

110TH CONGRESS
1ST SESSION

S. 939

To amend the Higher Education Act of 1965 to simplify and improve the process of applying for student assistance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 20, 2007

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

A BILL

To amend the Higher Education Act of 1965 to simplify and improve 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Financial Aid Form Simplification and Access Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Simplified needs test and automatic zero improvements.
- Sec. 3. Improving paper and electronic forms.
- Sec. 4. Support for working students.

Sec. 5. Simplification for students with special circumstances.

Sec. 6. Definitions.

Sec. 7. Advisory Committee on Student Financial Assistance.

1 **SEC. 2. SIMPLIFIED NEEDS TEST AND AUTOMATIC ZERO IM-**
 2 **PROVEMENTS.**

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

6 (1) in subsection (b)—

7 (A) in paragraph (1)(A)(i)—

8 (i) in subclause (II), by striking “or”
 9 after the semicolon;

10 (ii) by redesignating subclause (III) as
 11 subclause (IV);

12 (iii) by inserting after subclause (II)
 13 the following:

14 “(III) 1 of whom is a dislocated
 15 worker; or”; and

16 (iv) in subclause (IV) (as redesignated
 17 by clause (ii)), by striking “12-month” and
 18 inserting “24-month”; and

19 (B) in subparagraph (B)(i)—

20 (i) in subclause (II), by striking “or”
 21 after the semicolon;

22 (ii) by redesignating subclause (III) as
 23 subclause (IV);

1 (iii) by inserting after subclause (II)
 2 the following:

3 “(III) 1 of whom is a dislocated
 4 worker; or”; and

5 (iv) in subclause (IV) (as redesignated
 6 by clause (ii)), by striking “12-month” and
 7 inserting “24-month”;

8 (2) in subsection (c)—

9 (A) in paragraph (1)—

10 (i) in subparagraph (A)—

11 (I) in clause (ii), by striking “or”
 12 after the semicolon;

13 (II) by redesignating clause (iii)
 14 as clause (iv);

15 (III) by inserting after clause (ii)
 16 the following:

17 “(iii) 1 of whom is a dislocated work-
 18 er; or”; and

19 (IV) in clause (iv) (as redesign-
 20 ated by subclause (II)), by striking
 21 “12-month” and inserting “24-
 22 month”; and

23 (ii) in subparagraph (B), by striking
 24 “20,000” and inserting “\$30,000”; and

25 (B) in paragraph (2)—

- 1 (i) in subparagraph (A)—
2 (I) in clause (ii), by striking “or”
3 after the semicolon;
4 (II) by redesignating clause (iii)
5 as clause (iv);
6 (III) by inserting after clause (ii)
7 the following:
8 “(iii) is a dislocated worker; or”; and
9 (IV) in clause (iv) (as redesign-
10 nated by subclause (II)), by striking
11 “12-month” and inserting “24-
12 month”; and
13 (ii) in subparagraph (B), by striking
14 “\$20,000” and inserting “\$30,000”; and
15 (C) in the flush matter following para-
16 graph (2)(B), by adding at the end the fol-
17 lowing: “The Secretary shall annually adjust
18 the income level necessary to qualify an appli-
19 cant for the zero expected family contribution.
20 The income level shall be adjusted according to
21 increases in the Consumer Price Index, as de-
22 fined in section 478(f).”; and
23 (3) in subsection (d)—

1 (A) by redesignating paragraphs (1)
 2 through (6) as subparagraphs (A) through (F),
 3 respectively;

4 (B) by striking “(d) DEFINITION” and all
 5 that follows through “the term” and inserting
 6 the following:

7 “(d) DEFINITIONS.—In this section:

8 “(1) DISLOCATED WORKER.—The term ‘dis-
 9 located worker’ has the meaning given the term in
 10 section 101 of the Workforce Investment Act of
 11 1998 (29 U.S.C. 2801).

12 “(2) MEANS-TESTED FEDERAL BENEFIT PRO-
 13 GRAM.—The term”.

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

21 (c) REPORTING REQUIREMENTS.—

22 (1) ELIGIBILITY GUIDELINES.—The Secretary
 23 of Education shall regularly evaluate the impact of
 24 the eligibility guidelines in subsections (b)(1)(A)(i),
 25 (b)(1)(B)(i), (c)(1)(A), and (c)(2)(A) of section 479

1 of the Higher Education Act of 1965 (20 U.S.C.
 2 1087ss(b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A), and
 3 (c)(2)(A)).

4 (2) MEANS-TESTED FEDERAL BENEFIT PRO-
 5 GRAM.—The Secretary shall evaluate every 3 years
 6 the impact of including whether a student or parent
 7 received benefits under a means-tested Federal ben-
 8 efit program (as defined in section 479(d) of the
 9 Higher Education Act of 1965 (20 U.S.C.
 10 1087ss(d)) as a factor in determining eligibility
 11 under subsections (b) and (c) of section 479 of the
 12 Higher Education Act of 1965 (20 U.S.C. 1087ss(b)
 13 and (c)).

14 **SEC. 3. 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 EZ FAFSA described in section
 22 483(a)(2)(B) and notify families meeting the re-
 23 quirements of subsection (b) that such families may
 24 use the simplified electronic application form de-
 25 scribed in section 483(a)(3)(B).”.

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

4 (1) in subsection (a)—

5 (A) by striking paragraphs (1), (2), and
 6 (5);

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

10 (C) by inserting before paragraph (8), as
 11 redesignated by subparagraph (B), the fol-
 12 lowing:

13 “(1) IN GENERAL.—

14 “(A) COMMON FINANCIAL REPORTING
 15 FORMS.—The Secretary, in cooperation with
 16 representatives of agencies and organizations
 17 involved in student financial assistance, shall
 18 produce, distribute, and process free of charge
 19 common financial reporting forms as described
 20 in this subsection to be used for application and
 21 reapplication to determine the need and eligi-
 22 bility of a student for financial assistance under
 23 parts A through E (other than subpart 4 of
 24 part A). These forms shall be made available to
 25 applicants in both paper and electronic formats

1 and shall be referred to (except as otherwise
2 provided in this subsection) as the ‘Free Appli-
3 cation for Federal Student Aid’ or ‘FAFSA’.

4 “(B) EARLY ANALYSIS.—The Secretary
5 shall permit an applicant to complete a form
6 described in this subsection prior to enrollment
7 in order to obtain an estimate from the Sec-
8 retary of the applicant’s expected family con-
9 tribution. Such applicant shall be permitted to
10 update the information contained on a form
11 submitted pursuant to the preceding sentence,
12 using the process described in paragraph (4),
13 for purposes of applying for assistance under
14 this title for the first academic year for which
15 the applicant applies for financial assistance
16 under this title.

17 “(2) PAPER FORMAT.—

18 “(A) IN GENERAL.—Subject to subpara-
19 graph (C), the Secretary shall produce, dis-
20 tribute, and process common forms in paper
21 format to meet the requirements of paragraph
22 (1). The Secretary shall develop a common
23 paper form for applicants who do not meet the
24 requirements of section 479(c).

25 “(B) EZ FAFSA.—

1 “(i) IN GENERAL.—The Secretary
2 shall develop and use a simplified paper
3 application form, to be known as the ‘EZ
4 FAFSA’, to be used for applicants meeting
5 the requirements of section 479(c).

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

13 “(iii) STATE DATA.—The Secretary
14 shall include on the EZ FAFSA space for
15 information that is required of an appli-
16 cant to be eligible for State financial as-
17 sistance, as provided under paragraph (5),
18 except the Secretary shall not include a
19 State’s data if that State does not permit
20 its applicants for State assistance to use
21 the EZ FAFSA.

22 “(iv) FREE AVAILABILITY AND PROC-
23 ESSING.—The provisions of paragraph (6)
24 shall apply to the EZ FAFSA, and the
25 data collected by means of the EZ FAFSA

1 shall be available to institutions of higher
2 education, guaranty agencies, and States
3 in accordance with paragraph (8).

4 “(v) TESTING.—The Secretary shall
5 conduct appropriate field testing on the
6 EZ FAFSA.

7 “(C) PHASING OUT THE PAPER FORM FOR
8 STUDENTS WHO DO NOT MEET THE REQUIRE-
9 MENTS OF THE AUTOMATIC ZERO EXPECTED
10 FAMILY CONTRIBUTION.—

11 “(i) IN GENERAL.—The Secretary
12 shall make all efforts to encourage all ap-
13 plicants to utilize the electronic forms de-
14 scribed in paragraph (3).

15 “(ii) PHASEOUT OF FULL PAPER
16 FAFSA.—Not later than 5 years after the
17 date of enactment of the Financial Aid
18 Form Simplification and Access Act, to the
19 extent practicable, the Secretary shall
20 phaseout the printing of the full paper
21 Free Application for Federal Student Aid
22 described in subparagraph (A) and used by
23 applicants who do not meet the require-
24 ments of the EZ FAFSA described in sub-
25 paragraph (B).

1 “(iii) AVAILABILITY OF FULL PAPER
2 FAFSA.—

3 “(I) IN GENERAL.—Prior to and
4 after the phaseout described in clause
5 (ii), the Secretary shall maintain an
6 online printable version of the paper
7 forms described in subparagraphs (A)
8 and (B).

9 “(II) ACCESSIBILITY.—The on-
10 line printable version described in sub-
11 clause (I) shall be made easily acces-
12 sible and downloadable to students on
13 the same website used to provide stu-
14 dents with the electronic application
15 forms described in paragraph (3).

16 “(III) SUBMISSION OF FORMS.—
17 The Secretary shall enable, to the ex-
18 tent practicable, students to submit a
19 form described in this clause that is
20 downloaded and printed in order to
21 meet the filing requirements of this
22 section and to receive aid from pro-
23 grams established under this title.

24 “(iv) USE OF SAVINGS TO ADDRESS
25 THE DIGITAL DIVIDE.—

1 “(I) IN GENERAL.—The Sec-
2 retary shall utilize savings accrued by
3 phasing out the full paper Free Appli-
4 cation for Federal Student Aid and
5 moving more applicants to the elec-
6 tronic forms, to improve access to the
7 electronic forms for applicants meet-
8 ing the requirements of section
9 479(c).

10 “(II) REPORT.—The Secretary
11 shall report annually to the Com-
12 mittee on Health, Education, Labor,
13 and Pensions of the Senate and the
14 Committee on Education and Labor
15 of the House of Representatives on
16 steps taken to eliminate the digital di-
17 vide and on the phaseout of the full
18 paper Free Application for Federal
19 Student Aid described in subpara-
20 graph (A). The report shall specifi-
21 cally address the impact of the digital
22 divide on independent students,
23 adults, and dependent students, in-
24 cluding students completing applica-

1 tions described in this paragraph and
2 paragraphs (3) and (4).

3 “(3) ELECTRONIC FORMAT.—

4 “(A) IN GENERAL.—

5 “(i) ESTABLISHMENT.—The Secretary
6 shall produce, distribute, and process com-
7 mon financial reporting forms in electronic
8 format (such as through a website called
9 ‘FAFSA on the Web’) to meet the require-
10 ments of paragraph (1). The Secretary
11 shall include an electronic version of the
12 EZ FAFSA form for applicants who meet
13 the requirements of section 479(c) and de-
14 velop common electronic forms for appli-
15 cants who meet the requirements of section
16 479(b) and common electronic forms for
17 applicants who do not meet the require-
18 ments of section 479(b).

19 “(ii) STATE DATA.—The Secretary
20 shall include on the common electronic
21 forms described in clause (i) space for in-
22 formation that is required of an applicant
23 to be eligible for State financial assistance,
24 as provided under paragraph (5). The Sec-
25 retary may not require an applicant to

complete data required by any State other than the applicant's State of residence.

“(iii) STREAMLINED FORMAT.—The Secretary shall use, to the fullest extent practicable, all available technology to ensure that a student answers only the minimum number of questions necessary.

“(B) SIMPLIFIED APPLICATION.—

“(i) IN GENERAL.—The Secretary shall develop and use a simplified electronic application form to be used by applicants meeting the requirements under section 479(b).

“(ii) REDUCED DATA REQUIREMENTS.—The simplified electronic application form shall permit an applicant to submit for financial assistance purposes, only the data elements required to make a determination of whether the applicant meets the requirements under section 479(b).

“(iii) STATE DATA.—The Secretary shall include on the simplified electronic application form space for information that is required of an applicant to be eligible for State financial assistance, as provided

1 under paragraph (5), except the Secretary
2 shall not include a State's data if that
3 State does not permit its applicants for
4 State assistance to use the simplified elec-
5 tronic application form.

6 “(iv) FREE AVAILABILITY AND PROC-
7 ESSING.—The provisions of paragraph (6)
8 shall apply to the simplified electronic ap-
9 plication form, and the data collected by
10 means of the simplified electronic applica-
11 tion form shall be available to institutions
12 of higher education, guaranty agencies,
13 and States in accordance with paragraph
14 (8).

15 “(v) TESTING.—The Secretary shall
16 conduct appropriate field testing on the
17 form developed under this subparagraph.

18 “(C) RULE OF CONSTRUCTION.—Nothing
19 in this subsection shall be construed to prohibit
20 the use of the form developed by the Secretary
21 pursuant to this paragraph by an eligible insti-
22 tution, eligible lender, guaranty agency, State
23 grant agency, private computer software pro-
24 vider, a consortium of such entities, or such
25 other entities as the Secretary may designate.

1 “(D) PRIVACY.—The Secretary shall en-
2 sure that data collection under this paragraph
3 complies with section 552a of title 5, United
4 States Code, and that any entity using the elec-
5 tronic version of the forms developed by the
6 Secretary pursuant to this paragraph shall
7 maintain reasonable and appropriate adminis-
8 trative, technical, and physical safeguards to
9 ensure the integrity and confidentiality of the
10 information, and to protect against security
11 threats, or unauthorized uses or disclosures of
12 the information provided on the electronic
13 version of the form. Data collected by such elec-
14 tronic version of the form shall be used only for
15 the application, award, and administration of
16 aid awarded under this title, State aid, or aid
17 awarded by eligible institutions or such entities
18 as the Secretary may designate. No data col-
19 lected by such electronic version of the form
20 shall be used for making final aid awards under
21 this title until such data have been processed by
22 the Secretary or a contractor or designee of the
23 Secretary, except as may be permitted under
24 this title.

1 “(E) SIGNATURE.—Notwithstanding any
 2 other provision of this Act, the Secretary may
 3 permit an electronic form to be submitted with-
 4 out a signature, if a signature is subsequently
 5 submitted by the applicant.

6 “(F) PERSONAL IDENTIFICATION NUM-
 7 BERS AUTHORIZED.—The Secretary is author-
 8 ized to assign to applicants personal identifica-
 9 tion numbers—

10 “(i) to enable the applicants to use
 11 such numbers in lieu of a signature for
 12 purposes of completing a form under this
 13 paragraph; and

14 “(ii) for any purpose determined by
 15 the Secretary to enable the Secretary to
 16 carry out this title.

17 “(G) PERSONAL IDENTIFICATION NUMBER
 18 IMPROVEMENT ASSESSMENT AND REPORT.—

19 “(i) ASSESSMENT.—The Secretary
 20 shall conduct an assessment of the feasi-
 21 bility of minimizing, and of eliminating,
 22 the time required for applicants to obtain
 23 a Personal Identification Number when ap-
 24 plying for aid under this title through an
 25 electronic format (such as through a

1 website called ‘FAFSA on the Web’) in-
 2 cluding an examination of the feasibility of
 3 implementing a real-time data match be-
 4 tween the Social Security Administration
 5 and the Department.

6 “(ii) REPORT.—The Secretary shall
 7 report the findings of the assessment de-
 8 scribed in clause (i) to Congress not later
 9 than 6 months after the date of enactment
 10 of the Financial Aid Form Simplification
 11 and Access Act, including the next steps
 12 that may be taken to minimize the time re-
 13 quired for applicants to obtain a Personal
 14 Identification Number when applying for
 15 aid under this title through an electronic
 16 format.

17 “(4) REAPPLICATION.—

18 “(A) IN GENERAL.—The Secretary shall
 19 develop streamlined reapplication forms and
 20 processes, including both paper and electronic
 21 reapplication processes, consistent with the re-
 22 quirements of this subsection, for an applicant
 23 who applies for financial assistance under this
 24 title in the next succeeding academic year sub-
 25 sequent to the year in which such applicant

1 first applied for financial assistance under this
2 title.

3 “(B) UPDATED.—The Secretary shall de-
4 termine, in cooperation with States, institutions
5 of higher education, and agencies and organiza-
6 tions involved in student financial assistance,
7 the data elements that can be updated from the
8 previous academic year’s application.

9 “(C) ZERO FAMILY CONTRIBUTION.—Ap-
10 plicants determined to have a zero family con-
11 tribution pursuant to section 479(c) shall not
12 be required to provide any financial data in a
13 reapplication form, except that which is nec-
14 essary to determine eligibility under such sec-
15 tion.

16 “(5) STATE REQUIREMENTS.—

17 “(A) IN GENERAL.—The Secretary shall
18 include on the forms developed under this sub-
19 section, such State-specific data items as the
20 Secretary determines are necessary to meet
21 State requirements for need-based State aid.
22 Such items shall be selected in consultation
23 with States to assist in the awarding of State
24 financial assistance in accordance with the
25 terms of this subsection. The number of such

1 data items shall not be less than the number in-
 2 cluded on the form on October 7, 1998, unless
 3 States notify the Secretary that they no longer
 4 require those data items for the distribution of
 5 State need-based aid.

6 “(B) ANNUAL REVIEW.—The Secretary
 7 shall conduct an annual review process to deter-
 8 mine which forms and data items the States re-
 9 quire to award need-based State aid and other
 10 application requirements that the States may
 11 impose.

12 “(C) FEDERAL REGISTER NOTICE.—The
 13 Secretary shall publish on an annual basis a no-
 14 tice in the Federal Register requiring each
 15 State agency to inform the Secretary—

16 “(i) if the agency is unable to permit
 17 applicants to utilize the forms described in
 18 paragraphs (2)(B) and (3)(B); and

19 “(ii) of the State-specific data that
 20 the agency requires for delivery of State
 21 need-based financial aid.

22 “(D) STATE NOTIFICATION TO THE SEC-
 23 RETARY.—

24 “(i) IN GENERAL.—Each State shall
 25 notify the Secretary—

1 “(I) whether the State permits
2 an applicant to file a form described
3 in paragraph (2)(B) or (3)(B) for
4 purposes of determining eligibility for
5 State need-based grant aid; and

6 “(II) of the State-specific data
7 that the State requires for delivery of
8 State need-based financial aid.

9 “(ii) NO PERMISSION.—In the event
10 that a State does not permit an applicant
11 to file a form described in paragraph
12 (2)(B) or (3)(B) for purposes of deter-
13 mining eligibility for State need-based
14 grant aid—

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

19 “(II) the notification under sub-
20 clause (I) shall include an estimate of
21 the program cost to permit applicants
22 to complete the forms described in
23 paragraphs (2)(B) and (3)(B).

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

1 Secretary pursuant to clause (i), the Sec-
2 retary shall—

3 “(I) permit residents of that
4 State to complete the forms described
5 in paragraphs (2)(B) and (3)(B); and

6 “(II) not require any resident of
7 that State to complete any data pre-
8 viously required by that State.

9 “(E) RESTRICTION.—The Secretary shall
10 not require applicants to complete any non-
11 financial data or financial data that are not re-
12 quired by the applicant’s State agency, except
13 as may be required for applicants who use the
14 paper forms described in subparagraphs (A)
15 and (B) of paragraph (2).

16 “(6) CHARGES TO STUDENTS AND PARENTS
17 FOR USE OF FORMS PROHIBITED.—The common fi-
18 nancial reporting forms prescribed by the Secretary
19 under this subsection shall be produced, distributed,
20 and processed by the Secretary and no parent or
21 student shall be charged a fee by the Secretary, a
22 contractor, a third party servicer or private software
23 provider, or any other public or private entity for the
24 collection, processing, or delivery of financial aid
25 through the use of such forms. The need and eligi-

1 bility of a student for financial assistance under
 2 parts A through E (other than under subpart 4 of
 3 part A) may only be determined by using a form de-
 4 veloped by the Secretary pursuant to this subsection.
 5 No student may receive assistance under parts A
 6 through E (other than under subpart 4 of part A),
 7 except by use of a form developed by the Secretary
 8 pursuant to this subsection. No data collected on a
 9 paper or electronic form or other document, which
 10 the Secretary determines was created to replace a
 11 form prescribed under this subsection and therefore
 12 violates the integrity of a simplified and free finan-
 13 cial aid application process, for which a fee is
 14 charged shall be used to complete the form pre-
 15 scribed under this subsection. No person, commer-
 16 cial entity, or other entity shall request, obtain, or
 17 utilize an applicant's Personal Identification Number
 18 for purposes of submitting an application on an ap-
 19 plicant's behalf, other than a State agency, an eligi-
 20 ble institution, or a program under this title that the
 21 Secretary permits to so request, obtain, or utilize an
 22 applicant's Personal Identification Number in order
 23 to streamline the application.

24 “(7) APPLICATION PROCESSING CYCLE.—The
 25 Secretary shall, prior to January 1 of a student's

1 planned year of enrollment to the extent prac-
2 ticable—

3 “(A) enable the student to submit a form
4 described under this subsection in order to meet
5 the filing requirements of this section and re-
6 ceive aid from programs under this title; and

7 “(B) initiate the processing of a form
8 under this subsection submitted by the stu-
9 dent.”; and

10 (D) by adding at the end the following:

11 “(12) EARLY APPLICATION AND AWARD DEM-
12 ONSTRATION PROGRAM.—

13 “(A) IN GENERAL.—Not later than 2 years
14 after the date of enactment of the Financial
15 Aid Form Simplification and Access Act, the
16 Secretary shall implement an early application
17 demonstration program enabling dependent stu-
18 dents to—

19 “(i) complete applications under this
20 subsection in such students’ junior year of
21 secondary school, or in the academic year
22 that is 2 years prior to such students’ in-
23 tended year of enrollment at an institution
24 of higher education (as early as the Sec-
25 retary determines practicable after Janu-

ary 1st of such junior year or academic year, respectively);

“(ii) receive an estimate of such students’ final financial aid awards in such junior year or academic year, respectively;

“(iii) update, in the year prior to such students’ planned year of enrollment (before January 1st of the planned year of enrollment to the extent practicable), the information contained in an application submitted under clause (i), using the process described in paragraph (4) to determine such students’ final financial aid awards; and

“(iv) receive final financial aid awards based on updated information described in clause (iii).

“(B) PURPOSE.—The purpose of the demonstration program under this paragraph is to measure the benefits, in terms of student aspirations and plans to attend college, and the adverse effects, in terms of program costs, integrity, distribution, and delivery of aid under this title, of implementing an early application system for all dependent students that allows de-

pendent students to apply for financial aid using information from the year prior to the year prior to enrollment at an institution of higher education. Additional objectives associated with implementation of the demonstration program are the following:

“(i) Measure the feasibility of enabling dependent students to apply for Federal, State, and institutional financial aid in such students’ junior year of secondary school, or in the academic year that is 2 years prior to such students’ intended year of enrollment at an institution of higher education, using information from the year prior to the year prior to enrollment, by completing any of the application forms under this subsection.

“(ii) Determine the feasibility, benefits, and adverse effects of utilizing information from the Internal Revenue Service in order to simplify the Federal student aid application process.

“(iii) Identify whether receiving estimates of final financial aid awards not later than a student’s junior year, or the

1 academic year that is 2 years prior to such
2 students' intended year of enrollment at an
3 institution of higher education, positively
4 impacts the college aspirations and plans
5 of such student.

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

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

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

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

18 “(C) PARTICIPANTS.—The Secretary shall
19 select, in consultation with States and institu-
20 tions of higher education, States and institu-
21 tions of higher education within the States in-
22 terested in participating in the demonstration
23 program under this paragraph. The States and
24 institutions of higher education shall participate
25 in programs under this title and be willing to

1 make estimates of final financial aid awards to
2 students based on such students' application in-
3 formation from the year prior to the year prior
4 to enrollment. The Secretary shall also select as
5 participants in the demonstration program sec-
6 ondary schools that are located in the partici-
7 pating States and dependent students who re-
8 side in the participating States.

9 “(D) APPLICATION PROCESS.—The Sec-
10 retary shall ensure that the following provisions
11 are included in the demonstration program:

12 “(i) Participating States and institu-
13 tions of higher education shall—

14 “(I) encourage participating stu-
15 dents to apply for estimates of final
16 financial aid awards as provided
17 under this title in such students' jun-
18 ior year of secondary school, or in the
19 academic year that is 2 years prior to
20 such students' intended year of enroll-
21 ment at an institution of higher edu-
22 cation, using information from the
23 year prior to the year prior to enroll-
24 ment;

1 “(II) provide estimates of final fi-
 2 nancial aid awards to participating
 3 students based on the students’ appli-
 4 cation information from the year prior
 5 to the year of enrollment; and

6 “(III) make final financial aid
 7 awards to participating students
 8 based on the updated information con-
 9 tained on a form submitted using the
 10 process described in paragraph (4).

11 “(ii) Financial aid administrators at
 12 participating institutions of higher edu-
 13 cation shall be allowed to use such admin-
 14 istrators’ discretion in awarding financial
 15 aid to participating students, as outlined
 16 under section 479A.

17 “(E) FEASIBILITY STUDY.—The Secretary
 18 shall include in the demonstration program a
 19 study of the feasibility of utilizing data from
 20 the Internal Revenue Service in order to—

21 “(i) pre-populate electronic application
 22 forms for financial aid under this title
 23 (such as through a website called ‘FAFSA
 24 on the Web’) with applicant information
 25 from the Internal Revenue Service;

1 “(ii) verify data provided by students
2 participating in the demonstration pro-
3 gram, including the feasibility of a data
4 match; and

5 “(iii) award and deliver financial aid
6 under this title.

7 “(F) EVALUATION.—The Secretary shall
8 conduct a rigorous evaluation of the demonstra-
9 tion program in order to measure the program’s
10 benefits and adverse effects as the benefits and
11 affects relate to the purpose and objectives de-
12 scribed in subparagraph (B).

13 “(G) OUTREACH.—The Secretary shall
14 make appropriate efforts in order to notify
15 States of the demonstration program. Upon de-
16 termination of which States will be partici-
17 pating in the demonstration program, the Sec-
18 retary shall continue to make efforts to notify
19 institutions of higher education and dependent
20 students within such participating States of the
21 opportunity to participate in the demonstration
22 program and of the participation requirements.

23 “(H) CONSULTATION.—The Secretary
24 shall consult with the Advisory Committee on
25 Student Financial Assistance, established under

1 section 491, on the design and implementation
 2 of the demonstration program and on the eval-
 3 uation described in paragraph (F).”;

4 (2) by striking subsection (b) and inserting the
 5 following:

6 “(b) EARLY AWARENESS OF AID ELIGIBILITY.—

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

10 “(2) AVAILABILITY OF MEANS TO DETERMINE
 11 ELIGIBILITY.—

12 “(A) IN GENERAL.—The Secretary shall
 13 provide, in cooperation with States, institutions
 14 of higher education, agencies, and organizations
 15 involved in student financial assistance, through
 16 a widely disseminated printed form and through
 17 the Internet or other electronic means, a system
 18 for individuals to determine easily, by entering
 19 relevant data, approximately the amount of
 20 grant, work-study, and loan assistance for
 21 which an individual would be eligible under this
 22 title upon completion and verification of a form
 23 under subsection (a).

24 “(B) DETERMINATION OF WHETHER TO
 25 USE SIMPLIFIED APPLICATION.—The system es-

1 tablished under this paragraph shall also permit
 2 an individual to determine whether or not the
 3 individual may apply for aid using an EZ
 4 FAFSA described in subsection (a)(2)(B) or a
 5 simplified electronic application form described
 6 in subsection (a)(3)(B).

7 “(3) AVAILABILITY OF MEANS TO COMMU-
 8 NICATE ELIGIBILITY.—

9 “(A) LOWER-INCOME STUDENTS.—The
 10 Secretary shall—

11 “(i) make special efforts to notify stu-
 12 dents who qualify for a free or reduced
 13 price lunch under the school lunch pro-
 14 gram established under the Richard B.
 15 Russell National School Lunch Act (42
 16 U.S.C. 1751 et seq.), benefits under the
 17 food stamp program under the Food
 18 Stamp Act of 1977 (7 U.S.C. 2011 et
 19 seq.), or benefits under such programs as
 20 the Secretary shall determine, of such stu-
 21 dents’ potential eligibility for a maximum
 22 Federal Pell Grant under subpart 1 of part
 23 A; and

24 “(ii) disseminate informational mate-
 25 rials regarding the linkage between eligi-

1 bility for means-tested Federal benefit pro-
2 grams and eligibility for a Federal Pell
3 Grant, as determined necessary by the Sec-
4 retary.

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

15 “(C) SECONDARY SCHOOL STUDENTS.—
16 The Secretary, in cooperation with States, sec-
17 ondary schools, programs under this title that
18 serve secondary school students, and cooper-
19 ating independent outreach programs, shall
20 make special efforts to notify students in their
21 junior year of secondary school, or in the aca-
22 demic year that is 2 years prior to such stu-
23 dents’ intended year of enrollment at an institu-
24 tion of higher education, of the approximate
25 amounts of grant, work-study, and loan assist-

1 ance an individual would be eligible for under
 2 this title upon completion and verification of an
 3 application form under subsection (a).”;

4 (3) in subsection (c)—

5 (A) by striking “Labor and Human Re-
 6 sources” and inserting “Health, Education,
 7 Labor, and Pensions”; and

8 (B) by striking “the Workforce” and in-
 9 serting “Labor”; and

10 (4) by striking subsections (d) and (e), and in-
 11 serting the following:

12 “(d) ASSISTANCE IN PREPARATION OF FINANCIAL
 13 AID APPLICATION.—

14 “(1) PREPARATION AUTHORIZED.—Nothing in
 15 this Act shall be construed to limit an applicant
 16 from using a preparer for consultative or prepara-
 17 tion services for the completion of the common fi-
 18 nancial reporting forms described in subsection (a).

19 “(2) PREPARER IDENTIFICATION.—Any com-
 20 mon financial reporting form required to be made
 21 under this title shall include the name, signature,
 22 address or employer’s address, social security num-
 23 ber or employer identification number, and organiza-
 24 tional affiliation of the preparer of such common fi-
 25 nancial reporting form.

1 “(3) SPECIAL RULE.—Nothing in this Act shall
2 be construed to limit preparers of common financial
3 reporting forms required to be made under this title
4 from collecting source information, including Inter-
5 nal Revenue Service tax forms, in providing consult-
6 ative and preparation services in completing the
7 forms.

8 “(4) ADDITIONAL REQUIREMENTS.—A preparer
9 that provides consultative or preparation services
10 pursuant to this subsection shall—

11 “(A) clearly inform individuals upon initial
12 contact (including advertising in clear and con-
13 spicuous language on the website of the pre-
14 parer, including by providing a link directly to
15 the website described in subsection (a)(3), if the
16 preparer provides such services through a
17 website) that the common financial reporting
18 forms that are required to determine eligibility
19 for financial assistance under parts A through
20 E (other than subpart 4 of part A) may be
21 completed for free via paper or electronic forms
22 provided by the Secretary;

23 “(B) refrain from producing or dissemi-
24 nating any form other than the forms produced
25 by the Secretary under subsection (a); and

1 “(C) not charge any fee to any individual
 2 seeking such services who meets the require-
 3 ments under subsection (b) or (c) of section
 4 479.”.

5 (c) TOLL-FREE APPLICATION AND INFORMATION.—
 6 Section 479 of the Higher Education Act of 1965 (20
 7 U.S.C. 1087ss), as amended by subsection (b)(4), is fur-
 8 ther amended by adding at the end the following:

9 “(e) TOLL-FREE APPLICATION AND INFORMA-
 10 TION.—The Secretary shall contract for, or establish, and
 11 publicize a toll-free telephone service to provide an applica-
 12 tion mechanism and timely and accurate information to
 13 the general public. The information provided shall include
 14 specific instructions on completing the application form
 15 for assistance under this title. Such service shall also in-
 16 clude a service accessible by telecommunications devices
 17 for the deaf (TDD’s) and shall, in addition to the services
 18 provided for in the previous sentence, refer such students
 19 to the national clearinghouse on postsecondary education
 20 or another appropriate provider of technical assistance
 21 and information on postsecondary educational services,
 22 that is supported under section 663 of the Individuals with
 23 Disabilities Education Act (20 U.S.C. 1463). Not later
 24 than 2 years after the date of enactment of the Financial
 25 Aid Form Simplification and Access Act, the Secretary

1 shall test and implement, to the extent practicable, a toll-
 2 free telephone-based application system to permit appli-
 3 cants who are eligible to utilize the EZ FAFSA described
 4 in section 483(a) over such system.”.

5 (d) MASTER CALENDAR.—Section 482(a)(1)(B) of
 6 the Higher Education Act of 1965 (20 U.S.C.
 7 1089(a)(1)(B)) is amended to read as follows:

8 “(B) by March 1: proposed modifications
 9 and updates pursuant to sections 478, 479(c),
 10 and 483(a)(5) published in the Federal Reg-
 11 ister;”.

12 (e) SIMPLIFYING THE VERIFICATION PROCESS.—
 13 Section 484 of the Higher Education Act of 1965 (20
 14 U.S.C. 1091) is amended by adding at the end the fol-
 15 lowing:

16 “(s) VERIFICATION OF STUDENT ELIGIBILITY.—

17 “(1) REGULATORY REVIEW.—The Secretary
 18 shall review all regulations of the Department re-
 19 lated to verifying the information provided on a stu-
 20 dent’s financial aid application in order to simplify
 21 the verification process for students and institutions.

22 “(2) REPORT.—Not later than 2 years after the
 23 date of enactment of the Financial Aid Form Sim-
 24 plification and Access Act, the Secretary shall pre-
 25 pare and submit a final report to the Committee on

1 Health, Education, Labor, and Pensions of the Sen-
2 ate and the Committee on Education and Labor of
3 the House of Representatives on steps taken, to the
4 extent practicable, to simplify the verification proc-
5 ess. The report shall specifically address steps taken
6 to—

7 “(A) reduce the burden of verification on
8 students who are selected for verification at
9 multiple institutions;

10 “(B) reduce the number of data elements
11 that are required to be verified for applicants
12 meeting the requirements of subsection (b) or
13 (c) of section 479, so that only those data ele-
14 ments required to determine eligibility under
15 subsection (b) or (c) of section 479 are subject
16 to verification;

17 “(C) reduce the burden and costs associ-
18 ated with verification for institutions that are
19 eligible to participate in Federal student aid
20 programs under this title; and

21 “(D) increase the use of technology in the
22 verification process.”.

1 **SEC. 4. SUPPORT FOR WORKING STUDENTS.**

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

5 “(D) \$9,000;”.

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

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

14 “(I) \$10,000 for single or sepa-
 15 rated students;

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

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

22 (c) INDEPENDENT STUDENTS WITH DEPENDENTS
 23 OTHER THAN A SPOUSE.—Section 477(b)(4) of the High-
 24 er Education Act of 1965 (20 U.S.C. 1087qq(b)(4)) is
 25 amended to read as follows:

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

“Income Protection Allowance

Family Size	Number in College				
	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.”.

5 **SEC. 5. SIMPLIFICATION FOR STUDENTS WITH SPECIAL**
 6 **CIRCUMSTANCES.**

7 (a) INDEPENDENT STUDENT.—Section 480(d) of the
 8 Higher Education Act of 1965 (20 U.S.C. 1087vv(d)) is
 9 amended to read as follows:

10 “(d) INDEPENDENT STUDENT.—

11 “(1) DEFINITION.—The term ‘independent’,
 12 when used with respect to a student, means any in-
 13 dividual who—

14 “(A) is 24 years of age or older by Decem-
 15 ber 31 of the award year;

16 “(B) is an orphan, in foster care, or a
 17 ward of the court, or was in foster care or a
 18 ward of the court until the individual reached
 19 the age of 18;

1 “(C) is an emancipated minor or is in legal
2 guardianship as determined by a court of com-
3 petent jurisdiction in the individual’s State of
4 legal residence;

5 “(D) is a veteran of the Armed Forces of
6 the United States (as defined in subsection
7 (c)(1)) or is currently serving on active duty in
8 the Armed Forces;

9 “(E) is a graduate or professional student;

10 “(F) is a married individual;

11 “(G) has legal dependents other than a
12 spouse; or

13 “(H) is a student for whom a financial aid
14 administrator makes a documented determina-
15 tion of independence by reason of other unusual
16 circumstances.

17 “(2) SIMPLIFYING THE DEPENDENCY OVER-
18 RIDE PROCESS.—Nothing in this section shall be
19 construed to prohibit a financial aid administrator
20 from making a determination of independence, as
21 described in paragraph (1)(H), based upon a deter-
22 mination of independence previously made by an-
23 other financial aid administrator in the same appli-
24 cation year.”.

1 (b) TAILORING ELECTRONIC APPLICATIONS FOR
 2 STUDENTS WITH SPECIAL CIRCUMSTANCES.—Section
 3 483(a) of the Higher Education Act of 1965 (20 U.S.C.
 4 1090(a)), as amended by section 3(b)(1)(D), is further
 5 amended by adding at the end the following:

6 “(13) APPLICATIONS FOR STUDENTS SEEKING
 7 A DOCUMENTED DETERMINATION OF INDEPEND-
 8 ENCE.—In the case of a dependent student seeking
 9 a documented determination of independence by a fi-
 10 nancial aid administrator, as described in section
 11 480(d), nothing in this section shall prohibit the
 12 Secretary from—

13 “(A) allowing such student to—

14 “(i) indicate the student’s request for
 15 a documented determination of independ-
 16 ence on an electronic form developed pur-
 17 suant to this subsection; and

18 “(ii) submit such form for preliminary
 19 processing that only contains those data
 20 elements required of independent students,
 21 as defined in section 480(d);

22 “(B) collecting and processing on a pre-
 23 liminary basis data provided by such a student
 24 using the electronic forms developed pursuant
 25 to this subsection; and

1 “(C) distributing such data to institutions
 2 of higher education, guaranty agencies, and
 3 States for the purposes of processing loan appli-
 4 cations and determining need and eligibility for
 5 institutional and State financial aid awards on
 6 a preliminary basis, pending a documented de-
 7 termination of independence by a financial aid
 8 administrator.”.

9 **SEC. 6. DEFINITIONS.**

10 (a) TOTAL INCOME.—Section 480(a)(2) of the High-
 11 er Education Act of (20 U.S.C. 1087vv(a)(2)) is amend-
 12 ed—

13 (1) by striking “and no portion” and inserting
 14 “no portion”; and

15 (2) by inserting “and no distribution from any
 16 qualified education benefit described in subsection
 17 (f)(3) that is not subject to Federal income tax,”
 18 after “1986,”.

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

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

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

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

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

8 (c) OTHER FINANCIAL ASSISTANCE.—Section
9 480(j)(2) of the Higher Education Act of 1965 (20 U.S.C.
10 1087vv(j)(2)) is amended by inserting “, or a distribution
11 that is not includable in gross income under section 529
12 of such Code, under another prepaid tuition plan offered
13 by a State, or under a Coverdell education savings account
14 under section 530 of such Code,” after “1986”.

15 **SEC. 7. ADVISORY COMMITTEE ON STUDENT FINANCIAL AS-**
16 **SISTANCE.**

17 Section 491 of the Higher Education Act of 1965 (20
18 U.S.C. 1098) is further amended—

19 (1) in subsection (a)(2)—

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

22 (B) in subparagraph (C), by striking the
23 period at the end and inserting a semicolon;
24 and

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

1 “(D) to provide knowledge and under-
2 standing of early intervention programs and
3 make recommendations that will result in early
4 awareness by low- and moderate-income stu-
5 dents and families of their eligibility for assist-
6 ance under this title, and, to the extent prac-
7 ticable, their eligibility for other forms of State
8 and institutional need-based student assistance;
9 and

10 “(E) to make recommendations that will
11 expand and improve partnerships among the
12 Federal Government, States, institutions, and
13 private entities to increase the awareness and
14 total amount of need-based student assistance
15 available to low- and moderate-income stu-
16 dents.”;

17 (2) in subsection (d)—

18 (A) in paragraph (6), by striking “, but
19 nothing in this section shall authorize the com-
20 mittee to perform such studies, surveys, or
21 analyses”;

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

24 (C) by redesignating paragraph (9) as
25 paragraph (10); and

1 (D) by inserting after paragraph (8) the
2 following:

3 “(9) monitor the adequacy of total need-based
4 aid available to low- and moderate-income students
5 from all sources, assess the implications for access
6 and persistence, and report those implications annu-
7 ally to Congress and the Secretary; and”;

8 (3) in subsection (j)—

9 (A) in paragraph (4), by striking “and”
10 after the semicolon;

11 (B) in paragraph (5), by striking the pe-
12 riod at the end and inserting “; and”; and

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

14 “(6) monitor and assess implementation of im-
15 provements called for under this title, make rec-
16 ommendations to the Secretary that ensure the time-
17 ly design, testing, and implementation of the im-
18 provements, and report annually to Congress and
19 the Secretary on progress made toward simplifying
20 overall delivery, reducing data elements and ques-
21 tions, incorporating the latest technology, aligning
22 Federal, State, and institutional eligibility, enhanc-
23 ing partnerships, and improving early awareness of
24 total student aid eligibility for low- and moderate-in-
25 come students and families.”; and

- 1 (4) in subsection (k), by striking “2004” and
- 2 inserting “2011”.

○