

110TH CONGRESS  
1ST SESSION

# S. 454

To provide an increase in funding for Federal Pell Grants, to amend the Internal Revenue Code of 1986 in order to expand the deduction for interest paid on student loans, raise the contribution limits for Coverdell Education Savings Accounts, and make the exclusion for employer provided educational assistance permanent, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 31, 2007

Ms. COLLINS introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide an increase in funding for Federal Pell Grants, to amend the Internal Revenue Code of 1986 in order to expand the deduction for interest paid on student loans, raise the contribution limits for Coverdell Education Savings Accounts, and make the exclusion for employer provided educational assistance permanent, 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 “Improving Access to  
5 Higher Education Act of 2007”.

1 **SEC. 2. INCREASE IN FEDERAL PELL GRANTS.**

2 (a) AMENDMENT.—Section 401 of the Higher Edu-  
3 cation Act of 1965 (20 U.S.C. 1070a) is amended—

4 (1) in subsection (a)(1), by striking “2004” and  
5 inserting “2008”; and

6 (2) in subsection (b)—

7 (A) in subparagraph (A) of paragraph (2),  
8 by striking “shall be—” and all that follows  
9 through “that year.” and inserting “shall be  
10 \$5,100 for academic year 2007–2008, less an  
11 amount equal to the amount determined to be  
12 the expected family contribution with respect to  
13 that student for that year.”; and

14 (B) in paragraph (5), by striking “\$400”  
15 each place the term appears and inserting  
16 “\$500”.

17 (b) ADDITIONAL FUNDS.—

18 (1) IN GENERAL.—There are authorized to be  
19 appropriated, and there are appropriated, to carry  
20 out paragraph (2) (in addition to any other amounts  
21 appropriated to carry out section 401 of the Higher  
22 Education Act of 1965 (20 U.S.C. 1070a) and out  
23 of any money in the Treasury not otherwise appro-  
24 priated) \$4,331,000,000 for academic year 2007–  
25 2008.

1           (2) INCREASE IN FEDERAL PELL GRANTS.—

2           The funds made available pursuant to paragraph (1)  
3           shall be used to increase the amount of the max-  
4           imum Federal Pell Grant under section 401 of the  
5           Higher Education Act of 1965 for which funds are  
6           appropriated under appropriations Acts for fiscal  
7           year 2007 by \$1,050 for award year 2007–2008.

8           (c) EFFECTIVE DATE.—The amendments made by  
9           subsection (a)(2)(B) shall take effect on July 1, 2007.

10 **SEC. 3. EXPANSION OF DEDUCTION FOR INTEREST ON EDU-**  
11 **CATION LOANS.**

12           (a) INCREASED LIMITATION.—

13           (1) MAXIMUM DEDUCTION.—Paragraph (1) of  
14           section 221(b) of the Internal Revenue Code of 1986  
15           (relating to maximum deduction) is amended to read  
16           as follows:

17           “(1) IN GENERAL.—Except as provided in para-  
18           graph (2), the deduction allowed by subsection (a)  
19           for the taxable year shall not exceed \$3,750.”.

20           (2) INCREASE IN PHASEOUT.—Subclause (II) of  
21           section 221(b)(2)(i) of such Code is amended by  
22           striking “\$50,000 (\$100,000” and inserting  
23           “\$75,000 (\$150,000”.

24           (b) CONFORMING AMENDMENT.—Section 221(f)(1)  
25           of such Code is amended to read as follows:

1           “(1) IN GENERAL.—In the case of a taxable  
2 year beginning after 2007, the \$75,000 and  
3 \$150,000 amounts in subsection (b)(2) shall each be  
4 increased by an amount equal to—

5                   “(A) such dollar amount, multiplied by

6                   “(B) the cost-of-living adjustment deter-  
7 mined under section 1(f)(3) for the calendar  
8 year in which the taxable year begins, deter-  
9 mined by substituting ‘calendar year 2006’ for  
10 ‘calendar year 1992’ in subparagraph (B)  
11 thereof.”.

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

15       (d) REPEAL OF EGTRRA SUNSET.—Title IX of the  
16 Economic Growth and Tax Relief Reconciliation Act of  
17 2001 (relating to sunset of provisions of such Act) shall  
18 not apply to section 412 of such Act (relating to elimi-  
19 nation of 60-month limit and increase in income limitation  
20 on student loan interest deduction).

21 **SEC. 4. COVERDELL EDUCATION SAVINGS ACCOUNTS.**

22       (a) INCREASE IN ALLOWABLE CONTRIBUTIONS.—

23           (1) IN GENERAL.—Clause (iii) of section  
24       530(b)(1)(A) of the Internal Revenue Code of 1986

1 is amended by striking “\$2,000” and inserting  
2 “\$3,000”.

3 (2) CONFORMING AMENDMENT.—Section  
4 4973(e)(1)(A) of such Code is amended by striking  
5 “\$2,000” and inserting “\$3,000”.

6 (b) REPORTS.—Subsection (h) of section 530 of such  
7 Code is amended by striking the period at the end of the  
8 last sentence and inserting “, except that reports shall be  
9 so filed and furnished for any calendar year not later than  
10 June 30 of the following year.”.

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

14 (d) REPEAL OF EGTRRA SUNSET.—Title IX of the  
15 Economic Growth and Tax Relief Reconciliation Act of  
16 2001 (relating to sunset of provisions of such Act) shall  
17 not apply to section 401 of such Act (relating to modifica-  
18 tions to education individual retirement accounts).

19 **SEC. 5. REPEAL OF EGTRRA SUNSET FOR EMPLOYER-PRO-**  
20 **VIDED EDUCATIONAL ASSISTANCE.**

21 Title IX of the Economic Growth and Tax Relief Rec-  
22 onciliation Act of 2001 (relating to sunset of provisions  
23 of such Act) shall not apply to section 411 of such Act

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- 1 (relating to extension of exclusion for employer-provided
- 2 educational assistance).

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