

**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; Revision of the Need Analysis Methodology for the 1998-99 Award Year**

**AGENCY:** Department of Education.

**ACTION:** Notice.

**SUMMARY:** The Secretary of Education announces the annual updates to the tables that will be used in the statutory "Federal Needs Analysis Methodology" to determine a student's expected family contribution (EFC) for award year 1998-99 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 Avenue, S.W. (Room 3053, ROB-3), Washington, D.C. 20202-

5444, telephone (202) 708-8242. Deaf and hearing impaired individuals may call the Federal Information Relay Service at 1-800-877-8339 between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

**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 Needs 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 into account inflation. The changes are based, in general, upon increases in the Consumer Price Index.

For the award year 1998-99, 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 1996 and December 1997. However, since the Secretary must publish these tables before December 1997, 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 1996. The Secretary estimates that the increase in the Consumer Price Index for all Urban

Consumers for the period December 1996 through December 1997 will be 2.4 percent. The updated tables for the 1998-99 award year 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 1998-99 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 the award year 1998-99 are:

Family size (including student)	Number in college				
	1	2	3	4	5
2 .....	\$12,030	\$9,980	.....	.....	.....
3 .....	14,990	12,940	\$10,880	.....	.....
4 .....	18,510	16,450	14,400	\$12,340	.....
5 .....	21,840	19,780	17,730	15,670	\$13,630
6 .....	25,550	23,490	21,440	19,380	17,330

For each additional family member add \$2,880.

For each additional college student subtract \$2,050.

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 net worth is:
Less than \$1 .....	\$0.
\$1 to \$85,000 .....	40% of NW.
\$85,001 to \$255,000 .....	\$34,000+50% of NW over \$85,000.
\$255,001 to \$430,000 .....	\$119,000+60% of NW over \$255,000.
\$430,001 or more .....	\$224,000+100% of NW over \$430,000.

**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	2,400	1,600
27	4,800	3,300
28	7,300	4,900
29	9,700	6,600
30	12,100	8,200
31	14,500	9,800
32	16,900	11,500
33	19,400	13,100
34	21,800	14,800
35	24,200	16,400
36	26,600	18,000
37	29,000	19,700
38	31,500	21,300
39	33,900	23,000
40	36,300	24,600
41	37,300	25,200
42	38,200	26,700
43	39,200	26,300
44	40,200	26,900
45	41,200	27,400
46	42,300	28,100
47	43,300	28,800
48	44,400	29,300
49	45,500	30,000
50	46,700	30,700
51	48,100	31,500
52	49,400	32,200
53	50,900	33,000
54	52,100	33,800
55	53,700	34,700
56	55,400	35,600
57	57,100	36,400
58	58,800	37,500
59	60,600	38,500
60	62,400	39,400
61	64,500	40,500
62	66,800	41,700
63	68,700	42,900
64	71,100	44,000
65 and over	73,500	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	2,400	1,600
27	4,800	3,300
28	7,300	4,900
29	9,700	6,600
30	12,100	8,200
31	14,500	9,800
32	16,900	11,500
33	19,400	13,100
34	21,800	14,800
35	24,200	16,400
36	26,600	18,000
37	29,000	19,700
38	31,500	21,300
39	33,900	23,000
40	36,300	24,600
41	37,300	25,200
42	38,200	26,700
43	39,200	26,300
44	40,200	26,900
45	41,200	27,400
46	42,300	28,100
47	43,300	28,800
48	44,400	29,300
49	45,500	30,000
50	46,700	30,700
51	48,100	31,500
52	49,400	32,200
53	50,900	33,000
54	52,100	33,800
55	53,700	34,700
56	55,400	35,600
57	57,100	36,400
58	58,800	37,500
59	60,600	38,500
60	62,400	39,400
61	64,500	40,500
62	66,800	41,700
63	68,700	42,900
64	71,100	44,000
65 and over	73,500	45,500

**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	2,400	1,600
27	4,800	3,300
28	7,300	4,900

**INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE—Continued**

If the age of the student is	And the student is	
	Married	Single
	29	9,700
30	12,100	8,200
31	14,500	9,800
32	16,900	11,500
33	19,400	13,100
34	21,800	14,800
35	24,200	16,400
36	26,600	18,000
37	29,000	19,700
38	31,500	21,300
39	33,900	23,000
40	36,300	24,600
41	37,300	25,200
42	38,200	26,700
43	39,200	26,300
44	40,200	26,900
45	41,200	27,400
46	42,300	28,100
47	43,300	28,800
48	44,400	29,300
49	45,500	30,000
50	46,700	30,700
51	48,100	31,500
52	49,400	32,200
53	50,900	33,000
54	52,100	33,800
55	53,700	34,700
56	55,400	35,600
57	57,100	36,400
58	58,800	37,500
59	60,600	38,500
60	62,400	39,400
61	64,500	40,500
62	66,800	41,700
63	68,700	42,900
64	71,100	44,000
65 and over	73,500	45,500

**4. Assessment Schedules and Rates.** Two separate assessment schedules—one for dependent students, and one for independent students with dependents other than a spouse—are used in determining the expected family 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 financial strength which considers both income and assets.

If AAI is—	Then the contribution is—
Less than — \$3,409	— \$750.
— \$3,409 to \$10,800	22% of AAI.
\$10,801 to \$13,500	\$2,376 + 25% of AAI over \$10,800.
\$13,501 to \$16,200	\$3,051 + 29% of AAI over \$13,500.

If AAI is—	Then the contribution is—
\$16,201 to \$19,000 .....	\$3,834 + 34% of AAI over \$16,200.
\$19,001 to \$21,700 .....	\$4,786 + 40% of AAI over \$19,000.
\$21,701 or more .....	\$5,866 + 47% of AAI over \$21,700.

  

If AAI is—	Then the contribution is—
Less than —\$3,409 .....	—\$750.
—\$3,409 to \$10,800 .....	22% of AAI.
\$10,801 to \$13,500 .....	\$2,376 + 25% of AAI over \$10,800.
\$13,501 to \$16,200 .....	\$3,051 + 29% of AAI over \$13,500.
\$16,201 to \$19,000 .....	\$3,834 + 34% of AAI over \$16,200.
\$19,001 to \$21,700 .....	\$4,786 + 40% of AAI over \$19,000.
\$21,701 or more .....	\$5,866 + 47% of AAI over \$21,700.

**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—		Then the percentage is—
	Less than \$15,000	\$15,000 or more	
Wyoming, Tennessee, Nevada, Alaska, Texas .....	3	2	
Louisiana, Florida, Washington, South Dakota .....	4	3	

**PARENTS OF DEPENDENT STUDENTS—Continued**

If parents' State or territory of residence is	And parents' total income is—	
	Less than \$15,000	\$15,000 or more
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—		Then the percentage is—
	Less than \$15,000	\$15,000 or more	
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	

**INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE—Continued**

If student's State or territory of residence is	And student's total income is—	
	Less than \$15,000	\$15,000 or more
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

**DEPENDENT STUDENTS—Continued**

If student's State or territory of residence is	The percentage is—
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

**INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE—Continued**

If student's State or territory of residence is	The percentage is—
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

Dated: May 23, 1997.

**David A. Longanecker,**  
*Assistant Secretary for Postsecondary Education.*

(Catalog of Federal Domestic Assistance Numbers: 84.007 Federal Supplemental Educational Opportunity Grant; 84.032 Federal Family Education Loan Program; 84.033 Federal Work-Study Program; 84.038 Federal Perkins Loan Program; 84.063 Federal Pell Grant Program; William D. Ford Federal Direct Loan Program, 84.268)

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