with representatives of agencies and organiza-
 20 tions involved in student financial assistance, shall
 21 produce, distribute, and process free of charge com-
 22 mon financial reporting forms as described in this
 23 subsection to be used for application and reapplica-
 24 tion to determine the need and eligibility of a stu-
 25 dent for financial assistance under parts A through

1 E (other than subpart 4 of part A). These forms
2 shall be made available to applicants in both paper
3 and electronic formats and shall be referred to as
4 the ‘Free Application for Federal Student Aid’ or
5 the ‘FAFSA’ . The Secretary shall work to make the
6 FAFSA consumer-friendly and to make questions on
7 the FAFSA easy for students and parents to read
8 and understand.

9 “(2) EARLY ESTIMATES.—The Secretary
10 shall—

11 “(A) permit applicants to enter data in
12 such forms as described in this subsection in
13 the years prior to enrollment in order to esti-
14 mate the applicant’s family contribution (as de-
15 fined in section 473);

16 “(B) permit applicants to update informa-
17 tion submitted on forms described in this sub-
18 section, without needing to re-enter previously
19 submitted information; and

20 “(C) develop a means to inform applicants,
21 in the years prior to enrollment, of student aid
22 options for individuals in similar financial situa-
23 tions.

24 “(3) PAPER FORMAT.—

1 “(A) IN GENERAL.—The Secretary shall
2 produce, distribute, and process common forms
3 in paper format to meet the requirements of
4 paragraph (1). The Secretary shall develop a
5 common paper form for applicants who do not
6 meet the requirements of subparagraph (B).

7 “(B) EZ FAFSA.—

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

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

20 “(iii) STATE DATA.—The Secretary
21 shall include on the EZ FAFSA such data
22 items as may be necessary to award State
23 financial assistance, as provided under
24 paragraph (6), except that the Secretary
25 shall not include a State’s data if that

1 State does not permit its applicants for
2 State assistance to use the EZ FAFSA.

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

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

13 “(C) PROMOTING THE USE OF ELEC-
14 TRONIC FAFSA.—

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

19 “(ii) MAINTENANCE OF THE FAFSA IN
20 A PRINTABLE ELECTRONIC FILE.—The
21 Secretary shall maintain a version of the
22 paper forms described in subparagraphs
23 (A) and (B) in a printable electronic file
24 that is easily portable. The printable elec-
25 tronic file will be made easily accessible

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

12 “(iii) REPORTING REQUIREMENT.—

13 The Secretary shall report annually to
14 Congress on the impact of the digital di-
15 vide on students completing applications
16 for title IV aid described under this para-
17 graph and paragraph (4). The Secretary
18 will also report on the steps taken to elimi-
19 nate the digital divide and phase out the
20 paper form described in subparagraph (A)
21 of this paragraph. The Secretary’s report
22 will specifically address the impact of the
23 digital divide on the following student pop-
24 ulations: independent students, adults, and
25 dependent students.

1 “(4) ELECTRONIC FORMAT.—

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

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

17 “(C) SIMPLIFIED APPLICATIONS: FAFSA ON
18 THE WEB.—

19 “(i) IN GENERAL.—The Secretary
20 shall develop and use a simplified elec-
21 tronic application form to be used by appli-
22 cants meeting the requirements under sub-
23 section (c) of section 479 and an addi-
24 tional, separate simplified electronic appli-
25 cation form to be used by applicants meet-

1 ing the requirements under subsection (b)
2 of section 479.

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

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

20 “(iv) AVAILABILITY AND PROC-
21 ESSING.—The data collected by means of
22 the simplified electronic application forms
23 shall be available to institutions of higher
24 education, guaranty agencies, and States
25 in accordance with paragraph (9).

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

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

12 “(E) 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 forms. Data collected by such
25 electronic version of the forms shall be used

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

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

19 “(G) PERSONAL IDENTIFICATION NUM-
20 BERS AUTHORIZED.—The Secretary may assign
21 to applicants personal identification numbers—

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

1 “(ii) to enable the applicants to use
2 such numbers in lieu of a signature for
3 purposes of completing forms required by
4 States under section 415C; and

5 “(iii) for any purpose determined by
6 the Secretary to enable the Secretary to
7 carry out this title.

8 “(5) STREAMLINING.—

9 “(A) STREAMLINED REAPPLICATION PROC-
10 ESS.—

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

22 “(ii) MECHANISMS FOR REAPPLICA-
23 TION.—The Secretary shall develop appro-
24 priate mechanisms to support reapplica-
25 tion.

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

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

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

21 “(B) REDUCTION OF DATA ELEMENTS.—

22 “(i) REDUCTION REQUIRED.—Of the
23 number of data elements on the FAFSA
24 on the date of enactment of the College
25 Aid Made EZ Act (including questions on

1 the FAFSA for the purposes described in
2 paragraph (6)), the Secretary, in coopera-
3 tion with representatives of agencies and
4 organizations involved in student financial
5 assistance, shall reduce the number of such
6 data elements required to be entered by
7 the applicant by 50 percent within 5 years
8 after such date of enactment. Reductions
9 of data elements under paragraph (3)(B),
10 (4)(C), or (5)(A)(iv) shall not be counted
11 towards such 50 percent reduction unless
12 those data elements are reduced for all ap-
13 plicants.

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

18 “(6) STATE REQUIREMENTS.—

19 “(A) IN GENERAL.—The Secretary shall
20 include on the forms developed under this sub-
21 section, such State-specific nonfinancial data
22 items as the Secretary determines are necessary
23 to meet State requirements for need-based
24 State aid under section 415C, except as pro-
25 vided in paragraphs (3)(B)(iii) and (4)(C)(iii)

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

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

20 “(C) STATE USE OF SIMPLIFIED FORMS.—
21 The Secretary shall encourage States to take
22 such steps as necessary to encourage the use of
23 simplified application forms, including those de-
24 scribed in paragraphs (3)(B) and (4)(C), to

1 meet the requirements under subsection (b) or
2 (c) of section 479.

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

7 “(i) if the State agency is unable to
8 permit applicants to utilize the simplified
9 application forms described in paragraphs
10 (3)(B) and (4)(C); 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 “(E) STATE NOTIFICATION TO THE SEC-
15 RETARY.—

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

19 “(I) whether the State permits
20 an applicant to file a form described
21 in paragraph (3)(B) or (4)(A) of this
22 subsection for purposes of deter-
23 mining eligibility for State need-based
24 grant aid; and

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

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

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

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

21 “(iii) LACK OF NOTIFICATION BY THE
22 STATE.—If a State does not notify the
23 Secretary pursuant to clause (i), the Sec-
24 retary shall—

1 “(I) permit residents of that
2 State to complete simplified applica-
3 tion forms under paragraphs (3)(B)
4 and (4)(A) of this subsection; and

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

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

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

1 by use of the FAFSA developed by the Sec-
2 retary pursuant to this subsection. No data col-
3 lected on a form for which a fee is charged shall
4 be used to complete the FAFSA.

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

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

15 “(ii) the FAFSA can be completed
16 without professional assistance; and

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

20 “(8) APPLICATION PROCESSING CYCLE.—The
21 Secretary shall enable students to submit a form
22 created under this subsection in order to meet the
23 filing requirements of this section and in order to re-
24 ceive aid from programs under this title and shall
25 initiate the processing of applications under this

1 subsection as early as practicable prior to October
2 15 of the year prior to the student's planned year
3 of enrollment.”;

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

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

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

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

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

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

18 “(ii) Identify whether receiving final
19 financial aid awards no later than the fall
20 of the senior year provides students with
21 additional time to compete for the limited
22 resources available for State and institu-
23 tional financial aid and positively impacts
24 the college aspirations and plans of these
25 students.

1 “(iii) Measure the impact of using in-
2 come information from the years prior to
3 enrollment on—

4 “(I) eligibility for financial aid
5 under this title and for other institu-
6 tional aid; and

7 “(II) the cost of financial aid
8 programs under this title.

9 “(iv) Effectively evaluate the benefits
10 and adverse effects of the demonstration
11 program on program costs, integrity, dis-
12 tribution, and delivery of aid.

13 “(C) PARTICIPANTS.—The Secretary shall
14 select States and institutions within those
15 States to participate in the demonstration pro-
16 gram under this paragraph that are partici-
17 pating in the programs under this title and that
18 are willing to make final financial aid awards to
19 students based on their application information
20 from the year prior to the year prior to enroll-
21 ment. The Secretary shall also select as partici-
22 pants in the demonstration program secondary
23 schools and dependent students that are located
24 in the participating States.

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

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

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

21 “(iii) Financial aid administrators at
22 participating institutions shall be allowed
23 to use their discretion in awarding finan-
24 cial aid to participating students, as out-

1 lined under section 479A and section
2 480(d)(7).

3 “(E) EVALUATION.—The Secretary shall
4 conduct a rigorous evaluation of this dem-
5 onstration program in order to measure its ben-
6 efits and adverse effects as indicated under sub-
7 paragraph (A).

8 “(F) OUTREACH.—The Secretary shall
9 make appropriate efforts in order to notify
10 States of the demonstration program under this
11 paragraph. Upon determination of participating
12 States, the Secretary shall continue to make ef-
13 forts to notify institutions and dependent stu-
14 dents within participating States of the oppor-
15 tunity to participate in the demonstration pro-
16 gram and of the participation requirements.”

17 (3) by striking subsection (b); and

18 (4) by redesignating subsections (c), (d), and
19 (e) as subsections (b), (c), and (d), respectively.

20 (b) MASTER CALENDAR.—Section 482(a)(1) (20
21 U.S.C. 1089(a)(1)) is amended by striking subparagraphs
22 (B) and (C) and inserting the following:

23 “(B) by March 1: proposed modifications,
24 updates, and notices pursuant to sections

1 479(c)(2)(C), 478, and 483(a)(6) published in
2 the Federal Register;

3 “(C) by June 1: final modifications, up-
4 dates, and notices pursuant to sections 478,
5 479(c)(2)(C), and 483(a)(6) published in the
6 Federal Register;”.

7 **SEC. 3. INCREASING ACCESS TO TECHNOLOGY.**

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

10 “(e) ADDRESSING THE DIGITAL DIVIDE.—The Sec-
11 retary shall utilize savings accrued by moving more appli-
12 cants to the electronic forms described in subsection (a)(4)
13 to improve access to the electronic forms described in sub-
14 section (a)(4) for applicants meeting the requirements of
15 section 479(c).”

16 **SEC. 4. DEFINITIONS.**

17 (a) TOTAL INCOME.—Section 480(a) (20 U.S.C.
18 1087vv(a)) is amended—

19 (1) in paragraph (1), by inserting before the pe-
20 riod at the end the following: “, except that the Sec-
21 retary may, by regulation, provide for the use of the
22 previous tax year when and to the extent necessary
23 to carry out the sense of Congress in section 5(a) of
24 the College Aid Made EZ Act”; and

25 (2) in paragraph (2)—

1 (A) by striking “and no portion” and in-
2 serting “no portion”; and

3 (B) by inserting “and no distribution from
4 any qualified education benefit described in sub-
5 section (f)(3) that is not subject to Federal in-
6 come tax,” after “1986,”.

7 (b) UNTAXED INCOME AND BENEFITS.—Section
8 480(b) (20 U.S.C. 1087vv(b)) is amended to read as fol-
9 lows:

10 “(b) UNTAXED INCOME AND BENEFITS.—

11 “(1) The term ‘untaxed income and benefits’
12 means—

13 “(A) child support received;

14 “(B) workman’s compensation;

15 “(C) veteran’s benefits such as death pen-
16 sion, dependency, and indemnity compensation,
17 but excluding veterans’ education benefits as
18 defined in subsection (c);

19 “(D) interest on tax-free bonds;

20 “(E) housing, food, and other allowances
21 (excluding rent subsidies for low-income hous-
22 ing) for military, clergy, and others (including
23 cash payments and cash value of benefits);

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

4 “(G) untaxed portion of pensions;

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

8 “(I) any other untaxed income and bene-
9 fits, such as Black Lung Benefits, Refugee As-
10 sistance, railroad retirement benefits, or Job
11 Training Partnership Act noneducational bene-
12 fits or benefits received through participation in
13 employment and training activities under title I
14 of the Workforce Investment Act of 1998.

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

18 (c) ASSETS.—Section 480(f) (20 U.S.C. 1087vv(f))
19 is amended—

20 (1) in paragraph (3), by striking “shall not be
21 considered an asset of a student for purposes of sec-
22 tion 475” and inserting “shall be considered an
23 asset of the parent for purposes of section 475”;

24 (2) by redesignating paragraphs (4) and (5) as
25 paragraphs (5) and (6), respectively; and

1 (3) by inserting after paragraph (3) the fol-
2 lowing:

3 “(4) A qualified education benefit shall be con-
4 sidered an asset of the student for purposes of sec-
5 tion 476 and 477.”.

6 (d) OTHER FINANCIAL ASSISTANCE.—Section
7 480(j)(2) (20 U.S.C. 1087vv(j)(2)) is amended by insert-
8 ing “, or a distribution that is not includable in gross in-
9 come under section 529 of such Code, under another pre-
10 paid tuition plan offered by a State, or under a Coverdell
11 education savings account under section 530 of such
12 Code,” after “1986”.

13 **SEC. 5. SENSE OF THE CONGRESS; REPORT.**

14 (a) SENSE OF CONGRESS.—It is the sense of the Con-
15 gress that—

16 (1) in order to simplify the Free Application for
17 Federal Student Aid (FAFSA), which serves as an
18 entry point for the scholarships, grants, loans, and
19 work-study assistance that make it possible for mil-
20 lions of students to attend college, the Secretary of
21 Education and of the Secretary of the Treasury
22 should work together to develop a process by which
23 the Department of Education will, with the aid ap-
24 plicant’s permission, draw income information di-

1 rectly from the Internal Revenue Service for the
2 purpose of completing the FAFSA; and

3 (2) this process would—

4 (A) ease the burden of reporting income-
5 related information for applicants;

6 (B) increase the efficiency, accuracy, and
7 security of the FAFSA filing process;

8 (C) significantly reduce the need for fur-
9 ther verification by the Department of Edu-
10 cation, institutions, and applicants; and

11 (D) protect the security, privacy, and safe-
12 ty of all data used in the FAFSA filing process.

13 (b) REPORT.—The Secretary of Education shall,
14 within one year after the date of enactment of this Act—

15 (1) provide the Congress with information on
16 the progress in devising the simplified process de-
17 scribed in subsection (a); and

18 (2) inform the Congress of any necessary statu-
19 tory changes for the purpose of increasing the effi-
20 ciency and effectiveness of the FAFSA application
21 process.

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