

DEPARTMENT OF EDUCATION

Federal Pell Grant, Federal Perkins Loan, Federal Work-Study, Federal Supplemental Educational Opportunity Grant, Federal Family Education Loan, and William D. Ford Federal Direct Loan Programs

AGENCY: Office of Student Financial Assistance, Department of Education.

ACTION: Notice of revision of the Federal need analysis methodology for the 2000–2001 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 2000–2001 under Part F of Title IV of the Higher Education Act of 1965, as amended (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 for purposes of determining financial aid eligibility. 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, 400 Maryland Avenue, SW. (Room

3053, ROB–3), Washington, DC 20202–5444. Telephone: (202) 708–8242. If you use a telecommunications device for the deaf (TDD), you may call the Federal Information Relay Service (FIRS) at 1–800–877–8339.

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SUPPLEMENTARY INFORMATION: Part F of Title IV of the HEA specifies the criteria, data elements, calculations, and tables used in the Federal Need Analysis Methodology EFC calculations.

Section 478 of Part F of the HEA 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 into account inflation. The changes are based, in general, upon increases in the Consumer Price Index.

For the award year 2000–2001, the Secretary is charged with updating the income protection allowance, adjusted net worth of a business or farm, and the assessment schedules and rates to account for inflation that took place between December 1998 and December 1999. However, since the Secretary must publish these tables before December 1999, the increases in the tables must be based upon the percentage equal to the estimated percentage increase in the Consumer Price Index for all Urban

Consumers for 1998. The Secretary estimates that the increase in the Consumer Price Index for all Urban Consumers for the period December 1998 through December 1999 will be 2.4 percent. The updated tables are in sections 1, 2, and 4 of this notice.

The Secretary must also revise, for each award year, the table on asset protection allowance as provided for in section 478(d) of the HEA. The Education Savings and Asset Protection Allowance table for the award year 2000–2001 has been updated in section 3 of this notice.

Section 477(b)(5) of Part F of the HEA 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 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 of this notice.

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 2000–2001 are:

Family size	Number in college				
	1	2	3	4	5
2	\$12,450	\$10,320
3	15,500	13,380	\$11,250
4	19,140	17,010	14,890	\$12,760
5	22,580	20,450	18,340	16,210	\$14,090
6	26,420	24,290	22,170	20,040	17,920

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 these 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 \$90,000	\$0 + 40% of NW.
\$90,001 to \$265,000	\$36,000 + 50% of NW over \$90,000.
\$265,001 to \$445,000	\$123,500 + 60% of NW over \$265,000.
\$445,001 or more	\$231,500 + 100% of NW over \$445,000.

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 parents is:	And there are	
	Two parents	One parent
	Then the education savings and asset protection allowance is—	
25 or less	0	0
26	2,600	1,600
27	5,200	3,300
28	7,800	4,900
29	10,500	6,600
30	13,100	8,200
31	15,700	9,800
32	18,300	11,500
33	20,900	13,100
34	23,500	14,800
35	26,100	16,400
36	28,700	18,000
37	31,400	19,700
38	34,000	21,300
39	36,600	23,000
40	39,200	24,600
41	39,900	25,200
42	40,900	25,800
43	42,000	26,300
44	43,100	26,900
45	44,400	27,400
46	45,600	28,100
47	46,700	28,700
48	47,900	29,300
49	49,100	30,000
50	50,300	30,700
51	51,900	31,400
52	53,200	32,000
53	54,800	33,000
54	56,200	33,800
55	57,900	34,700
56	59,700	35,600
57	61,500	36,400
58	63,400	37,500
59	65,300	38,500
60	67,200	39,400
61	69,600	40,600
62	71,600	41,700
63	74,100	42,900
64	76,600	44,100
65 and over	78,900	45,500

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	2,600	1,600
27	5,200	3,300
28	7,800	4,900
29	10,500	6,600
30	13,100	8,200
31	15,700	9,800
32	18,300	11,500
33	20,900	13,100
34	23,500	14,800
35	26,100	16,400
36	28,700	18,000
37	31,400	19,700
38	34,000	21,300
39	36,600	23,000
40	39,200	24,600
41	39,900	25,200
42	40,900	25,800
43	42,000	26,300
44	43,100	26,900
45	44,400	27,400
46	45,600	28,100
47	46,700	28,700
48	47,900	29,300
49	49,100	30,000
50	50,300	30,700
51	51,900	31,400
52	53,200	32,200
53	54,800	33,000
54	56,200	33,800
55	57,900	34,700
56	59,700	35,600
57	61,500	36,400
58	63,400	37,500
59	65,300	38,500
60	67,200	39,400
61	69,600	40,600
62	71,600	41,700
63	74,100	42,900
64	76,600	44,100
65 and over	78,900	45,500

INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE

If the age of the students is	And the student is	
	Married	Single
	Then the education savings and asset protection allowance is—	
25 or less	0	0
26	2,600	1,600
27	5,200	3,300
28	7,800	4,900
29	10,500	6,600
30	13,100	8,200
31	15,700	9,800
32	18,300	11,500
33	20,900	13,100
34	23,500	14,800

INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE—Continued

If the age of the students is	And the student is	
	Married	Single
	Then the education savings and asset protection allowance is—	
35	26,100	16,400
36	28,700	18,000
37	31,400	19,700
38	34,000	21,300
39	36,600	23,000
40	39,200	24,600
41	39,900	25,200
42	40,900	25,800
43	42,000	26,300
44	43,100	26,900
45	44,400	27,400
46	45,600	28,100
47	46,700	28,700
48	47,900	29,300
49	49,100	30,000
50	50,300	30,700
51	51,900	31,400
52	53,200	32,200
53	54,800	33,000
54	56,200	33,800
55	57,900	34,700
56	59,700	35,600
57	61,500	36,400
58	63,400	37,500
59	65,300	38,500
60	67,200	39,400
61	69,600	40,600
62	71,600	41,700
63	74,100	42,900
64	76,600	44,100
65 and over	78,900	45,500

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 \$11,100	22% of AAI.
\$11,101 to \$14,000	\$2,442 + 25% of AAI over \$11,100.
\$14,001 to \$16,800	\$3,167 + 29% of AAI over \$14,000.
\$16,801 to \$19,600	\$3,979 + 34% of AAI over \$16,800.
\$19,601 to \$22,500	\$4,931 + 40% of AAI over \$19,600.
\$22,501 or more	\$6,091 + 47% of AAI over \$22,500.

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 \$11,100	22% of AAI.
\$11,101 to \$14,000	\$2,442 + 25% of AAI over \$11,100.
\$14,001 to \$16,800	\$3,167 + 29% of AAI over \$14,000.
\$16,801 to \$19,600	\$3,979 + 34% of AAI over \$16,800.
\$19,601 to \$22,500	\$4,931 + 40% of AAI over \$19,600.
\$22,501 or more	\$6,091 + 47% of AAI over \$22,500.

5. Employment Expense Allowance. This allowance for employment-related expenses, which is used for the parents or 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 difference 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 students' income from being considered available for postsecondary educational expenses. There are four tables for State and other taxes, one each for parents of dependent students, independent students with dependents other than a spouse, dependent students, and independent students without 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—	
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	
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

INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE—Continued

If student's State or territory of residence is	The percentage is—
District of Columbia, New York	7
Other	2

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Dated: May 26, 1999.

Greg Woods,
Chief Operating Officer, Office of Student Financial Assistance.

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