



Monday
June 1, 1998

Part XII

**Department of
Education**

Office of Postsecondary Education;
Notice of Revision of the Need Analysis
Methodology for the 1999–2000 Award
Year; Notice

DEPARTMENT OF EDUCATION

**Office of Postsecondary Education;
Notice of Revision of the Need
Analysis Methodology for the 1999–
2000 Award Year**

SUMMARY: The Secretary of Education announces the annual updates to the tables that will be used in the statutory "Federal Need Analysis Methodology" to determine a student's expected family contribution (EFC) for award year 1999–2000 for the Title IV, HEA student financial assistance programs (Title IV, HEA Programs). An EFC is the amount a student and his or her family may reasonably be expected to contribute toward the student's postsecondary educational costs. The Title IV, HEA Programs include the Federal Pell Grant, campus based (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant Programs), Federal Family Education Loan, and William D. Ford Federal Direct Loan Programs.

FOR FURTHER INFORMATION CONTACT: Ms. Edith Bell, Program Specialist, General Provisions Branch, Policy Development Division, U.S. Department of Education, 600 Independence Ave., S.W. (Room 3053, ROB-3), Washington, D.C. 20202–5444, telephone (202) 708–8242. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 between 8 a.m. and 8 p.m., Eastern time

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SUPPLEMENTARY INFORMATION: Part F of Title IV of the Higher Education Act of 1965, as amended (HEA), specifies the criteria, data elements, calculations and tables used in the Federal Need Analysis Methodology EFC calculations.

Section 478 in Part F requires the Secretary to adjust four of the tables—the Income Protection Allowance, the Adjusted Net Worth of a Business or Farm, the Education Savings and Asset Protection Allowance, and the Assessment Schedules and Rates—each award year to take inflation into account. The changes are based, in general, upon increases in the Consumer Price Index.

For the award year 1999–2000, the Secretary is charged with updating the income protection allowances, adjusted net worth of a business or farm, and the assessment schedules and rates to account for inflation that took place between December 1997 and December 1998. However, since the Secretary must publish these tables before December 1998, the increases in the tables must be based upon a percentage equal to the estimated percentage increase in the Consumer Price Index for all Urban Consumers for 1997. The Secretary estimates that the increase in the Consumer Price Index for all Urban

Consumers for the period December 1997 through December 1998 will be 2.5 percent. The updated tables are set forth in sections 1, 2, and 4.

The Secretary must also revise, for each award year, the table on asset protection allowance as provided for in section 478(d). The Education Savings and Asset Protection Allowance table for the award year 1999–2000 has been updated below in section 3.

Section 477(b)(5) of Part F also requires the Secretary to increase the amount specified for the Employment Expense Allowance to account for inflation based upon increases in the Bureau of Labor Statistics budget of the marginal costs for a two-earner compared to a one-earner family for meals away from home, apparel and upkeep, transportation, and housekeeping services. Therefore, the Secretary is increasing this allowance as described in section 5.

The HEA provides for the following annual updates:

1. Income Protection Allowance

This allowance is the amount of reasonable living expenses that would be associated with the maintenance of an individual or family. The allowance is offset against the family's income and varies by family size. The income protection allowances for parents of dependent students and independent students with dependents other than a spouse for award year 1999–2000 are:

Family size	Number in college				
	1	2	3	4	5
2	12,260	10,160
3	15,260	13,180	11,080
4	18,850	16,750	14,670	12,570
5	22,240	20,140	18,060	15,960	13,880
6	26,010	23,920	21,830	19,740	17,650

For each additional family member add \$2,940.
For each additional college student subtract 2,090.

2. Adjusted Net Worth (NW) of a Business or Farm

A portion of the full net value of a farm or business is excluded from the calculation of an expected contribution since: (1) the income produced from

such assets is already assessed in another part of the formula; and (2) the formula protects a portion of the value of the assets. The portion of these assets included in the contribution calculation is computed according to the following

schedule. This schedule is used for parents of dependent students, independent students without dependents other than a spouse, and independent students with dependents other than a spouse.

If the net worth of a business or farm is	Then the adjusted new worth is
Less than \$1	0
\$1 to \$85,000	\$0 + 40% of NW
\$85,001 to \$260,000	\$34,000 + 50% of NW over \$85,000
\$260,001 to \$435,000	\$121,500 + 60% of NW over \$266,00.
\$435,001 or more	\$226,500 + 100% of NW over \$435,000

3. Education Savings and Asset Protection Allowance

This allowance protects a portion of net worth (assets less debts) from being considered available for postsecondary educational expenses. There are three asset protection allowance tables—one for parents of dependent students, one for independent students without dependents other than a spouse, and one for independent students with dependents other than a spouse.

DEPENDENT STUDENTS

If the age of the older parent is	And there are	
	two parents one parent	then the education savings and asset protection allowance is
25 or less	0	0
26	2,500	1,600
27	5,000	3,200
28	7,500	4,800
29	10,000	6,400
30	12,500	8,000
31	15,000	9,600
32	17,500	11,200
33	19,900	12,900
34	22,400	14,500
35	24,900	16,100
36	27,400	17,700
37	29,900	19,300
38	32,400	20,900
39	34,900	22,500
40	37,400	24,100
41	38,400	24,500
42	39,400	25,100
43	40,400	25,600
44	41,400	26,200
45	42,500	26,800
46	43,500	27,400
47	44,600	28,000
48	45,800	28,700
49	46,900	29,400
50	48,400	30,100
51	49,600	30,700
52	50,900	31,600
53	52,500	32,300
54	53,800	33,100
55	55,400	33,900
56	57,100	34,700
57	58,900	35,700
58	60,700	36,500
59	62,500	37,600
60	64,400	38,700
61	66,600	39,700
62	69,000	40,900
63	71,000	42,000
64	73,400	43,200
65 and over	75,900	44,400

INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE

If the age of the student is	And the student is	
	married single	then the education savings and asset protection allowance is
25 or less	0	0
26	2,500	1,600
27	5,000	3,200
28	7,500	4,800
29	10,000	6,400
30	12,500	8,000
31	15,000	9,600
32	17,500	11,200
33	19,900	12,900
34	22,400	14,500
35	24,900	16,100
36	27,400	17,700
37	29,900	19,300
38	32,400	20,900
39	34,900	22,500
40	37,400	24,100
41	38,400	24,500
42	39,400	25,100
43	40,400	25,600
44	41,400	26,200
45	42,500	26,800
46	43,500	27,400
47	44,600	28,000
48	45,800	28,700
49	46,900	29,400
50	48,400	30,100
51	49,600	30,700
52	50,900	31,600
53	52,500	32,300
54	53,800	33,100
55	55,400	33,900
56	57,100	34,700
57	58,900	35,700
58	60,700	36,500
59	62,500	37,600
60	64,400	38,700
61	66,600	39,700
62	69,000	40,900
63	71,000	42,000
64	73,400	43,200
65 and over	75,900	44,400

INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE

If the age of the student is	And the student is	
	married single	then the education savings and asset protection allowance is
25 or less	0	0
26	2,500	1,600
27	5,000	3,200
28	7,500	4,800
29	10,000	6,400
30	12,500	8,000
31	15,000	9,600
32	17,500	11,200
33	19,900	12,900

INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE—Continued

If the age of the student is	And the student is	
	married single	then the education savings and asset protection allowance is
34	22,400	14,500
35	24,900	16,100
36	27,400	17,700
37	29,900	19,300
38	32,400	20,900
39	34,900	22,500
40	37,400	24,100
41	38,400	24,500
42	39,400	25,100
43	40,400	26,600
44	41,400	26,200
45	42,500	26,800
46	43,500	27,400
47	44,600	28,000
48	45,800	28,700
49	46,900	29,400
50	48,400	30,100
51	49,600	30,700
52	50,900	31,600
53	52,500	32,300
54	53,800	33,200
55	55,400	33,900
56	57,100	34,700
57	58,900	35,700
59	62,500	37,600
60	64,400	38,700
61	66,600	39,700
62	69,000	40,900
63	71,000	42,000
64	73,400	43,200
65 and over	75,900	44,400

4. Assessment Schedules and Rates.

Two schedules, one for dependent students and one for independent students with dependents other than a spouse, are used to determine the expected contribution toward educational expenses from family financial resources. For dependent students, the expected parental contribution is derived from an assessment of the parents' adjusted available income (AAI). For independent students, with dependents other than a spouse, the expected contribution is derived from an assessment of the family's AAI.

The AAI represents a measure of a family's financial strength which considers both income and assets.

The parents' contribution for a dependent student is computed according to the following schedule:

If AAI is	Then the contribution is
Less than -\$3,409 (\$3,409)	\$ - 750
(\$3,409) to \$11,000	22% of AAI
\$11,001 to \$13,700	\$2,420+ 25% of AAI over \$11,000
\$13,701 to \$16,500	\$3,095+ 29% of AAI over \$13,700
\$16,501 to \$19,300	\$3,907+ 34% of AAI over \$16,500
\$19,301 to \$22,100	\$4,859+ 40% of AAI over \$19,300
\$22,101 or more	\$5,979+ 47% of AAI over \$22,100

The contribution for an independent student with dependents other than a spouse is computed according to the following schedule:

If AAI is	Then the contribution is
Less than -\$3,409 (\$3,409)	- \$750
(\$3,409) to \$11,000	22% of AAI
\$11,001 to \$13,700	\$2,420+25% of AAI over \$11,000
\$13,701 to \$16,500	\$3,095+29% of AAI over \$13,700
\$16,501 to \$19,300	\$3,907+34% of AAI over \$16,500
\$19,301 to \$22,100	\$4,859+40% of AAI over \$19,300
\$22,101 or more	\$5,979+47% of AAI over \$22,100

5. Employment Expense Allowance

This allowance for employment-related expenses, which is used for the parents of dependent students and for married independent students with dependents, recognizes additional expenses incurred by working spouses and single-parent households. The allowance is based upon the marginal differences in costs for a two-earner family compared to a one-earner family for meals away from home, apparel and

upkeep, transportation, and housekeeping services.

The employment expense allowance for parents of dependent students, married independent students without dependents other than a spouse, and independent students with dependents other than a spouse is the lesser of \$2,800 or 35 percent of earned income.

6. Allowance for State and Other Taxes

This allowance for State and other taxes protects a portion of the parents' and student's income from being considered available for postsecondary education expenses. There are four tables for state and other taxes, one each for parents of dependent students, dependent students, independent students without dependents other than a spouse, and independent students with dependents other than a spouse.

PARENTS OF DEPENDENT STUDENTS

If parents' State or territory of residence is	And parents' total income is	
	less than \$15,000 or	\$15,000 or more
	then the percentage is	then the percentage is
Wyoming, Tennessee, Nevada, Alaska, Texas	3	2
Louisiana, Florida, Washington, South Dakota	4	3
Alabama, Mississippi	5	4
North Dakota, Illinois, Connecticut, New Mexico, Missouri, West Virginia, Arizona, Indiana, Oklahoma, Arkansas	6	5
New Hampshire, Pennsylvania, Colorado, Georgia, Kansas, Kentucky, Idaho	7	6
North Carolina, Virginia, Delaware, South Carolina, Ohio, Utah, Nebraska, Montana, California, New Jersey, Iowa, Vermont, Hawaii	8	7
Massachusetts, Rhode Island, Michigan, Minnesota, Maine, Maryland	9	8
District of Columbia, Wisconsin, Oregon	10	9
New York	11	10
Other	4	3

INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE

If student's State or territory of residence is	And student's total income is	
	less than \$15,000 or	\$15,000 or more
	then the percentage is	then the percentage is
Wyoming, Tennessee, Nevada, Alaska, Texas	3	2
Louisiana, Florida, Washington, South Dakota	4	3
Alabama, Mississippi	5	4
North Dakota, Illinois, Connecticut, New Mexico, Missouri, West Virginia, Arizona, Indiana, Oklahoma, Arkansas	6	5
New Hampshire, Pennsylvania, Colorado, Georgia, Kansas, Kentucky, Idaho	7	6
North Carolina, Virginia, Delaware, South Carolina, Ohio, Utah, Nebraska, Montana, California, New Jersey, Iowa, Vermont, Hawaii	8	7
Massachusetts, Rhode Island, Michigan, Minnesota, Maine, Maryland	9	8
District of Columbia, Wisconsin, Oregon	10	9
New York	11	10
Other	4	3

DEPENDENT STUDENTS

If student's State or territory of residence is	The percentage is
Alaska, Texas, South Dakota, Wyoming, Washington, Tennessee, Nevada	0
Florida, New Hampshire	1
Connecticut, Louisiana, Illinois, North Dakota	2
Mississippi, Arizona, Alabama, Pennsylvania, New Jersey, Missouri	3
Nebraska, Indiana, Colorado, New Mexico, Oklahoma, Kansas, West Virginia, Rhode Island, Virginia, Georgia, Arkansas, Vermont, Michigan	4
Montana, Idaho, Utah, Kentucky, Massachusetts, California, North Carolina, South Carolina, Ohio, Iowa, Delaware, Maine, Wisconsin	5
Oregon, Maryland, Minnesota, Hawaii	6
District of Columbia, New York	7
Other	2

INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE

If student's State or territory of residence is	The percentage is
Alaska, Texas, South Dakota, Wyoming, Washington, Tennessee, Nevada	0
Florida, New Hampshire	1
Connecticut, Louisiana, Illinois, North Dakota	2
Mississippi, Arizona, Alabama, Pennsylvania, New Jersey, Missouri	3
Nebraska, Indiana, Colorado, New Mexico, Oklahoma, Kansas, West Virginia, Rhode Island, Virginia, Georgia, Arkansas, Vermont, Michigan	4
Montana, Idaho, Utah, Kentucky, Massachusetts, California, North Carolina, South Carolina, Ohio, Iowa, Delaware, Maine, Wisconsin	5
Oregon, Maryland, Minnesota, Hawaii	6
District of Columbia, New York	7
Other	2

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 (CFDA Nos.: 84.063 Federal Pell Grant; 84.038 Federal Perkins Loan; 84.033

Federal Work-Study; 84.007 Federal Supplemental Educational Opportunity Grant; 84.032 Federal Family Education Loan; and 84.268 William D. Ford Federal Direct Loan Programs)

Dated: May 27, 1998.

David A. Longanecker,
Assistant Secretary for Postsecondary Education.

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